

CODE OF BUSINESS CONDUCT AND ETHICS POLICY

First United Corporation Officers and Employees

1. Complying With Law

All officers and employees of the Company should respect and comply with all of the laws, rules and regulations of the U. S. and other countries, and the states, counties, cities and other jurisdictions, in which the Company conducts its business or the laws, rules and regulations of which are applicable to the Company.

Such legal compliance should include, without limitation, compliance with the “insider trading” prohibitions applicable to the Company and its officers and employees as noted in the Insider Trading Policy. Generally, officers and employees who have access to or knowledge of confidential or non-public information from or about the Company are not permitted to buy, sell or otherwise trade in the Company’s securities, whether or not they are using or relying upon that information. This restriction extends to sharing or tipping others about such information, especially since the individuals receiving such information might utilize such information to trade in the Company’s securities.

This Code of Business Conduct and Ethics does not summarize all laws, rules and regulations applicable to the Company and its officers and employees. Please consult the Company’s Internal Audit Department and the various guidelines which the Company has prepared on specific laws, rules and regulations.

2. Conflicts of Interest

The maintenance of extremely high standards of honesty, integrity, impartiality and conduct is essential to assure the proper performance of the Bank’s business and the maintenance of the public’s trust. The preservation of that trust and of the Corporation’s reputation requires close observance of these standards on the part of the Bank officers and employees.

All officers and employees of the Company should be scrupulous in avoiding a conflict of interest with regard to the Company’s interests. A “conflict of interest” exists whenever an individual’s private interests interfere or conflict in any way (or even appear to interfere or conflict) with the interests of the Company. A conflict situation can arise when an officer and employee takes actions or has interests that may make it difficult to perform his or her Company work objectively and effectively. Conflicts of interest may also arise when an employee or officer or members of his or her family, receives improper personal benefits as a result of his or her position in the Company, whether received from the Company or a third party.

Employees who have direct contact with customers; i.e., Branch staff, are not permitted to process their **own transactions or those of immediate family members. Lending Officers are not permitted to process loan applications or to extend credit to members of their immediate family or to a company in which the officer or a family member has an interest. Immediate family is defined as spouse, parent, child or sibling, and others living in your household. Examples, including, but not limited to, of transactions are: cashing checks, accepting deposits, conducting internal transfers, making loans, signing loan disbursement checks, Official Checks, money orders, or any other transaction which may take place in the normal course of business.**

Beneficiary (or Legatee) Under a Will or Trust –

Officers and employees must report any gift of a beneficial interest or legacy under wills or trusts of customers of the Corporation, other than a relative, at such time as the officer or employee learns of the designation. The objective of such a notification requirement is to allow for consideration of all the facts in each case to make certain there are no real conflicts of interest and that a reasonable, disinterested third party could not allege a conflict of

interest upon the officer or employee in receipt of the benefit.

If this reporting requirement results in a decision that a real or apparent conflict exists or could exist, the officer or employee will be expected to make every effort to be relieved of the expectation of benefit and may be requested to renounce the gift.

Conflicts of interests are discouraged as a matter of Company policy, except under guidelines approved by the Board of Directors or committees of the Board. Officers and employees must disclose all potential and actual conflicts of interest, including those in which they have been inadvertently placed due to either business or personal relationships with customers, suppliers, business associates, or competitors of the financial institution. Conflicts of interest may not always be clear-cut, so if you have a question, you should consult with higher levels of management or the Company's Internal Audit Department. Any employee or officer who becomes aware of a conflict or potential conflict should bring it to the attention of a manager or other appropriate personnel or consult the procedures described in this Code.

3. Accepting Fees and Gifts

The Corporation expects all officers and employees to render efficient and courteous service to its customers at all times without expectation of reward for employment. To avoid even the implication of any impropriety, it is important that each staff member decline any cash or gifts, the acceptance of which would raise even the slightest doubt of improper influence. If an officer or employee is offered or receives something of value from a customer, the officer or employee must disclose that fact to the Chief Executive Officer. The bank will keep contemporaneous written reports of such disclosures. Management will review the disclosures to determine whether or not what is offered or accepted is reasonable and not a threat to the integrity of the Corporation.

