

First United Corporation Corporate Governance Guidelines

I. INTRODUCTION

Together with the Corporation's Certificate of Incorporation and By-Laws and the charters of the committees of the Board of Directors (the "Board"), these Guidelines set forth the governance policies and procedures of First United Corporation (the "Company"). The Board retains discretion to amend these Guidelines from time to time.

The Board intends that these Guidelines serve as a framework within which the Board will conduct its business. These Guidelines should be considered in the context of the Company's Board of Directors Code of Ethics with which Directors must comply, as well as applicable laws and regulations and the Company's charter and bylaws.

These Guidelines, together with Board committee charters, the By-Laws, and the Board of Directors Code of Ethics are published on the Company's website, and paper copies are available upon request.

II. THE BOARD OF DIRECTORS

A. The Board's Role and Responsibilities

The business and affairs of the Company are subject to the general oversight of the Board. The Board's duties and responsibilities are described below.

1. Director Duties and Responsibilities, Generally

The Board's primary responsibility is to oversee the management of the Company in the best interests of the Company and its shareholders. Directors will perform their duties in good faith and with that degree of care that a prudent person would normally use under similar circumstances.

Directors' oversight duties and responsibilities, which, as appropriate, may be discharged through Board committees, include:

- Participating in the development of and overseeing the Company's business strategies and plans and regularly reviewing financial performance;
- selecting and evaluating the Chief Executive Officer ("CEO") and reviewing the process for the selection, evaluation, and development of other key managers;
- reviewing key risks in the Company's businesses and overseeing the Company's management of those risks;
- reviewing and approving major transactions;
- reviewing the Company's processes for compliance with the Director's Code of Conduct and the Code of Conduct for employees;
- reviewing the Company's processes for maintaining integrity in financial reporting;

- reviewing the Company's processes for compliance with applicable laws and regulations;
- reviewing the Company's processes for protecting the Company's assets and reputation; and
- approving policies and procedures as may be required by law or otherwise appropriate.

2. Board Attendance and Meeting Preparation

Board attendance is directly correlated to board participation and thereby to the success of the organization in furthering its mission. Directors are expected to make best efforts to attend shareholder meetings, all board meetings and committee meetings for which they are a member (at a minimum of 75%) and to take advantage of educational opportunities. Directors may attend by telephone to mitigate scheduling conflicts but are encouraged to attend in person whenever possible. Directors who are unable to attend a meeting should notify the Chairman of the Board, Lead Independent Director or Board Secretary in advance of the meeting. To prepare for meetings, directors should review all materials that are sent to directors in advance of those meetings. Directors are expected to remain actively engaged and informed with respect to Board-related responsibilities.

3. Director Fiduciary Responsibility

Directors should exercise their business judgment to act in what they reasonably believe to be in the best interests of the Company and its shareholders in a manner consistent with their fiduciary duties. Directors will perform their duties in good faith and with that degree of care that a prudent person would normally use under similar circumstances.

4. Communication & Confidentiality

It is important that the Company speak to employees and outside constituencies with a single voice and that the Company's designated officers serve as the primary spokespersons. Directors shall preserve the confidentiality of confidential materials given or presented to the Board of Directors.

5. Management Evaluation and Succession

The Board of Directors (not including any members of management of the Company) will conduct an annual review of the performance and compensation of the Chief Executive Officer, using the views and recommendations of the Compensation Committee, as applicable, and as set forth in the Charter.

The Board of Directors will establish and review such formal or informal policies and procedures, consulting with the Nominating & Governance Committee, the Chief Executive Officer and others, as it considers appropriate, regarding succession to the Chief Executive Officer in the event of emergency or retirement.

The Company's succession planning process for senior officers and other key associates is an organization-wide activity designed to proactively identify, develop and retain the requisite leadership talent that is critical for future business success. To assist in the succession planning process, at a minimum of every two years, the CEO will prepare and distribute to the Nominating

and Governance Committee a report on succession planning for all senior executive and key officers of the Company. The plan should include a short-term succession plan delineating temporary delegation of authority in the event that the Chief Executive Officer or any other executive officer or key employee is unexpectedly unable to perform his or her duties.

6. Annual Review of Audit, Nominating & Governance and Compensation Committee Members

On an annual basis, the Board of Directors will use set criteria to determine whether Audit, Nominating & Governance and Compensation Committee members are outside directors and independent of Management.

7. Annual Performance Evaluation of the Board

The Board of Directors will conduct a self-evaluation annually to determine whether it and its committees are functioning effectively. The full Board of Directors will discuss the evaluation report to determine what, if any, action could improve Board and Board committee performance.

