

## **NORTHEAST BANCORP, NORTHEAST BANK AND ITS SUBSIDIARIES CODE OF ETHICS**

The following principles apply to all directors, officers and employees of Northeast Bancorp, Northeast Bank and its subsidiaries:

### **CONFIDENTIALITY**

1. Non-public information regarding Northeast Bancorp, Northeast Bank and its subsidiaries or its directors, officers, employees, customers, or suppliers is confidential, and directors, officers, and employees may not disclose such information, use it for trading in securities, or use it for personal gain or the benefit of a third party.
2. Public communication involving Northeast Bancorp, Northeast Bank and its subsidiaries must have prior clearance from the Chief Executive Officer or the Communications Director.

### **SELF INTEREST**

Directors, officers and employees are prohibited from:

1. Accepting employment or engaging in a business (including consulting and similar arrangements with competitors) that may conflict with the performance of their duties or Northeast Bancorp, Northeast Bank and its subsidiaries' interests.
2. Soliciting or demanding, or accepting or agreeing to accept, anything of value from any person in conjunction with the performance of their duties at Northeast Bancorp, Northeast Bank and its subsidiaries.
3. Accepting personal fees, commissions, other compensation paid, or expenses paid or reimbursed from others, not in the usual course of Northeast Bancorp, Northeast Bank and its subsidiaries' business, in connection with any business or transaction involving Northeast Bancorp, Northeast Bank and its subsidiaries.
4. Acting on behalf of Northeast Bancorp, Northeast Bank and its subsidiaries in any transaction involving others with whom directors, officers and employees or their immediate families have any significant direct or indirect financial interest.
5. Borrowing money from customers or suppliers unless the customer or supplier is a financial institution that makes such loans to the director, officer or employee in the ordinary course of business.
6. Purchasing property, whether real, personal, or intangible, from Northeast Bancorp, Northeast Bank and its subsidiaries without the approval of the Chief Executive Officer or Chief Financial Officer unless Northeast Bancorp, Northeast Bank and its subsidiaries makes a general offer of external Bank property to employees on a non-discriminatory basis.
7. Making any political contribution of money or other property on behalf of Northeast Bancorp, Northeast Bank and its subsidiaries that would violate federal or state law.
8. Engaging in excessive speculation, borrowing, or gambling.

9. Making any investment in the securities of any Northeast Bancorp, Northeast Bank and its subsidiaries customer or supplier unless the securities are publicly traded; the making of any investment is subject to Section A.1 and Section E of this Code of Ethics.
10. Permitting Northeast Bancorp, Northeast Bank and its subsidiaries' property (including data transmitted or stored electronically and computer resources) to be damaged, lost or used in an unauthorized manner.
11. Except in the performance of the director, officer or employee's ordinary duties as a director, officer or employee of Northeast Bancorp, Northeast Bank and its subsidiaries, providing customers with legal, tax or investment advice, or recommending attorneys, accountants, real estate agents, or other outside service providers, unless such information is provided in accordance with Northeast Bank's policy of providing a list of several qualified names without endorsement or indication of preference.
12. Engaging or investing in any business, partnership, sole proprietorship or joint venture which directly or indirectly competes with services provided by Northeast Bancorp, Northeast Bank or any subsidiary of Northeast Bank.
13. Doing any of the above actions indirectly through another person.

A director, officer or employee may accept normal business amenities that facilitate the discussion of business, foster good business relations, or serve some other demonstrable business purpose. Gifts of nominal value may be accepted from present or prospective customers, suppliers, vendors, etc., with whom a director, officer or employee maintains an actual or potential business relationship, but generally must not exceed, in the aggregate, \$100 in value, from any one individual/entity in any one calendar year. Discounts and price reductions not generally available to others are considered gifts. Directors, officers and employees may not accept cash gifts and must report any such attempted gift to the Corporate Governance Committee for the directors and the Human Resource Director for the officers and employees.

Further, directors, officers and employees are expressly prohibited from soliciting, demanding or accepting anything of value with the intent to be influenced or rewarded in connection with any business transaction or relationship involving Northeast Bancorp, Northeast Bank or any subsidiary of Northeast Bank. The term "gift" does not include any discounts, programs, etc. that are available to all directors, officers and employees under general offer that has been approved by Northeast Bank's Human Resources Division or Corporate Governance Committee.

