

***M&F BANCORP, INC.***  
***Director Code of Business Conduct and Ethics***

**I. Purpose**

The trust and support of M&F Bancorp, Inc.'s (the "Company") customers, associates, communities and shareholders has been critical to our success since our formation. We can preserve that trust and support only by maintaining the highest ethical, moral and legal standards in our business dealings.

Regulatory agencies and the public hold financial institutions, their direct and indirect subsidiaries and those entities' directors, senior executive and financial officers, other officers and employees to higher standards of conduct than directors, officers and employees of other types of corporations. This Code of Business Conduct and Ethics (the "Code") has been adopted by the Board of Directors of the Company as a general guide to the standards of conduct and ethics expected of all of our directors.

Each director is expected to read and become familiar with the ethical standards described in this Code and may be required, from time to time, to affirm his or her agreement to adhere to such standards by signing the attached Compliance Certificate.

**II. Administration**

The Company's Board of Directors is responsible for setting the standards of business conduct contained in this Code and updating these standards as it deems appropriate to reflect changes in the legal and regulatory framework applicable to the Company, the business practices within the Company's industry, the Company's own business practices, and the prevailing ethical standards of the communities in which the Company operates. While the Company's Compliance Officer will oversee the procedures designed to implement this Code to ensure that they are operating effectively, it is the individual responsibility of each director of the Company to comply with this Code.

**III. Compliance with Laws, Rules and Regulations**

The Company will comply with all laws and governmental regulations that are applicable to the Company's activities. All directors acting on behalf of the Company are expected to obey the law. Specifically, the Company is committed to:

- maintaining a safe and healthy work environment;
- promoting a workplace that is free from discrimination or harassment based on race, color, religion, sex or other factors that are unrelated to the Company's business interests;
- supporting fair competition and laws prohibiting restraints of trade and other unfair trade practices;

- conducting its activities in full compliance with all applicable environmental laws;
- keeping the political activities of the Company’s directors, officers and employees separate from the Company’s business;
- prohibiting any illegal payments to any government officials or political party representatives of any country;
- complying with all rules and regulations of the Company’s primary federal and state regulators and other applicable regulatory authorities that govern the Company’s and its subsidiaries’ business activities; and
- complying with all applicable state and federal securities laws.

***Insider Trading***

Directors are prohibited from illegally trading in the Company’s securities while in possession of material, nonpublic (“inside”) information about the Company. The Company’s Securities Trading Policy describes the nature of inside information and the related restrictions on trading.

***Bribery and Fraud***

Directors are prohibited from accepting or offering bribes or kickbacks. A number of federal and state laws, including anti-bribery laws and mail and wire fraud statutes, prohibit these types of payments in money or other value made by or to the Company, its subsidiaries, and their directors, officers and employees.

**IV. Conflicts of Interest; Corporate Opportunities**

Directors should not be involved in any activity which creates or reasonably could be expected to give rise to a conflict of interest between their personal interests and the Company’s interests. Conflicts of interest are prohibited as a matter of Company policy, except under the conditions approved by the Board of Directors. For example, conflict situations can arise when a director:

- is a consultant to, or a director, officer or employee of, or otherwise operate an outside business:
  - that markets products or services in competition with the Company’s current or potential products and services;
  - that supplies products or services to the Company; or

- that purchases products or services from the Company;
- has any financial interest, including stock ownership, in any such outside business that might create or reasonably could be expected to give rise to a conflict of interest;
- seeks or accepts any personal loan or services from any such outside business, except from financial institutions or service providers offering similar loans or services to third parties under similar terms in the ordinary course of their respective businesses;
- is a consultant to, or a director, officer or employee of, or otherwise operate an outside business if the demands of the outside business would unreasonably interfere with the director's responsibilities with the Company;
- accepts any personal loan or guarantee of obligations from the Company, except to the extent such arrangements are legally permissible;
- conducts business on behalf of the Company with immediate family members, which include spouses, children, parents, siblings and persons sharing the same home whether or not legal relatives; or
- uses the Company's property, information or position for personal gain.

The appearance of a conflict of interest also may exist if an immediate family member of a director is a consultant to, or a director, officer or employee of, or has a significant financial interest in, a competitor, supplier or customer of the Company, or otherwise does business with the Company.

While all conflicts of interest cannot be avoided, directors should attempt to plan their business and personal affairs so as to avoid conflicts of interest (or the appearance of a conflict) to the greatest extent possible, and in those cases where a conflict cannot be avoided, they should fully disclose the circumstances of the conflict and abstain from participation in any decision-making by the Company in connection with any transaction giving rise to a conflict. Directors shall notify the Chairman of the Company's Audit and Risk Committee in writing of the existence of any actual or potential conflict of interest. Any matters that are unable to be resolved in a timely manner shall be presented to the full Board by the Chairman of the Company's Audit and Risk Committee.

