

## Code of Ethics

This Code of Ethics (the “Code”) applies to employees, officers (including officers who are also directors) and to outside directors (except where specifically noted below) of Northeast Bancorp (the “Company”), including those of its banking subsidiary, Northeast Bank (the “Bank”) and its subsidiaries, and to the extent relevant, the Code also applies to Institution-Affiliated Parties, such as agents and attorneys acting on the Company’s behalf. The term “employees” as used herein refers to all the above groups (unless the section or subsection in which the term is used specifically excludes outside directors or the context requires otherwise). Each employee represents the Company and is expected to act with integrity and maintain high ethical standards. This Code highlights the Company’s expectations regarding professional and ethical behavior. This Code is comprehensive, but not all encompassing. Accordingly, every employee is expected to observe the spirit as well as the letter of this Code. This Code is to be read, understood, and acknowledged in writing annually by all employees. This Code will be updated periodically as needed to reflect changes in regulatory requirements or business activities.

### **Professional Demeanor**

Consistent with our standards of exemplary client service, employees of the Company are expected to conduct their work in the most professional and courteous manner while conducting business on behalf of the Company, both with clients and other professional associates (*e.g.*, examiners and auditors) and internally with co-workers. Respectful and tactful communications among employees are expected at all times.

### **Conflicts of Interest**

As an agent of the Company each employee is obligated to act honestly, in good faith and in the best interest of the Company. In varying situations and degrees, personal interests or activities of an employee may adversely affect the Company and may involve some conflict with the interests of the Company. Each employee should be constantly on the alert for potential conflicts of interest and should scrupulously examine any situation from which a personal benefit or gain might arise from knowledge acquired while conducting business for the Company or from relationships with clients of the Company.

The Company recognizes and respects the right of its employees to engage in outside activities that they may deem proper and desirable, provided that they avoid situations that present a potential or actual conflict or perception of one between their personal interests and the Company’s interests, and provided that: (1) these activities are legal; (2) they do not impair or interfere with the conscientious performance of the employee’s duties for the Company; (3) they do not involve the misuse of the Company’s influence, facilities, information or other resources; (4) they do not divert opportunities from the Company; (5) they do not reflect discredit upon the name and reputation of the Company; and (6) they do not prevent (or give the appearance of preventing) the employee from fulfilling his or her obligation to act in the best interests of the Company and its customers.

A “conflict of interest” occurs when an employee’s personal interest interferes with the interests of the Company. Conflicts of interest may arise in many situations. They can arise when an employee takes an action or has an outside interest, responsibility or obligation that may make it difficult for him or her to perform the responsibilities of his or her position objectively and/or effectively in the best interests of the Company. Conflicts may also occur when an employee or his or her family member receives some improper personal benefit as a result of the employee’s position in the Company.

Accordingly, for all business relationships with outside individuals, companies and organizations and for all personal undertakings, employees should:

- a. act in accordance with applicable law and regulations;

- b. consider the rights, interests and responsibilities of the outside individuals, companies and organizations and themselves;
- c. consider that employment with the Company, unless expressly agreed otherwise, is full-time;
- d. protect their own reputations and the interests of the Company against actual or potential conflicting interests with outside parties; and
- e. as noted above, avoid personal transactions or situations in which their own interests conflict or might be construed to conflict with those of the Company or the Company's clients.

Each individual's situation is different and in evaluating his or her own situation, an employee will have to consider many factors.

If there are any questions as to whether or not a specific act or situation presents, *or appears to present*, a conflict of interest, an employee should consult the Director of Human Resources. Any material transaction or relationship that reasonably could be expected to give rise to a conflict of interest should be reported promptly to the Director of Human Resources, who shall notify the Chief Executive Officer and the Chief Risk Officer ("CRO"). Conflicts of interest involving the CRO or Director of Human Resources should be disclosed directly to the Chief Executive Officer of the Company. Conflicts of interest involving the Chief Executive Officer of the Company should also be disclosed directly to the Chairman of the Board of Directors of the Company.

As noted above, some of the personal activities or interests of an employee may involve significant conflict or appearance of conflict with activities or interests of the Company and should be avoided. Examples of some potential conflicts of interest include, but are not limited to the following:

**1. Gifts, Prohibitions Under the Bank Bribery Act**

It is the policy of the Company, in accordance with the federal Bank Bribery Act, that, subject to the exceptions listed below, no Company officer or employee may either:

- a. solicit for themselves or for a third party (other than the Company) anything of value from any person or organization in return for any Company business, service, or confidential information; or
- b. accept anything of value (other than bona fide compensation) from any person or organization in connection with Company business, either before or after a transaction is discussed or consummated.