8. Strategic Planning

One of the most important responsibilities of the Board is to review, approve, and oversee management's creation and implementation of the Company's significant short- and long-term strategic plans and objectives. No less than annually, typically at an extended meeting, the Board will work closely with management to develop the strategic plans that will guide and direct the Company. Throughout the year, the Board will monitor the implementation of the strategic plans through ongoing reports from management.

9. Interaction with Investment Managers and the Press and Shareholder Engagement

The Board believes that it is management's responsibility to speak for the Company. If comments from the Board are appropriate, they should, in most circumstances, come from the Chairman or Lead Independent Director. In those instances in which it is necessary for an individual Board member to speak with outside constituencies, it is expected that they will do so only with the knowledge of the Chairman and CEO or Lead Independent Director and, absent unusual circumstances, only at the request of the Chairman and CEO or Lead Independent Director. The Board believes that the Company's shareholders provide valuable insight into a wide range of corporate governance topics. Through the Company's corporate governance shareholder engagement efforts, members of management communicate with the Company's institutional shareholders throughout the year to solicit their points of view. As appropriate, Directors will also engage with the Company's institutional shareholders on corporate governance matters through presentations to the Board, attendance at corporate governance events, and small group meetings.

B. Board Composition & Related Matters

1. Number of Directors

The Bylaws provide that the number of directors shall be fixed from time to time by the Board, and the Board believes that a range of 10 to 12 directors is appropriate. The Nominating & Governance Committee periodically reviews the size of the Board and seeks to balance the appropriate experience, expertise and independence with a membership size that allows the Board to function efficiently.

2. Director Independence

A majority of the members of the Board of Directors must qualify as independent directors in accordance with the applicable provisions of the Securities Exchange Act of 1934, and the rules promulgated thereunder and the applicable rules of NASDAQ.

3. Director Qualification Standards

A majority of the members of the Board of Directors must qualify as independent directors in accordance with the applicable provisions of the Securities Exchange Act of 1934, and the rules promulgated there under and the applicable rules of NASDAQ. The Board will affirmatively determine on an annual basis, and the Company will disclose as required, whether each Board member is independent.

The Board should select new, incumbent nominees or nominees to fill vacancies based upon the recommendation of the Nominating & Governance Committee. The Board should consider qualifications and characteristics that the Board deems appropriate, including diversity, experience, skills, maturity and judgment to effectively pursue their duties in planning and oversight, reputation, civic and community relationships, and knowledge and experience in matters impacting financial institutions. When identifying potential director candidates, the Board shall, to the extent possible, recruit, interview and select candidates from a diverse pool to ensure the Board will be comprised of directors with a diverse balance of skills, business experience, expertise, race, ethnicity, gender and cultural background.

Directors are expected to advise the Chairman of the Board and the Chairman of the Nominating & Governance Committee promptly upon accepting any other public company directorship or any assignment to the audit committee or compensation committee of the board of directors of any public company of which such director is a member.

No director shall serve as a director, officer or employee of a competitor of the Company.

4. Board Leadership Structure

The Board will select its Chairman in the manner it considers to be in the best interests of the corporation at any given time as recommended by the Nominating & Governance Committee. If the role of Chairman and CEO is combined, the Nominating & Governance Committee shall annually recommend to the Board, for vote by its independent directors, a member of the Board to serve as the Board's Lead Independent Director. In addition to the other duties and

responsibilities of the Lead Independent Director set forth in these Guidelines or the By-Laws of the Company, the Lead Independent Director shall have the following duties and responsibilities:

- Presiding at all Board and shareholder meetings at which the Chairman of the Board is not present and all executive sessions of independent directors
- Serving as a liaison between the Chairman of the Board and Chief Executive Officer and the independent directors
- Pre-approving Board meeting agendas
- Pre-approving Board meeting schedules to assure that there is sufficient time for discussion of all agenda items
- Holding the authority to convene meetings of the independent directors
- If reasonably requested by shareholders, being available for consultation and direct communication with major shareholders.

If the Chairman of the Board is an independent director and no Lead Independent Director is then serving, the Chairman shall be responsible for performing the foregoing duties to the extent applicable.

The Board of Directors of the Company will schedule regular executive sessions where management directors are not in attendance. The executive sessions will be chaired by the Chairman of the Board, if independent, or the Lead Independent Director.

5. Board Committees

The Board of Directors shall at all times maintain an Audit Committee, a Nominating & Governance Committee and a Compensation Committee which must operate in accordance with applicable law, their respective charters as adopted and amended from time to time by the Board, and the applicable rules of the Securities and Exchange Commission and NASDAQ.

The Board may also establish such other committees as it deems appropriate and delegate to such committees such authority permitted by applicable law and the Company's by-laws as the Board sees fit.