Reasonable entertainment may be engaged in between a director, officer or employee and present or prospective customers, suppliers, vendors, etc. However, the value of such entertainment may not exceed, in the aggregate, \$100 unless the customer, supplier, vendor, etc., is present. For purposes of this Code of Ethics, "reasonable entertainment" means entertainment, the purpose of which is to hold bona fide business discussions and for which the expense would be paid by Northeast Bancorp, Northeast Bank or any subsidiary of Northeast Bank, as a reasonable business expense if Northeast Bancorp, Northeast Bank or any subsidiary of Northeast Bank had paid the expense itself.

If there is any question about the propriety or reasonableness of any entertainment, such as when the host will not be present, the employee should secure the approval of the employee's immediate supervisor and the employee's Human Resource Director. Approval by the employee's immediate supervisor and Human Resource Director is also required for any gift in excess of \$100 in value, including hunting, fishing, or sporting event trips. In the event that a director, officer or employee is offered or receives something of value beyond what is authorized in this Code, they must promptly disclose such fact to the Human Resource Director or the Corporate Governance Committee.

An officer or employee must report to the Human Resource Director any potential bequest in excess of \$100 to the officer or employee under the will or trust instrument of a customer or supplier of Northeast Bank, whether or not Northeast Bank is the fiduciary named under such instrument, unless the customer or supplier is a member of the officer's or employee's immediate family. Bequests in excess of \$100 shall be subject to the written approval of the Human Resource Director.

All directors and executive officers of Northeast Bancorp, Northeast Bank and its affiliates are subject to the provisions of Regulation O of the Federal Reserve Board of Governors with regard to all extensions of credit from Northeast Bank's bank subsidiaries. All employees who are involved with Northeast Bank trust matters are subject to all conflict of interest and other fiduciary rules established by the trust area.

## **HOLDING OFFICE/APPOINTMENTS**

1. The written approval of the Chief Executive Officer, or designee of the Chief Executive Officer, and the Human Resource Director, is needed before employees may become directors or officers of any business organized for profits. If such service is on behalf of Northeast Bank, the employee must turn over all compensation received by the employee for such service to Northeast Bank other than reimbursement of out-of-pocket expenses.
2. Employees are encouraged to participate in organizations, which are involved in charitable, religious, educational, or community activities, and no approval is needed for involvement with such organizations. Note, however, that an employee will not receive indemnification or insurance protection from Northeast Bank for such participation unless the employee receives written confirmation from Northeast Bank that Northeast Bank is providing such protection.
3. Employees are encouraged to participate in civic and political activities. An employee may hold a part-time elective or appointive office and may participate in political campaigns, including political fund raising activities, provided the employee receives the approval of his or her immediate supervisor and the Human Resource Director with full disclosure concerning the time involved and the compensation, if any, to be received. An employee's participation in political activities, particularly an employee's participation in political campaigns and/or political fund raising events, will be reviewed in light of the employee's position at Northeast Bank and the degree of discretionary authority the employee or director may exercise in his or her

- position at Northeast Bancorp, Northeast Bank and its subsidiaries as well as the employee's personal relationship with the political candidate.
4. Employees must avoid appointments, including fiduciary appointments that may conflict with the performance of their duties for Northeast Bancorp, Northeast Bank and its subsidiaries or otherwise interfere with their relationship with Northeast Bancorp, Northeast Bank and its subsidiaries. All appointments, including fiduciary appointments must be approved by the Human Resource Director prior to the employee's acceptance of the appointment.

## **INTERNAL ACCOUNTING CONTROLS**

It is the legal responsibility of Northeast Bancorp, Northeast Bank and its subsidiaries to develop and maintain systems of internal accounting controls that permit the preparation of its financial statements in accordance with applicable laws, rules, and accounting principles.

No one shall, directly or indirectly, knowingly falsify or cause to be falsified any book or record or account of Northeast Bancorp, Northeast Bank and any of its subsidiaries. This includes expense accounts, approval of invoices submitted by vendors, records of transactions with customers, records of disposition of Bank assets or any other record.

