



2019 ESG Report

 HOWARD
BANCORP

2019 ESG Report

Howard Bank's perspective on creating stakeholder value has always been to build a legacy through establishing relationships. We build relationships holistically with employees, clients, shareholders, and communities. We understand their interdependencies. For those reasons, central to our history, our strategy, and our culture, Howard Bank measures our ability to protect our **environment** for future generations, our fulfillment of our civic and **social** responsibilities in the places we serve, our commitment to inclusiveness, and our commitment to a responsible board **governance** framework. Our investors, clients, and employees are similarly focused on these components as they help us measure and monitor the enduring impact on our global and local footprint. They help us ensure that our creation of stakeholder value is truly for the long-term. For these reasons, we are publishing our first ESG report. We hope you find it informative.



Mary Ann Scully
Chairman, Chief Executive Officer

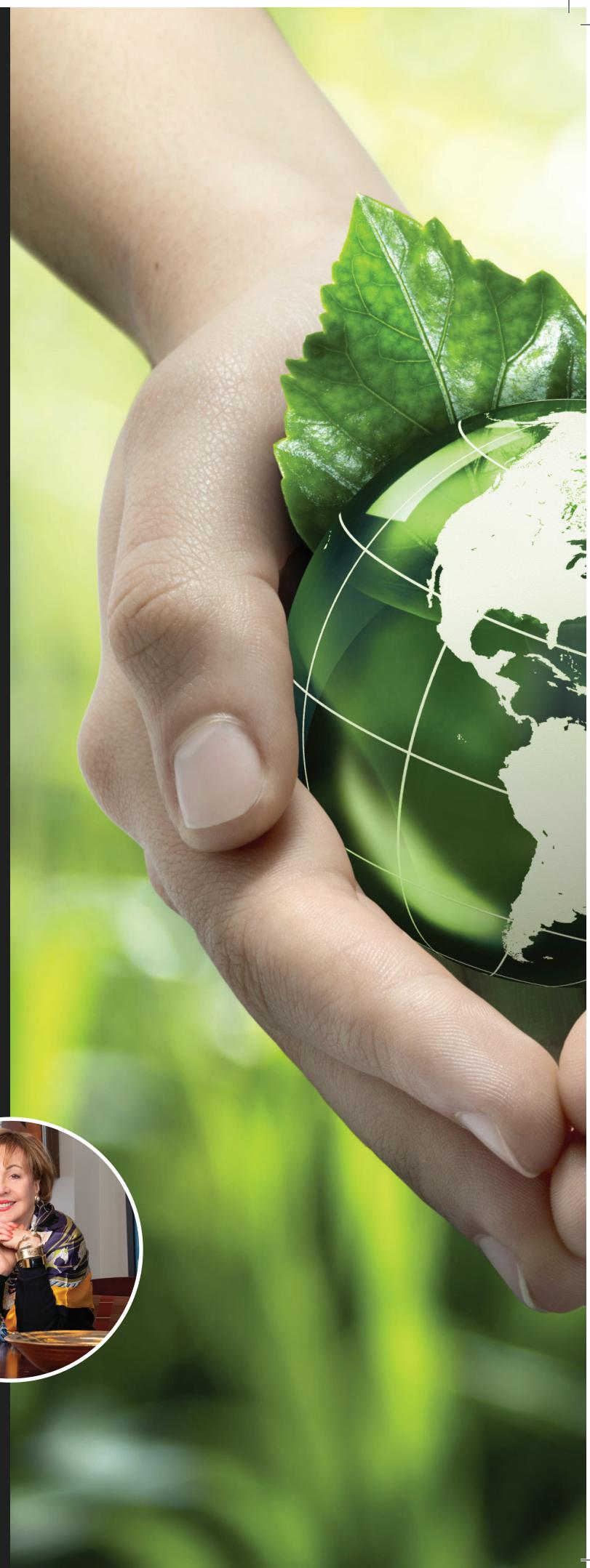




TABLE OF CONTENTS

8

Environmental

- 8 Reduced Paper Usage
- 8 Recycling Program
- 9 Energy Efficiency
- 10 Vehicle Upgrades
- 11 eStatements

12

Social

- 12 Community Volunteers
- 13 VTO Committee
- 14 Local Sourcing
- 17 Philanthropy
- 19 Diversity and Inclusion
- 21 Employee Benefits

22

Governance

- 22 Oversight

OUR MISSION

To help build enduring legacies for our customers,
our employees and our community.