The Board of Directors shall appoint the members and chairmen of the various committees at the annual reorganization meeting based upon the recommendation of the Nominating & Governance Committee. Each Director will be assigned to a minimum of three (3) committees. The number of directors on each committee may vary from time to time dependent upon the needs of the organization and the total number of directors serving on the Board. The frequency of committee meetings may also vary from year-to-year dependent upon the needs of the organization.

6. Director Compensation

The Board of Directors or an authorized committee thereof will determine and review the form and amount of director compensation, including cash, equity-based awards and other director compensation. Similarly, the Board of Directors will be aware that the independence of directors could be questioned if substantial charitable contributions are made to organizations in which a director is affiliated or if the Company enters into consulting contracts with or provides other indirect compensation to a director. The Board of Directors will critically evaluate each of these

matters when determining the form and amount of director compensation, and the independence of a director.

Each Director is expected to own Company stock to further align Director and shareholder interests. The Board, through its Nominating and Governance Committee, has and shall continue to establish guidelines for stock ownership of Directors. The terms of the stock ownership guidelines for Directors are disclosed in the Company's most recently filed proxy statement for the annual meeting of shareholders.

7. Director Orientation and Continuing Education

All new directors participate in the Company's orientation program for new directors within a reasonable period of time after their nomination or election as a director. This orientation will include presentations regarding corporate governance best practices and an overview of director duties, as well as presentations by senior management to familiarize new directors with the Company's strategic plans, its significant financial, accounting and risk management issues, and its compliance programs, corporate governance practices, conflict policies, Code of Conduct, Insider Trading Policy and other policies.

Management prepares additional educational sessions for directors, at least twice annually and more frequently as appropriate, on matters relevant to the Company and its business, including sessions relating to corporate governance best practices and director duties.

The Board also considers it desirable that Directors participate in continuing education opportunities and such participation to be an appropriate expense to be reimbursed by the Company. Periodically, management will arrange for outside speakers to present to the Board and/or certain committees on various topics. The Board encourages Directors to periodically pursue or attend appropriate programs, sessions or materials as to the responsibilities of directors of publicly traded companies.

8. Term Limits and Retirement Age

Directors elected prior to the 2022 annual meeting of stockholders were divided into three classes, as nearly equal in number as possible, with respect to the time for which the Directors may hold office. Each Director was elected to hold office for a term of three years, and the terms of one class of Directors expired each year. Each Director elected at and after the 2022 annual meeting of stockholders shall hold office for a term expiring at the later of 1) the next annual meeting of stockholders and 2) the date on which his or her respective successors is duly elected and qualified, such that the Board of Directors shall be fully declassified, with no separate classes of Directors, at the conclusion of the 2024 annual meeting of stockholders.

A Director is not eligible to stand for re-election if the Director is age 72 or older as of the record date of the annual meeting of shareholders or will turn age 72 at any time during the year of re-election.

C. Board Meetings

1. Board Presentations and Management Attendees

Management presentations and participation are encouraged to allow directors to gain additional understanding and insight into the Company's businesses and related issues. Therefore, at the invitation of the Board, members of senior management may attend Board meetings or portions thereof for the purpose of participating in discussions. Generally, presentations of matters to be considered by the Board will be made by the manager responsible for that area of the Company's operations.

In addition, selected management representatives will function as liaisons for each of the Board committees for which they have subject matter expertise.

2. Director Access to Management and Independent Advisors

The Company shall provide each director with complete access to the management of the Company. The Board of Directors and Board committees, to the extent set forth in the applicable committee charter, have the right to consult and retain independent legal and other advisors at the expense of the Company.

3. Frequency and Length of Committee Meetings

The Chairman of each committee, in consultation with committee members and with input from management and consistent with regulations, will determine the frequency and length of the meetings of the committee.

4. Board and Committee Agendas

The Chairman of the Board in consultation with the Lead Independent Director will propose the agenda for each Board meeting. Each Board member is free to suggest the inclusion of item(s) on the agenda.

The Chairman of each committee, in consultation with committee members and appropriate members of management and staff, will develop the committee's agenda.

III. AMENDMENT, MODIFICATION AND WAIVER

The Board of Directors, with the assistance of the Nominating & Governance Committee, as appropriate, shall review these Corporate Governance Guidelines on an annual basis to determine whether any changes are appropriate.

These Guidelines may be amended, modified or waived by the Board of Directors and waivers of these Guidelines may also be granted by the Nominating & Governance Committee, subject to the disclosure and other provisions of the Securities and Exchange Act of 1934, the rules promulgated thereunder and the applicable rules of NASDAQ.

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