It is recognized, however, that certain gift-giving may occur without an intent to influence or reward an officer and employee corruptly in connection with the business of the Corporation. Exceptions to the general prohibition of accepting things of value in connection with the business of the Corporation may include acceptance of:

1. Gifts, gratuities, amenities or favors on obvious family or personal relationships (such as those between parents, children or spouse of a financial institution official) where the circumstances make it clear that it is those relationships rather than the business of the financial institution concerned which are the motivating factors;
2. Meals, refreshments, entertainment, accommodations, or travel arrangements, all of reasonable value, in the course of a meeting or other occasion, the purpose of which is to hold bonafide business discussions or to foster better business relations, provided that the expense would be paid for by the bank as a reasonable business expense if not paid for by another party;
3. Loans from other financial institutions on customary terms to finance proper and usual activities of financial institution officials, such as home mortgage loans, except where prohibited by law;
4. Advertising or promotional material of reasonable value, such as pens, pencils, note pads, key chains, calendars, and similar items;
5. Discounts or rebates on merchandise or services that do not exceed those available to other customers;
6. Gifts of reasonable value that are related to commonly recognized events or occasions, such as a promotion, new job, wedding, retirement, holiday or birthday; or
7. Civic, charitable, educational, or religious organization awards for recognition of service and accomplishment.

However, officers and employees of the bank should be alerted about the Federal Bank Bribery Law, 18 U.S.C. Section 215, which provides that whoever:

"(1) corruptly gives, offers, or promises anything of value to any person, with intent to influence or reward an officer, director, employee, agent, or attorney of a financial institution in connection with any business or transaction of such institution; or

(2) as an officer, director, employee, agent, or attorney of a financial institution, corruptly solicits or demands for the benefit of any person, or corruptly accepts or agrees to accept anything of value from any person, intending to be influenced or rewarded in connection with any business or transaction of such institution, shall be guilty of an offense."

The penalty provision under this statute states that if the value of the thing offered or received exceeds \$100, the offense is a felony punishable by up to five (5) years' imprisonment and a fine of \$5,000 or three (3) times the value of the bribe or gratuity, whichever is greater. If the value does not exceed \$100, the offense is a misdemeanor punishable by up to one (1) year of imprisonment and a maximum fine of \$1,000.

Violations of the provisions of this code will result in disciplinary action and may result in termination of employment.

4. Corporate Opportunity

Officers and employees are discouraged from (a) taking for themselves personally opportunities that properly belong to the Company or are discovered through the use of corporate property, information or position; (b) using corporate property, information or position for personal gain; and (c) competing with the Company. Officers and employees owe a duty to the Company to advance its legitimate interests when the opportunity to do so arises.

5. Confidentiality

It is imperative for all associates to never discuss corporate business or transactions with anyone who does not have a direct association with the particular activity or situation. Even casual remarks may be misinterpreted or repeated.

First United Corporation maintains an Information Security Policy, which addresses the confidentiality of information as well as the responsibilities of each associate in protecting and managing non-public information. Legal requests for information should be processed through Information Security and Risk Management to assure appropriate management and disbursement of all requests.

Please refer to the Information Security Policy under Training and Manuals in the Vault.

6. Fair Dealing

Each officer and employee should endeavor to deal fairly with the Company's customers, suppliers, competitors, officers and employees. None should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair dealing practice.

7. Protection and Proper Use of Company Assets

All officers and employees should protect the Company's assets and ensure their efficient use. Theft, carelessness, and waste have a direct impact on the Company's profitability. All Company assets should be used for legitimate business purposes.