To provide more specific guidance to officers and employees (but not to outside directors who should apply the general conflict of interest avoidance principles discussed above), the following is a list of exceptions to the general prohibition regarding acceptance of things of value in connection with the Company's business:

- a. You may accept meals, refreshment, entertainment, accommodations or travel arrangements, so long as they are of reasonable value (modest and nominal value); offered in the course of a meeting or other occasion, the purpose of which is to hold bona fide business discussions or to foster better business relations; and provided that the expense would be paid for by the Company as a reasonable business expense if not paid for by another party. You may not accept a series of payments or things of value that by their pattern and/or intent are designed to evade, or have the effect of evading this Code.

- b. You may accept loans from other banks or financial institutions made on customary and on nonpreferential terms to finance proper and usual activities of Company officers and employees, such as home mortgage loans. This exception does not apply if the loan is otherwise prohibited by law, or is limited by the insider lending restrictions described under “Extensions of Credit to Insiders” below.
- c. You may accept advertising or promotional material of reasonable value, such as pens, pencils, note pads, key chains, calendars, reasonably modest mementos of transactions, and similar items.
- d. You may accept discounts or rebates on merchandise or services that do not exceed those available to customers not affiliated with the Company.
- e. You may accept gifts of reasonable value (modest and nominal value) that are related to commonly recognized events or occasions, such as a promotion, new job, wedding, retirement, holiday or birthday. You may not accept a series of payments or things of value that by their pattern and/or intent are designed to evade, or have the effect of evading this Code.
- f. You may accept awards of reasonable value (modest and nominal value) in recognition of service and accomplishment from civic, charitable, educational, or religious organizations. You may not accept a series of payments or things of value that by their pattern and/or intent are designed to evade this Code.
- g. You may accept gifts, gratuities, amenities or favors based on obvious family or personal relationships (such as those between the parents, children or spouse of a Company officer or employee) where the circumstances make it clear that it is those relationships, rather than the business of the Company, which are the motivating factors.

The Company may, on a case-by-case basis, approve of an officer's or employee's acceptance of something of value in connection with Company business in addition to the exceptions listed above. If you are offered or receive something of value from a customer or vendor beyond what is authorized in this Code, you must disclose that fact, in writing, to your supervising officer, with a copy to the CRO. The Company's management will keep contemporaneous written reports of such disclosures. Management will also review such disclosures, and approve the transaction in question when reasonable and not posing a threat to the Company's integrity.

## **2. Dual Relationships with Clients:**

This Section applies to officers and employees, but not to outside directors (who should apply the general conflict of interest avoidance principles discussed above).

- a. ***Compensation for Services Rendered.*** When a relationship with a client, vendor or any other person who deals with the Company or one of the Company's affiliated companies is fundamentally the result of employment by the Company, neither the employee nor any member of his or her immediate family, should accept compensation from the client for services rendered. Likewise, compensation should not be accepted from any source for rendering services that might properly be performed by the Company as one of its regular services.

- b. ***Business Relationships with Clients.*** No employee of the Company may have any business relationship in which the employee has a potential financial interest with any borrowing client of the Company. This prohibition applies to any business relationship with the client or his/her related interests, and it is not restricted to a business relationship with the specific borrowing entity or the specific project that is a borrowing client. If you have any questions or concerns about a relationship that may resemble or involve a conflict, please contact the Director of Human Resources.

3. **Personal Business**

Company employees should avoid acting on behalf of the Company in any transactions involving people or organizations with which an employee and/or his or her family have financial or other conflicts of interest. A conflict of interest can arise where an employee, or a member of his or her immediate family (spouse, children and parents or those dependent upon such employee, etc.) has a financial or other interest in a customer, borrower, or other person doing business with the Company or its affiliated companies. Each employee must manage his or her personal and business affairs so as to avoid situations that might lead to conflict, or even the appearance of a conflict, between their self-interest and their duty to the Company and its customers, shareholders and depositors.

4. **Investments and Trading of Securities**

This Section applies to officers and employees, but not to outside directors. Outside directors are, however, required to comply with the provisions of the Company's Insider Trading Policy.

The investment of personal funds as a way to participate in the growth of the economy and to provide for the future is proper and worthwhile. However, Company and Company employees must be aware that, to the public, personal financial affairs reflect on the character and integrity of the Company. The following standards are guides to minimize the risks that may arise from the way investments are selected and financed:

- a. Although the choice of investments is a personal matter, the nature of a company or a Company employee's position with the Company requires adherence to an appropriate and prudent investment policy. For additional guidance on personal investing by Officers, see the Company's Insider Trading Policy (the "Insider Trading Policy").
- b. Information provided by customers in the normal course of business that is not available to the general public is confidential and must be held inviolate. Such information must never be disclosed to unauthorized persons or used as a basis for personal investment decisions.
- c. Investments by Company employees who have knowledge of the Company's borrowers' relationships in securities issued by the Company's borrowers must be promptly reported, in writing, to the Director of Human Resources, and may be made only in conformity with the restrictions of state and federal securities laws applicable to purchases and sales of securities by "insiders." See the Insider Trading Policy for details on reporting such purchases.