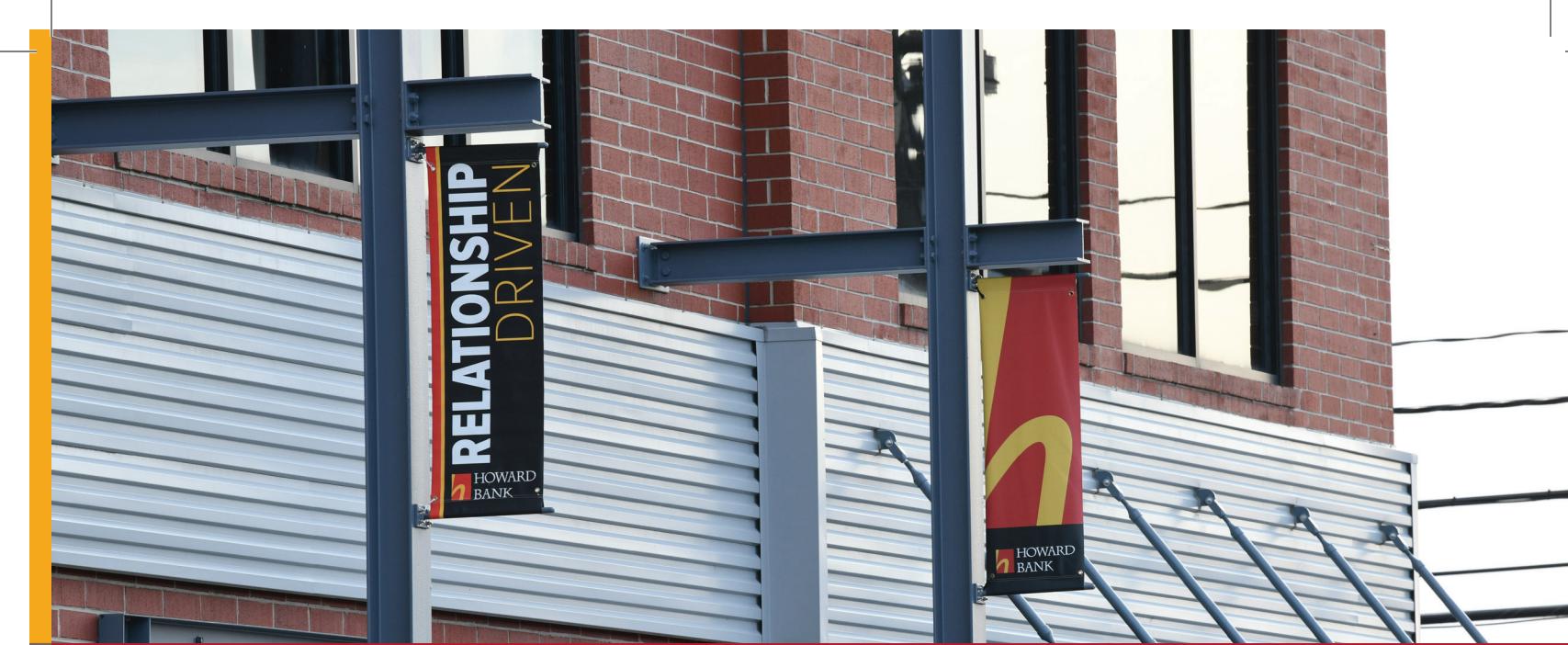
We will achieve this by combining expertise with experience,
staying committed to our values, and dedicating ourselves to
building lasting relationships with the people we serve.

**At Howard Bank, business
is *always* personal.**

It's the difference between a good
banker and an exceptional one.

OUR VISION

Building our legacy by
helping others build theirs.



OUR VALUES

Invested

We don't just work here; we're from here. So we help people who live here succeed. From our people, to our customers, to the communities we serve, Howard Bank is invested.

Passionate

We love what we do because what we do matters. It drives us to do our best work, compels us to build tighter teams, and helps us forge lasting relationships.

Agile

At Howard Bank, agility is as much about proaction as it is reaction. It's about being able to offer a quick solution and a straight answer - often before the question is even asked.

Insightful

We're really good at what we do. But it's more than our banking pedigree. Our wealth of experience coupled with our local market intelligence enables us to deliver financial advice based on real-world experience, not just the numbers.



