



Policy Created For: HopFed Bancorp, Inc.

Responsible Party: Board of Directors

Date Approved: 02/18/2015

HOPFED
BANCORP, INC.

Regulation/Area: Board of Directors

Area Responsible: Board of Directors

Date Last Approved: 02/19/2014

CODE OF ETHICS

Statement of Purpose:

This Code of Ethics of HopFed Bancorp, Inc. and its subsidiaries (collectively, the “Company”) sets forth principles for maintaining high ethical standards. It is the obligation of all directors, officers and other employees to understand and adhere to this Code of Ethics and the Company’s other policies and procedures, and to consider how their actions may be interpreted by others. Failure to abide by these standards can be grounds for disciplinary action up to and including dismissal.

General Objectives:

PRINCIPLES

The Board of Directors endorses the following principles, as a matter of the Company’s corporate policy:

- Applicable laws, regulations, policies and procedures shall be complied with.
- Directors, officers and other employees shall be honest and fair in all of their actions and relationships, and shall appropriately document all material actions.
- Books and records shall be accurate, and in accordance with acceptable accounting practices.
- Directors, officers and other employees shall scrupulously avoid any action or interest that conflicts, or may appear to conflict, with the interests of the Company or its customers.
- Directors, officers and other employees shall maintain the confidentiality of information pertaining to customers, suppliers, employees or the Company itself, except when disclosure is required by law, regulation or legal proceeding.

Roles and Responsibilities:

All directors, officers and other employees in supervisory, managerial, or other sensitive positions are required annually to certify that they have read, understand, and comply with the Code of Ethics.

All directors, officers and other employees are expected to understand and comply with all laws, regulations, policies and procedures that apply to them in their respective positions with the Company.

Major Policy Components:

CONFLICTS OF INTEREST

Conflicts of interest, or potential conflicts of interest, must be identified and addressed. A “conflict of interest” will arise whenever personal interests interfere or conflict (or appear to interfere or conflict) with the Company’s interests. Conflicts of interest may not always be apparent, and officers and other employees should consult with senior management who will determine if particular situations are acceptable. The policy prohibits loan officers from making loans to family members and/or business partners.

In compliance with Regulation L, there should be no type of interlocking arrangements with directors/managers from managing other unaffiliated entities if both banks are large or in the same market.

CONFIDENTIALITY

The Company shall protect the confidentiality and integrity of data and information entrusted to it by customers, stockholders and employees. Directors, officers and other employees must maintain the confidentiality of this information even after leaving the Company. Directors, officers and other employees must also prevent misuse of confidential information. Confidential information includes all non-public information that, if publicly disclosed, might benefit the Company’s competition or harm the Company, or its customers, stockholders or employees.

SEC AND OTHER REPORTING

As a public company, the Company’s filings with the Securities and Exchange Commission and other regulatory agencies must be accurate and timely.

FINANCIAL STATEMENTS AND OTHER RECORDS

The Company’s books, records, accounts and financial statements must be maintained in reasonable detail, must appropriately reflect the Company’s transactions and must conform both to applicable legal requirements and to the Company’s system of internal controls. Unrecorded or “off the books” funds or assets should not be maintained unless permitted by applicable law or regulation.

Records should always be retained or destroyed according to the Company’s record retention policies.

FAIR DEALING

All dealings with customers, prospects, suppliers, competitors, and employees must be conducted in accordance with applicable laws and regulations and on terms that are fair and in the best interests of the Company. No director, officer or other employee should take unfair advantage through manipulation, concealment, and abuse of privileged information, misrepresentation or other unfair dealings. Employees shall comply with all applicable laws and regulations pertaining to anti-money laundering, record keeping, antitrust, fair competition, anti-racketeering, and anti-bribery.

Directors, officers and other employees shall deal with current and prospective customers, prospects, suppliers, and employees without any discrimination because of race, color, creed, religion, sex, national origin, ancestry, citizenship status, age, marital status, sexual orientation, physical or mental disability, veteran status, liability for service in the Armed Forces of the United States, or any other classification prohibited by applicable laws and regulations. The Company shall maintain an environment free of harassment, discrimination, or intimidation.