8. Accounting and Complaints

To guarantee the accuracy of the Corporation's books and records, the following principles should be observed:

1. All transactions or conduct of Corporation business must be properly reflected in the Corporation's books; and
2. No secret unrecorded fund, Corporation money or other assets shall be established or maintained; and
3. Any payment is prohibited if no record of its disbursement is entered in the Corporation's accounting records; and
4. Making false and fictitious entries in the books or records of the Corporation or issuing false or misleading documents is prohibited and in most circumstances will constitute a criminal offense.

The Company's policy is to comply with all applicable financial reporting and accounting regulations applicable to the Company. If any employee or officer of the Company has concerns or complaints regarding questionable accounting or auditing matters of the Company, then he or she is encouraged to submit those concerns or complaints (anonymously, confidentially or otherwise) to the Audit Manager who will, subject to his/her duties arising under applicable law, regulations and legal proceedings, treat such submissions confidentially.

9. Reporting Any Illegal or Unethical Behavior

Officers and employees are encouraged to talk to their superior or other appropriate personnel about observed illegal or unethical behavior and, when in doubt, about the best course of action in a particular situation. Officers and employees who are concerned that violations of this Code or that other illegal or unethical conduct by employees, officers or directors of the Company have occurred or may occur should either contact their supervisor or superiors. If they do not believe it appropriate or are not comfortable approaching their supervisors or superiors about their concern or complaints, then they may contact the Audit Manager per the established Complaint Procedures. If their concerns or complaints require confidentiality, including keeping their identity anonymous, then this confidentiality will be protected, subject to applicable law, regulation or legal proceedings.

10. No Retaliation

The Company will not permit retaliation of any kind by or on behalf of the Company and its employees and officers against good faith reports or complaints of violations of this Code or other illegal or unethical conduct.

11. Public Company Reporting

As a public company, it is of critical importance that the Company's filings with the Securities and Exchange Commission be accurate and timely. Depending on their position with the Company, an employee or officer may be called upon to provide necessary information to assure that the Company's public reports are complete, fair and understandable. The Company expects officers and employees to take this responsibility very seriously and to provide prompt accurate answers to inquiries related to the Company's public disclosure requirements.

12. Anti-trust Compliance

Relationships with Competitors - The anti-trust laws are intended to preserve and foster the American economic system of free enterprise by assuring energetic but fair competition among business firms and to prevent business activity that results in undue or unfair restraint of competition, the formation of monopolies, and various undesirable business practices.

In providing its full range of financial services, the Corporation engages in vigorous, yet fair and open competition. All of the officers and employees are expected to observe the highest standards of ethical conduct in relationships

with competitors. It is the Corporation's policy to emphasize the quality and competence of services and staff rather than to criticize those of competitors.

Officers and employees of the Corporation are prohibited from entering into arrangements with competitors for the purpose of setting or controlling prices, rates, trade practices, marketing policies, or disclosing to competitors future plans of the Corporation which have not been disclosed generally to the public.

Tie-Ins and Exclusive Dealings - Anti-trust law prohibits the Corporation from requiring a customer to purchase certain other financial products from the Corporation or its Corporation holding company in order to obtain credit, a lease, other service or sell property of any kind. Additionally, unless the Corporation has a reasonable basis, it may not preclude a customer from obtaining financial services from a competitor as a condition or requirement for obtaining financial products from the Corporation.

The Corporation's personnel must be alert to recognize situations, transactions, and activities actually or potentially affected by anti-trust laws.

13. Amendment, Modification and Waiver

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

14. Administration of the Conflicts of Interest Policy

It is the responsibility of officers and employees to be familiar with this Code of Business Conduct and to abide by the letter and spirit of its provisions at all times. All new employees have access to all policies in the Employee Handbook maintained on the Vault. Managers are expected to make every reasonable effort to ensure that their staff continues to comply with all of the provisions of the Company's personnel policies.

Violation of this policy can be cause for dismissal.