2019 Highlights



32
local vendors used

20%
of employees serve on boards



\$337,533
donated to charitable organizations



1,161
hours volunteered by employees



6,459

customers enrolled in eStatements

1.8M

sheets of paper offset
by reforesting

\$2.4B

in total assets



ENVIRONMENTAL



Reduced Paper Usage

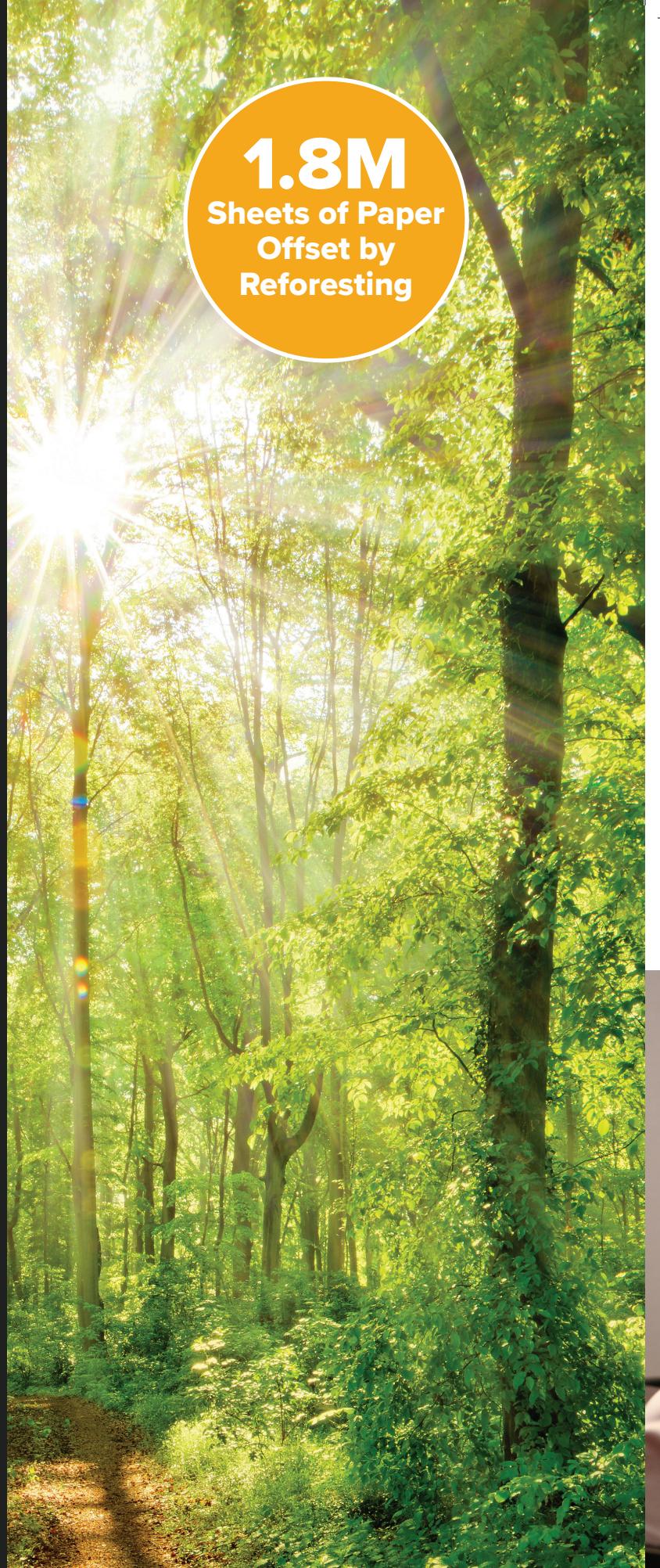
We ask employees to think before printing and we take strides to reduce our paper, energy, and toner waste. We utilize technology to default user settings to print in black-and-white and on both sides of the paper. That same technology requires employees to do a secondary release of the print job at the printer so no forgotten print jobs waste resources. In addition, we participate in PrintRelief which plants trees for reforestation to help offset the impact of printing across the globe. Since joining the program in April of 2019, we have offset the equivalent of 1,868,369 total standard pages of paper by reforesting 224 trees in the South Dakota Pine Ridge Indian Reservation.

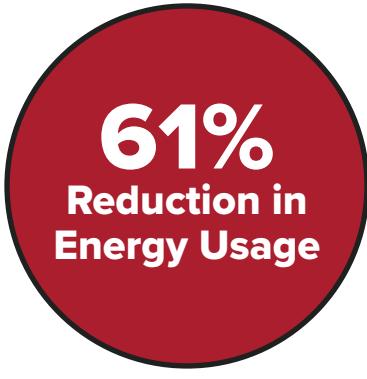


Recycling Program

Howard Bank has a partnership with Republic Services for waste and recycling management at our Centennial Regional and Canton Headquarters buildings. This partnership was put in place to help reduce our landfill footprint and encourage employees to recycle. Our partnership includes a pick-up made three times weekly.