In the case of actively traded securities of a client, or of Company stock, employees are responsible for observing the strict and rigorously enforced provisions of the Federal Securities Exchange Act and regulations thereunder, which prohibit purchases or sales by persons having material "inside" information (*i.e.*, information not generally available to the investing public.) In summary, these regulations prohibit transactions unless all significant information concerning the value of the securities has been available to the public for a reasonable period of time. For

detailed information regarding trading on Company stock, employees should refer to the Company's Insider Trading Policy.

**5. Extensions of Credit to Insiders**

State and federal laws impose requirements on extensions of credit and certain non-credit transactions with insiders, defined as the Company's Executive Officers, Directors and Principal Shareholders.

Generally, these laws and their implementing regulations place limits on the size and purpose of such loans, and require disclosures and Board approvals. There are also requirements pertaining to non-credit transactions involving the assets or services of the Company by insiders. Transactions subject to these regulatory requirements are covered by the Company's on extensions of credit to Executive Officers, Directors, and Principal Shareholders and insider transactions other than extensions of credit. Please refer to that Policy (commonly known as the Regulation O Policy) for detailed guidance on this subject.

**6. Company Purchases**

Any employee engaged in the purchase of goods or services on behalf of the Company should do business with reputable vendors in an equitable and transparent manner and in the best overall interest of the Company. Refer to the Company's Third Party Management Policy for detailed direction and procedures regarding the procurement process.

**7. Prohibition on Entertainment of Public Officials**

It is the policy of the Company that officers and employees of the Company may not offer or give anything of "substantial value" to public officials to influence an official action or influence that public official in the performance of his or her official duties. It is important to point out that there does not need to be a proof of corrupt intent to establish a violation of this law; the mere providing of gratuities (entertainment, lodging, gifts, etc.) when in excess of \$50 or on a frequent basis, would be construed as seeking the goodwill and/or influence of the public official. Substantial value, for purposes of this section of the Code, is defined as a gratuity which exceeds \$50 or a series of gratuities which in the aggregate exceed \$50.

**8. Political Contributions and Activities**

An employee may choose to make personal political contributions from their own personal assets. An employee may participate in political activities but at no time may they identify themselves as representing the Company. Employees considering running for public office should notify the Director of Human Resources prior to submitting interest.

**Confidentiality**

The business of the Company involves matters of a highly private nature. It is imperative that client information be kept in the strictest confidence and that it not, under any circumstances, be revealed to any person who is not directly involved in the pertinent transaction or who does not require the information in order to carry out their responsibilities. Similarly, proprietary financial information, business strategies and records of the Company or its affiliates are confidential and must not be disclosed except for legitimate business purposes or when required by law or regulation. The integrity of the Company's books and records is critical and employees are responsible for the proper reporting and disclosure of financial information. Additionally, employees are expected to adhere to internal controls over the safeguarding of assets. The use of confidential information about a client or anyone else, without the client's consent, to further the interests of someone other than the client is improper. For further details please refer to the Company's Privacy Policy.

### **Personal Use of the Company Property**

Each employee shall exercise particular care in the use of the Company's supplies, systems or other property. The use of such property for personal reasons is to be avoided, and in no event should such use interfere with the performance of any employee's duties to the Company. Each employee shall respect the limited access to certain systems and communication channels proprietary to the Company, such as on-line services including, without limitation, the Internet, and shall in no way jeopardize the preservation of client and internal confidentiality which underlies such limitation of access.

### **Legal Advice**

In some cases, discussions with clients may lead to a request that an employee make statements, which may relate to the legality or illegality of a proposed transaction. The Company recognizes the exclusive authority of attorneys to practice law and to give legal advice. Employees who are not attorneys cannot and should not practice law or give legal advice. Therefore, extreme care must be exercised in discussions between customers and employees; nothing should be said that might be interpreted as the giving of legal advice. Customers who have a legal question should be advised to seek advice from their own (not the Company's internal) legal counsel.

### **Charitable and Civic Activities**

Employees are encouraged to accept appointments as trustees, directors or officers of nonprofit organizations such as educational, religious, civic, health and welfare institutions. Decisions to participate in such activities should be evaluated based on any potential conflict or perception of conflict of interest and on the level of time commitment required, which may interfere with the employee's responsibilities at the Company.

### **Business Directorships**

This Section applies to officers and employees, but not to outside directors.