*Any director, officer or employee who becomes aware, directly or indirectly, of inadequate controls, a failure of controls, or a circumvention of controls, or that transactions, or other items, are improperly recorded on Northeast Bank's books or records, must promptly report the situation to Northeast Bank's Security Officer, or the Human Resource Director.*

## **TRADING IN NORTHEAST BANCORP STOCK**

No one shall buy, sell, donate, or otherwise participate in a transaction involving Northeast Bancorp stock while in possession of information concerning Northeast Bancorp, Northeast Bank and any of its subsidiaries, which has not been released to the general public, but which when released may have an impact on the market price of Northeast Bancorp stock.

## **COMPLIANCE**

1. Each director, officer or employee of Northeast Bancorp, Northeast Bank and its subsidiaries shall act on Northeast Bancorp, Northeast Bank or its subsidiaries' behalf in a manner that complies with all laws and regulations under which Northeast Bancorp, Northeast Bank and its subsidiaries must operate. (As an example, Northeast Bank is required to report large cash transactions and certain types of monetary instruments as a means of preventing crimes such as money laundering and tax evasion. See Northeast Bank's corporate policy on the Bank Secrecy Act.) Any employee who becomes aware, either directly or indirectly, of a Northeast Bank employee's violation of a law involving a breach of trust must report the violation promptly to Northeast Bank's Security Officer or Human Resource Director.

2. If a director, officer or employee becomes aware of or suspects embezzlement, false entries in Northeast Bancorp, Northeast Bank and its subsidiaries' records, false statements to Northeast Bancorp, Northeast Bank and its subsidiaries' regulators, false statements by customers (where the employee knows that the customer's statement is false or has reason to inquire as to its falseness), or any fraud or potential fraud or other criminal violation involving Northeast Bancorp, Northeast Bank and its subsidiaries, its directors, employees or customers, such employee, officer or director must immediately contact the Security Officer, Human Resource Director or for a director, the Corporate Governance Committee.
3. An officer or employee who is convicted of a crime, including a crime involving a breach of trust or a crime classified as a felony, or who becomes subject to a suspension or removal order by a bank regulatory agency, must report the event to the Bank's Human Resource Director.

## **SUPERVISION**

It is the responsibility of each supervisor to adequately train and supervise employees so that they are able to perform their jobs in a competent manner and in conformity with Northeast Bancorp, Northeast Bank and its subsidiaries' policies, including the Code of Ethics. When assigning responsibilities to an employee, it is the supervisor's responsibility to ensure that the employee has demonstrated the capability to discharge the assigned responsibility in conformity with the Code of Ethics. It is also the supervisor's responsibility to ensure that all employee questions concerning the operation and requirements of the Code of Ethics are fully addressed and understood by each employee. Whenever an employee violates the Code of Ethics, the adequacy of the employee's training and supervision will be reviewed.

## **ADMINISTRATION**

1. The Human Resources Director shall be responsible for the administration of the Code of Ethics within the Bank. Employees shall refer all questions on the Code of Ethics to the Human Resources Director.
2. Whenever disclosure or approval is required by the Code of Ethics, the employee or director shall promptly make a written report with a full account of the circumstances to the Human Resources Director.
3. New employees or directors shall receive a copy of the Code of Ethics as a part of their employee or director orientation.
4. All supervisors are responsible for reviewing the Code of Ethics with their subordinates at least once each year.
5. All officers and directors must promptly complete and return a certification of compliance with the Code in accordance with annual officer compliance certification procedures established by Northeast Bancorp, Northeast Bank and its subsidiaries.
6. Each employee is responsible for reporting to the Human Resources Director any activity that may violate the Code, whether the activity involves the employee or director or another Northeast Bancorp or Northeast Bank employee. Reporting the activity will not subject the employee to discipline absent a knowingly false report.

7. The Code of Ethics is part of Northeast Bank's personnel policies so that employees who violate the Code are subject to the disciplinary measures set forth in those policies up to and including termination.

Northeast Bancorp, Northeast Bank, and its subsidiaries, acting by and through its Chief Executive Officer or his designees, shall have the sole and absolute discretionary authority to approve any deviation from the Code.

Directors, officers and employees should feel free to contact the Human Resource Director for related communications on the Code, or to seek guidance on the procedures to be followed with regard to reporting items under the Code.