1.8M
Sheets of Paper
Offset by
Reforesting





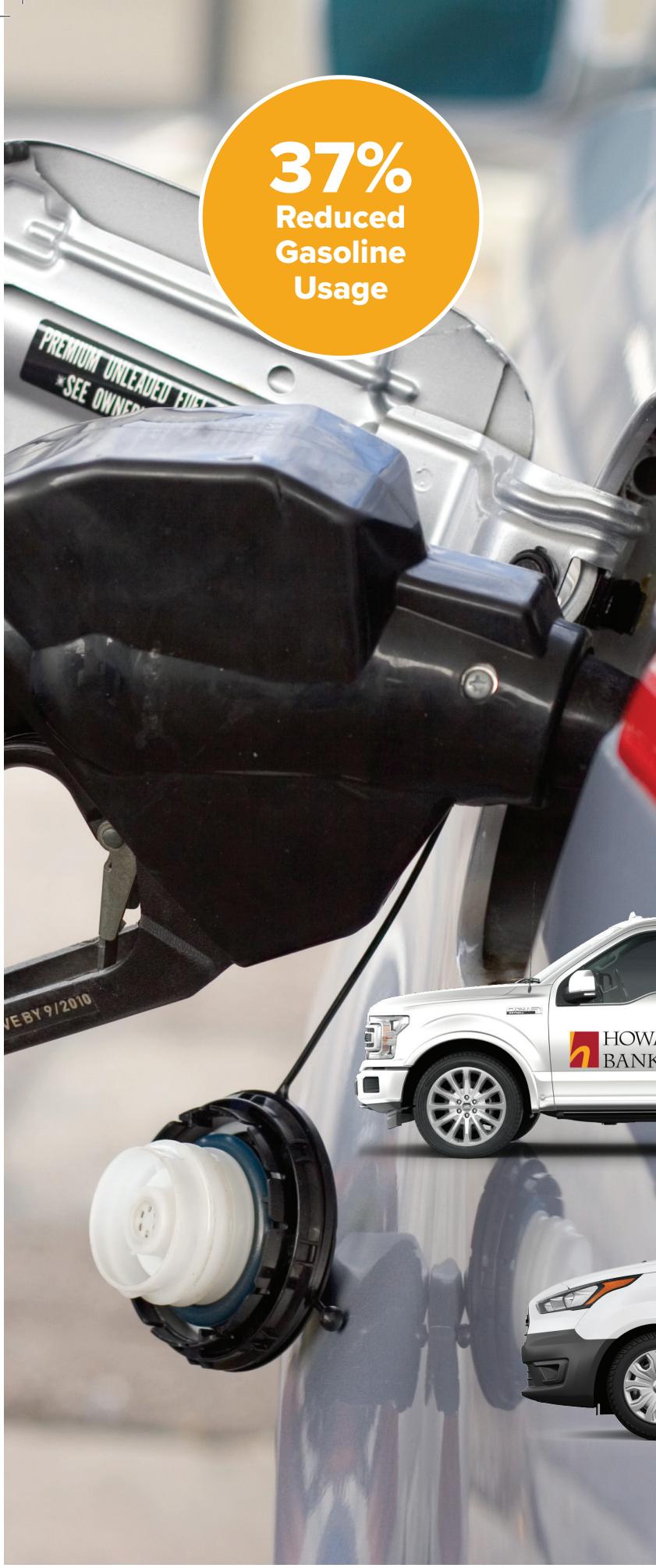
61%
Reduction in
Energy Usage



Energy Efficiency

Our Facilities Department leads our energy efficiency initiative to evaluate ways to save energy. Part of that included an HVAC system upgrade to our Canton location in 2016. Since then, energy has been reduced by 61% year over year. Our Headquarters uses LED lighting with occupancy sensors to help conserve energy. The sensors automatically turn off lighting in unoccupied spaces like offices, conference rooms, restrooms, breakrooms, storage closets, and hallways.





37%
Reduced
Gasoline
Usage



Vehicle Upgrades

Vehicle Fleet Changes

Our Facilities Department changed their fleet to include a small, transit-style van and a hybrid pickup truck. This change was made to reduce the consumption of fuel.

Fuel Efficiency

By transitioning the fleet, the Facilities Department reduced their fuel consumption by 37%.





eStatements

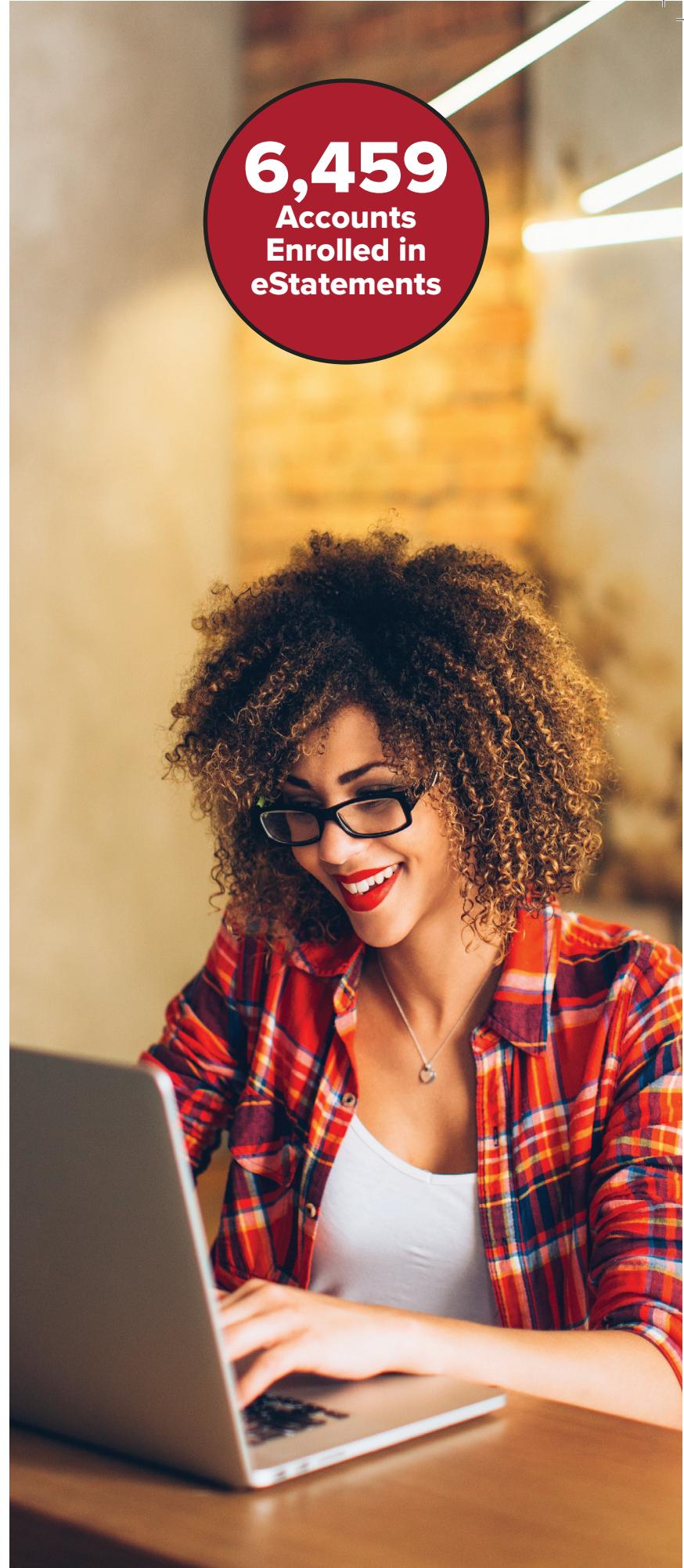
According to PayItGreen.org, the average American household would save 6.6 pounds of paper and 4.5 gallons of gasoline per year just by switching to electronic bills, statements, and payments. Realizing the impact that paper statements have on our environment, in April we partnered with Blue Water Baltimore for our annual eStatement campaign. Blue Water Baltimore's mission is to restore the quality of Baltimore's rivers, streams, and Harbor to foster a healthy environment, a strong economy, and thriving communities. For every account that converted to eStatements through April, we made a \$5 donation to Blue Water up to \$5,000. In addition, the bank organized a corporate tree planting where Howard Bank employees planted trees in a low-income city public housing neighborhood to improve the ecosystem and beautify the neighborhood for its residents.