While the Company recognizes its obligation to make appropriate contributions to the management of business corporations (that are not financial institutions), the acceptance of directorships may pose special conflict of interest issues for employees. Accordingly, invitations to join a board should be discussed and evaluated with and approved by the Director of Human Resources.

### **Dual Service**

It is a well-established principle in the banking industry that bank personnel should devote their attention primarily and impartially to the interest of the Company and its clients. Employees should be aware that various statutes and regulations either prohibit or permit only within specific limits, certain types of dual service by an officer of a bank. As a matter of policy, an employee is not permitted to serve as a director, trustee, officer or employee of any other commercial bank, banking association, bank holding company, savings bank, cooperative bank, credit union, savings and loan association or trust company.

In order to conform with the applicable banking regulations and Company policies, a record should be maintained of outside affiliations of employees. Employees are requested to report annually their affiliations other than those with the Company.

### **Job Specific Codes of Conduct**

Employees are expected to adhere to the policies, procedures and generally accepted professional practices governing their specific jobs duties or responsibilities.

### **Protection of Company and Client Funds and Property**

Everyone connected with the Company is responsible for the protection of Company property and Company and client funds. It is also every employee's responsibility to ensure that all records and accounts of the Company are maintained accurately.

Any misapplication or improper use of Company or client funds or property must be reported to federal and state authorities, and it is the obligation of every employee to report any such occurrences to the Company's CRO immediately. Full cooperation aids not only the Company but also you and your fellow employees. Failure to report any such incident could be cause for disciplinary action, including dismissal.

Anyone suspected of theft or misapplication of Company funds will be investigated to the fullest extent of the law and face possible prosecution.

### **Company Commitments**

It is vital that the Company's word be viewed as its bond. Thus, no employee may make any actual or apparent commitments, formally or informally, regarding the Company without proper prior authorization in accordance with existing procedures.

### **Compliance with Laws, Regulations and Company Policies**

All Company employees are expected to conduct themselves in accordance with all applicable local, State and Federal laws and regulations as well as with internal policies. As noted above, employees must be truthful and candid in their dealings with Examiners, Auditors, and Legal Counsel.

The Company's Code reflects our long-standing belief in responsible and ethical business practice. It is the formal expression of our commitment to ethical conduct above minimum legal requirements. Each employee is expected to be familiar with the Code's contents, to comply with its requirements, and to keep it available for future reference. All managers and senior officers are responsible for monitoring and enforcing the Code. Questions regarding the interpretation or administration of this Code should be referred to the CRO.

Personal honesty demands an atmosphere that fosters personal candor, and maintaining that atmosphere is among the highest priorities of the Company. If you have knowledge of apparent violations of this Code, or of any questionable actions affecting the Company, you are urged to report it to the CRO. The CRO is responsible for investigating such matters, and can do so without arousing suspicion or casting aspersions on the character and reputation of the person in question. By going directly to the CRO and explaining the circumstances of your suspicions, you protect yourself and the reputation of any other person if the suspicion turns out to be a misunderstanding or the transaction in question is not against Company policy. The identity of employees who report such information is confidential and no reprisal may or will be taken against them. Any reprisal would itself be a breach of this Code. The guidance in this paragraph relates to apparent violations of this Code. Any suspicion of conduct affecting the integrity of the Company's financial reporting should be reported in accordance with the Company's Financial Reporting and Accounting Complaint Policy, which provides for "Anonymous Incident Reporting" through an independent third-party provider. The name and contact information of the current provider is appended to this policy.

Violations of this Code may be grounds for disciplinary action up to and including termination of employment. Such action is in addition to any civil or criminal liability which might be imposed by Federal or State regulatory agencies or courts.

The Board of Directors is ultimately responsible for ensuring that compliance with applicable laws, regulations and internal policies receives high priority by Company management.

### **Appendix**

Employees may file anonymous reports through Lighthouse Services, a 24-hour incident reporting hotline. Employees who do not wish to maintain anonymity or who wish to discuss the matter with the Audit Committee, or its agent, should include contact information in their report. Employees may also file reports or complaints directly to the Audit Committee, using the contact information below.

Employees may make reports or complaints through Lighthouse Services by going to the website, Lighthouse-Services.com and clicking on “Submit a Report.” The User Name is **Northeast** and the Password is **complaint**. Reports or complaints can also be made by calling Lighthouse Services toll-free at (800) 398-1496. The call center is staffed 24/7 by professionally trained call-center representatives who will take the report.

Employees may also make reports or complaints directly to the Audit Committee by filing their written report in a sealed envelope, addressed to the Audit Committee, c/o Northeast Bank, P.O. Box 171679, Boston, MA 02117. Include the words “Confidential Audit Committee Complaint” plainly on the envelope and your report will be forwarded directly to the head of the Audit Committee.