Conflicts of interest may not always be clear-cut, so if you have a question, you should consult with the Company's Compliance Officer.

## **V. Confidentiality**

Directors shall maintain the confidentiality of all information entrusted to them by the Company or its suppliers, customers or other business partners, except when disclosure is authorized by the Company or legally required.

Confidential information includes (1) information marked “Confidential,” “Private,” “For Internal Use Only,” or similar legends, (2) technical or scientific information relating to current and future products, services or research, (3) business or marketing plans or projections, (4) earnings and other internal financial data, (5) personnel information, (6) vendor and customer lists and (7) other non-public information that, if disclosed, might be of use to the Company’s competitors, harmful to the Company or its vendors, customers or other business partners, or constitute a violation of securities laws.

To avoid inadvertent disclosure of confidential information, directors shall not discuss confidential information with or in the presence of any unauthorized persons, including family members and friends.

## **VI. Protection and Proper Use of the Company’s Assets**

The Company’s equipment and facilities, and the services of its personnel, are valuable assets. The unauthorized use of Company assets for personal or other purposes that do not further the Company’s interests and without compensation for personal or other use is a misuse of Company assets.

Directors are personally responsible for protecting those Company assets that are entrusted to them and for helping to protect the Company’s assets in general. Directors shall use the Company’s assets for the Company’s legitimate business purposes only.

## **VII. Fair Dealing**

The Company is committed to promoting the values of honesty, integrity and fairness in the conduct of its business and sustaining a work environment that fosters mutual respect, openness and individual integrity. Directors are expected to deal honestly and fairly with the Company’s customers, vendors, competitors and other third parties. To this end, directors shall not:

- make false or misleading statements to customers, vendors or other third parties;
- make false or misleading statements about competitors;
- personally solicit or accept from any person that does business with the Company, or offer or extend to any such person,
  - cash of any amount; or

- gifts, gratuities, meals or entertainment that could influence or reasonably give the appearance of influencing the Company's business relationship with that person or goes beyond common courtesies usually associated with accepted business practice;
- solicit or accept any fee, commission or other compensation for referring customers to third-party vendors; or
- otherwise take unfair advantage of the Company's customers, vendors or other third parties, through manipulation, concealment, abuse of privileged information or any other unfair-dealing practice.

### **VIII. Accurate and Timely Periodic Reports**

The Company is committed to providing investors with full, fair, accurate, timely and understandable disclosure in the periodic reports that it is required to file. To this end, the Company shall:

- comply with generally accepted accounting principles;
- maintain a system of internal accounting controls that will provide reasonable assurances to management that all transactions are properly recorded;
- maintain books and records that accurately and fairly reflect the Company's transactions;
- prohibit the establishment of any undisclosed or unrecorded funds or assets;
- maintain a system of internal controls that will provide reasonable assurances to management that material information about the Company is made known to management, particularly during the periods in which the Company's periodic reports are being prepared; and
- present information in a clear and orderly manner in the Company's periodic reports.

### **IX. Reporting and Effect of Violations**

Directors shall report, in person or in writing, any known or suspected violations of laws, governmental regulations of this Code to the Company's Audit and Risk Committee. The Company will not allow any retaliation against a director, officer or employee who acts in good faith in reporting any violation.

The Company's Compliance Officer will investigate any reported violations and will oversee an appropriate response, including corrective action and preventative measures.

Directors who violate any laws, governmental regulations or this Code will face appropriate, case specific disciplinary action, which may include discharge.

There may be occasions when a director is involved in situations that harm the reputation of the Company or its subsidiary. These situations include, but are not limited to, personal bankruptcy, public indictments, or unethical practices and/or behavior.

If, after reasonable investigation and consideration, the Board determines that a director is (or has been) involved in situations that may harm the reputation of the Company or its subsidiary, the Board will initiate a process which may include requesting the said director to voluntarily resign. If he/she refuses to voluntarily resign, then the Board may determine that it is necessary for a special shareholders meeting to convene to consider the matter of removing the director.

## **X. Waivers**

The provisions of this Code may be waived for directors only by a resolution of the Company's Board of Directors. Any waiver of this Code granted to a director may be publicly disclosed if required by applicable regulations or listing standards of the securities exchange or association with which the Company's securities are listed or quoted for trading.

**M&F BANCORP, INC.**  
**COMPLIANCE CERTIFICATE**

I have read and understand the Company's Director Code of Business Conduct and Ethics (the "Code") and all policies identified herein. I understand the importance of maintaining a high standard of ethical conduct and will adhere in all respects to the ethical standards described in the Code. I further confirm my understanding that any violation of the Code will subject me to appropriate disciplinary action.

I certify to the Company that I am not in violation of the Code, unless I have noted such violation in a signed Statement of Exceptions attached to this Compliance Certificate.

Date:

\_\_\_\_\_  
Name:  
Director

Check one of the following:

A Statement of Exceptions is attached.

No Statement of Exceptions is attached.