Campaign Results:

- 1,459 accounts enrolled in eStatements during our April 2019 Campaign
- 6,459 total accounts enrolled in eStatements in 2019



6,459
Accounts
Enrolled in
eStatements





Community Volunteers

Our Volunteer Time Off (VTO) program allows employees to use work hours to give back to the community. The program provides each employee 20 paid hours a year to volunteer during work hours and has helped align employees with Howard Bank's community-centered approach. In the first 10 months of operation, 132 of the bank's 320 employees took part in the program representing a 41 percent participation rate in 2018. The program has continued to grow in 2019. From September 2018 to June 2019 employees logged 1,352 hours at 13 different non-profits around Baltimore, including The Maryland Zoo, The Maryland Food Bank, Blue Water Baltimore, and the Ed Reed Foundation Summer Camp and Clinic.



Helped maintain grounds at the Maryland Zoo.

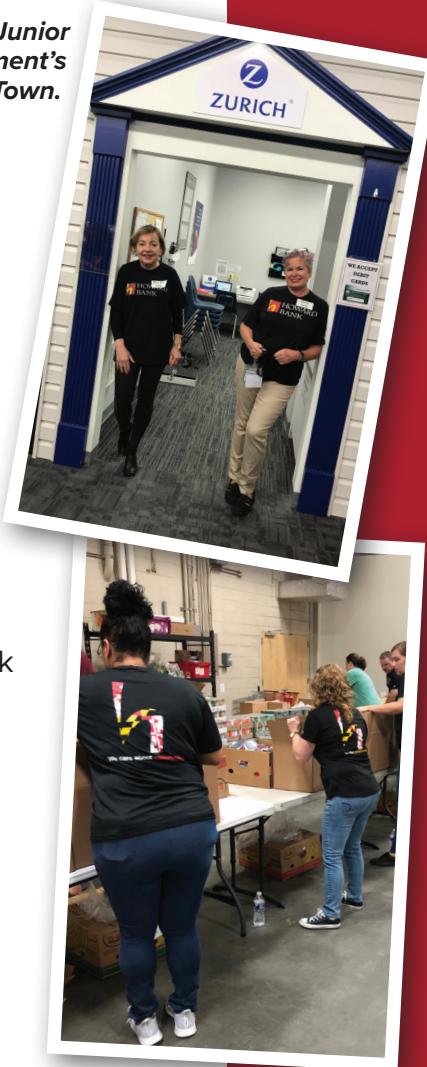




Staffed Junior Achievement's JA BizTown.

2019 VTO Activities

- Our Daily Bread
- Maryland Food Bank
- Blue Water Baltimore
- Junior Achievement of Central Maryland
- Anne Arundel County Food Bank
- Maryland Zoo
- Ed Reed Foundation
- Maryland New Directions
- Oregon Ridge Nature Center
- Parks and People Foundation
- Kennedy Kreiger Institute



540
Homeless
Served

22
Employees
Planted
Trees

1,161
VTO Hours
Used

1,200
Books Sorted



Sorted books
for the
Maryland
Book Bank.



Planted trees in a low-income
city public housing neighborhood.



VTO Committee

The VTO Committee hosted five Group Service Projects in the short amount of time that VTO was active in 2018. The committee set a goal to host 12 Group Service Projects in 2019 but ended up exceeding their goal with 18 hosted events. The VTO Committee's goal for 2020 is to reach 2,000 total volunteer hours.

	2018	2019	% Increase
Number of VTO Hours Used	877	1,161	32%
Percentage of Employees Who Used VTO	39%	43%	4%
Average Number of Hours Used for VTO	6.64	8.80	32.38%
Number of Coordinated Group Service Projects	5	18	260.00%
Number of Hours Used for Coordinated Projects	181	480	165.19%

Ultimately, we saw a 32% increase in VTO hours used in 2019 and an increase in the number of people using the hours. We saw a nice increase in the number of hours contributed through our coordinated events.



BUSINESSES PARTNERING
FOR BALTIMORE

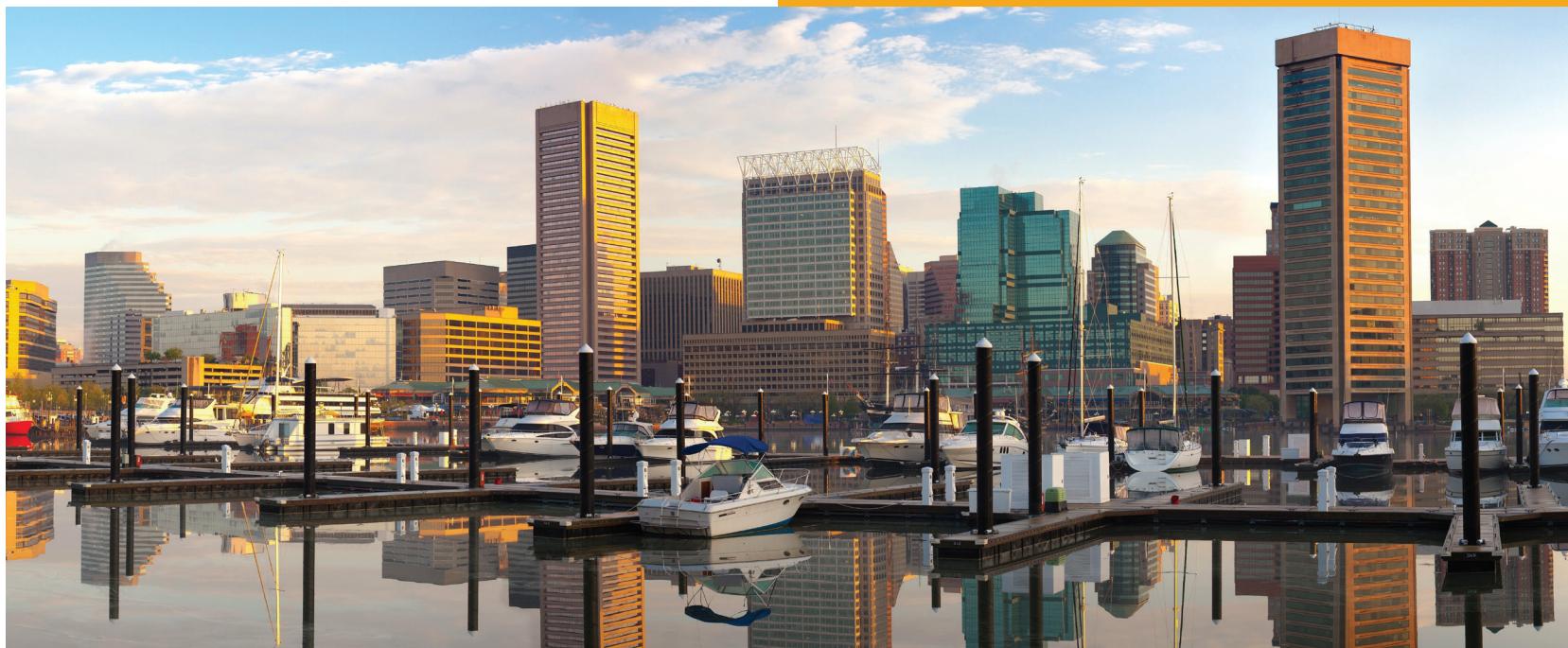
Local Sourcing

Howard Bank belongs to BLocal, a group of Baltimore-area businesses committed to local community development. 28 BLocal partners have set public goals to support city residents and local and women- and minority-owned businesses when making decisions about building, hiring, buying, and investing. By leveraging their collective influence, businesses help strengthen the city and create opportunities for Baltimoreans.

In the program's first year, BLocal partners reported millions of dollars in increased spending with city and diverse suppliers, increased hiring and internships for city residents, and more support of community organizations.



Howard Bank intern, Roxine Chambers with Calvin Butler, CEO of Baltimore Gas & Electric Co., co-chair of the BLocal Initiative.



Howard Bank joined BLocal in year 3 of the initiative with commitments in the Hire and Buy categories.



BLocal Hire Commitments:

- **Hire four interns from Baltimore's most distressed communities.**

2019 Progress - We increased funding to hire a total of five interns.

- **Continue to seek ways to provide financial services education to the underbanked areas of Baltimore City.**

2019 Progress - We continued our involvement with Junior Achievement, promoting home ownership at various LIVE Baltimore events, and teaching Financial Fitness Bootcamps put on by the Consumer Credit Counseling Services of MD and DE (CCCSMD).

- **Encourage members of our executive and management team to seek opportunities to serve on Baltimore City non-profit board organizations.**

2019 Progress - Our executive management team began to take more of an active role in encouraging colleagues to seek opportunities to serve on non-profit boards. Yearly surveys were put in place along with identifying opportunities for board placements through our philanthropic giving activities.

- **Encourage employees to use their Volunteer Time Off (VTO) hours with non-profits in targeted areas to support our focus on workforce development.**

2019 Progress - We created our Volunteer Time Off (VTO) program which allows employees to use work hours to give back to the community. The program provides each employee 20 paid hours a year to volunteer during work hours and has helped align employees with Howard Bank's community-centered approach. In 2019 we increased VTO hours used in Baltimore City by 32%.

5
**Interns Hired
from Distressed
Communities**



- Commit to including qualified applicants that apply from targeted areas when filling job positions.

2019 Progress - We continue to include qualified applicants that apply from target areas when filling positions.

- Continue to participate in the BLocal Build College via teaching the Banking and Financing Course.

2019 Progress - Howard Bank participated in BLocal's Build College, a program that provides training for small, local, minority-owned, woman-owned, and/or disadvantaged Baltimore-based businesses in the design and construction industries.



BLocal Buy Commitments:

- Identify opportunities to rebid current non-Baltimore supply and service contracts to increase spend with Baltimore City businesses.

2019 Progress - We continue to make progress in identifying opportunities to rebid contracts with local and women- and minority-owned businesses. We partnered with 32 minority and/or local vendors in 2019. With those partnerships, we reinvested over \$800,000 back into the Baltimore City community.

- Hold all corporate employee events and investor meetings in Baltimore City.

2019 Progress - We held all Board and Investor meetings in Baltimore City as well as our annual customer appreciation event.

**32
Local Vendors
Used in 2019**



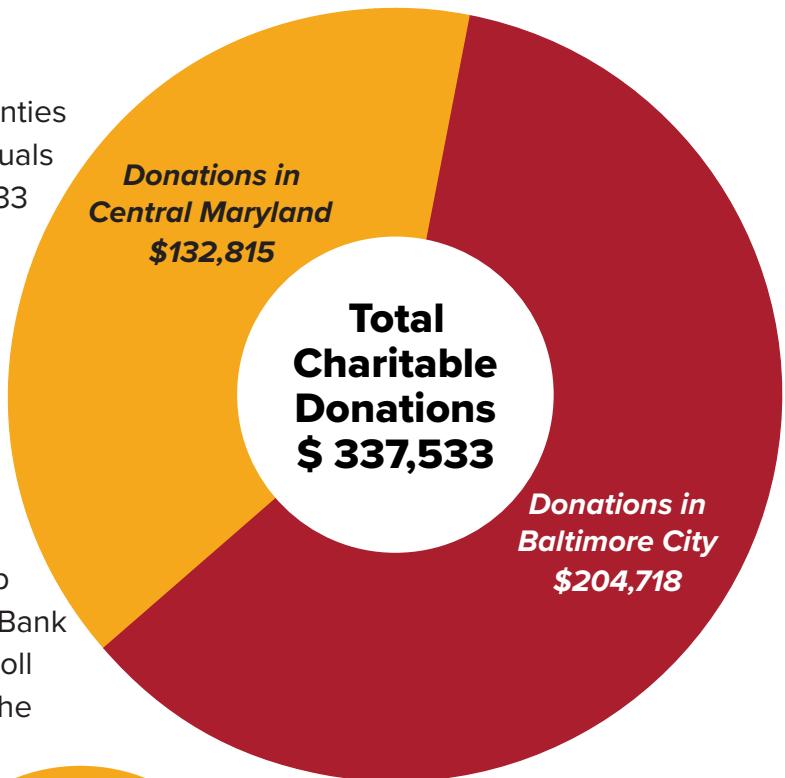
Philanthropy

At Howard Bank, we are committed to the counties and businesses we serve and all of the individuals who reside there. In 2019, we donated \$337,533 to charities in and around Baltimore City. The donations supported 107 total organizations.



United Way Employee Contributions:

At Howard Bank, giving is not just a corporate event, our employees give too! Our partnership with United Way allows employees of Howard Bank to give back to our communities. Through payroll deduction our employees can give directly to the United Way general fund or organizations that are important to them. We've committed \$40,000 through employee participation.



107
Organizations
Supported





20%
Employees
Serve on
Boards

Community Reinvestment Act

At Howard Bank, we're committed to our Community Reinvestment Act (CRA) responsibilities. Through our lending, services, and investments we seek to meet the credit needs of all the communities we serve, including low- and moderate-income neighborhoods. We are focused on understanding and supporting the needs of local businesses and nonprofit organizations through volunteer efforts, financial donations, and contributing professional expertise through Board of Director memberships.

Cristo Rey Jesuit High School

Howard Bank currently sponsors three high school students from Cristo Rey Jesuit High School as bank interns. The students come one day every week, and one Friday every month during the 2019-2020 school year, and Howard

Bank paid \$22,800 to help subsidize their education. Currently two students intern in the IT department, and one in Administration, learning career and workforce development. Students are eligible for the intern program under a financial needs basis through Cristo Rey.



Employees on Boards

Howard Bank takes a community-centered approach in everything we do. That's why we encourage our employees to volunteer and join boards for nonprofits.

As of 2019, 78% of our executive team and 20% of our total employee base was an active board member.



Diversity and Inclusion

Howard Bank has partnered with outreach organizations to help create a diverse and inclusive workforce. These organizations are focused in the areas of community, veteran, disability, and diversity. The following organizations receive notifications as Howard Bank job opportunities become available:

- Greater Baltimore Urban League
- Bel Air Workforce Center
- Mayor's Office of Employment Development
- Bowie University
- Maryland Department of Veteran Affairs
- Spanish Speaking Community of Maryland
- Maryland Department of Rehabilitation
- Goodwill Industries
- Harford Community College
- William & Lanaea C. Featherstone Foundation
- Abilities Network



The Howard Bank Women In Leadership (HBWIL) group was established in 2018 to create an environment that recognizes, cultivates, and utilizes the talent of women to develop leadership qualities in a group setting.

2019 was our first full calendar year with HBWIL in place. We invited both inside and outside experts to participate in a quarterly speaker series to discuss topics that would allow participants to grow, enhance communication skills, and ultimately get a better understanding of the benefits of having a more diverse workforce.



82

**Females Hold
Officer Titles**



HBWIL Events Overview

3/13/2019

Changing the Face of Leadership:
Panel Discussion with Rob Kunisch, Randy
Jones, Kevin Emerson; Moderated by
Michelle Coates

6/18/2019

HBWIL Social Hour

9/17/2019

A Discussion with Howard Bank Director,
Donna Hill Staton

11/13/2019

HBWIL Presents: Kathleen Murphy, President
& CEO of the Maryland Bankers Association



Benefits

Parental Leave

We care about our employees both professionally and personally. That's why we provide six weeks paid parental leave for men and women.

- Less than one full year of service – 50% of base salary
- After one full year of service – 100% of base salary

Educational Assistance

Development of our employees is an important value at Howard Bank. As such, we provide educational assistance to assist employees in personal development. We put this program in place in late 2018.

- Undergraduate \$3,000
- Graduate \$5,000
- Review Courses & Certification Testing \$3,000

Employee Referral Program

Existing employees are able to refer qualified candidates for consideration of an open position. If the referred candidate is successfully on-boarded and completes 90 days of service successfully, the referring employee will receive a reward of \$500 for a full-time hire or \$250 for a part-time hire.





Oversight

At Howard Bank, we are committed to corporate governance. Our governance policies ensure focus and clear connection as we are responsible to shareholders, employees and our customers. Howard Bank's Board of Directors are elected by our shareholders and provide oversight to the management of the company. This ensures the long term interests of our shareholders are advanced responsibly. They work to ensure all concerns of the bank's stakeholders are addressed accordingly.



Howard Bank has a Corporate Governance and Nominating Committee whose primary responsibilities are to assist, advise and make recommendations to the Board of Directors on the following matters:

- Board succession
- Selection and recommendation of board nominees at the annual shareholder meeting
- Develop and recommend the corporate governance guidelines
- Develop and recommend board committee structure and membership of committees
- Board performance evaluation



Howard Bank also has other board appointed committees to ensure that risk and compensation are managed effectively and represent the best interest of our shareholders, employees, and customers. The committees established to manage risk and compensation are:

- Asset/Liability Committee
- Asset Quality Committee
- Audit Committee
- Compensation Committee



As part of the oversight of Howard Bank our Board of Directors works directly with the bank's Executive Management team to create a long term Strategic Plan. This plan is developed for a specific period of time and the Executive Management team regularly updates progress on specific strategic initiatives.



Promoting responsible conduct at Howard Bank is extremely important to us. While reaching goals at Howard Bank is important, how we achieve them is equally important. Our Board of Directors and employees are subject to a number of internal policies, standards, and guidelines. All employees are required to complete compliance training related to customer protection and responsible business conduct as well as physical and cyber security training on an annual basis. The promotion of responsible conduct by our Board of Directors and employees is done to mitigate the risk of misconduct that could lead to customer harm, reputational damage, and legal liability. To ensure our Board of Directors and employees understand the evolving risk, we regularly provide them awareness. Below is a sample of the policies that we ask our employees to annually review and acknowledge:

- Code of Conduct
- Employee Complaint Procedures
- IT Policy
- Employee Handbook
- Compliance Training

79%
Independent
Board
Members





 HOWARD
BANCORP

We care about here.

3301 Boston Street, Baltimore, MD 21224
Phone: 410.750.0020

howardbank.com