GIFTS, GRATUITIES, AND OTHER PAYMENTS FROM CUSTOMERS

It is a federal crime for individuals of the Bank or members of their immediate family to solicit or accept for themselves or third parties (other than the Bank) any gift, offer of travel, unusual hospitality or other thing of value from any person or entity which either appears to be, or is in connection with any business or transaction of the Bank. This is legally defined as whomever:

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 rewarded in connection with any business or transaction of such institution; shall be fined not more than \$1,000,000 or three time the value of anything offered, asked, given, received, or agreed to be given or received, whichever is greater, or imprisoned no more than 30 years, or both; but if the value of anything offered, asked, given, received, or agreed to be given or received does not exceed \$1,000, shall be fined not more than one year, or both.

The above prohibits any officer, director, employee, agent, or attorney of a financial institution, or bank holding company except as provided by law, from corruptly soliciting or receiving anything of value, for or in connection with, any transaction or business of the financial institution. The thing of value may not be for the benefit of the official or of any other person or entity (other than the financial institution itself). This section shall not apply to bona fide salary, wages, fees, or other compensation paid, or expenses paid or reimburse, in the usual course of business.

The foregoing is not intended to preclude the receipt of unsolicited gifts of nominal value or customary hospitality from persons or entities doing business with the Bank, when it is clear from the circumstances that no attempt is being made to influence the individual of the Bank. A gift of nominal value is defined as being \$250.00.

Individuals of the Bank offered or anticipate receiving a gift or other thing of value, which is not permitted under the above guidelines, must report it promptly in writing to their immediate supervisor and Senior Management.

Individuals of the Bank or their immediate family shall not solicit for themselves or a third party (other than the Bank) anything of value from anyone in return for any business, service, or confidential information of the Bank. Moreover, such personnel or anyone in their immediate family may not accept anything of value (other than the individual's salary or commissions from the Bank) from anyone in connection with the business of the Bank, either before or after a transaction is discussed or consummated. Criminal penalties may be imposed for violating these prohibitions.

Possible exceptions to the general prohibition regarding the acceptance of things of value may include:

1. Acceptance of gifts, gratuities, amenities or favors based on family relationships (such as those between the parents, children or spouse of a Bank officer or employee) where circumstances make it clear that it is those relationships, rather than the business of the Bank, which are the motivating factors.
2. Acceptance of meals, refreshments, travel arrangements, accommodations, or entertainment, all of reasonable value and in the regular course of a meeting or other occasion, the purpose of which is to hold a bona fide business discussion, provided the expenses would be paid for by the Bank as a reasonable business expense, if not paid for by another party.
3. Acceptance of loans from other banks or financial institutions on customary terms to finance proper and usual activities of Bank officers or employees, such as home mortgage loans, except where prohibited by law.
4. Acceptance of advertising or promotional material of nominal value, such as pens, pencils, note pads, key chains, calendars and similar items.
5. Acceptance of discounts or rebates on merchandise or services that are offered by a third party to all individuals of the Bank, or through a program approved by the Bank or to the general public.
6. Acceptance of gifts of modest value related to commonly recognized events or occasions, such as a promotion, new job, wedding, retirement, holiday or bar mitzvah. If an individual of the Bank, or a member of his or her family, receives a gift which exceeds in value that which might be considered reasonable in light of this policy, he or she is to report the receipt of such gifts to the Human Resources Department and/or Audit Committee to see if the retention of such a gift is acceptable under this policy.
7. Acceptance of civic, charitable, educational, or religious organizational awards for recognition of service and accomplishment.

Individuals of the Bank that are uncertain as to the propriety of a gift must notify senior management before accepting it. The request should be in writing and should state all relevant facts. It is then senior management's responsibility to forward a copy of the request along with their recommendation to CEO/COO.

COMPLIANCE WITH THE LAWS, REGULATIONS, POLICIES AND PROCEDURES

Directors, officers and other employees shall not participate in any illegal or criminal activity. Any employee who has been convicted of or pleaded guilty to a felony or who has been sanctioned by a regulatory agency must immediately report such information in writing to senior management. Directors, officers and other employees shall also respond to specific inquiries of the Company's independent public accounting firm.

Not every possible situation can be anticipated. If a director, officer or other employee is uncertain about any aspect of this Code of Ethics and how it should be applied or interpreted, he or she is encouraged to discuss it with senior management.

ACCOUNTING COMPLAINTS

If any director, officer or other employee has unresolved concerns or complaints regarding 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 attention of the Company's Internal Auditor with a copy to the Chairman of the Board's Audit Committee as referenced in the HopFed Complaints Procedure.

NON-RETALIATION

The Company prohibits retaliation of any kind against any individual who has made a good faith report or complaint of an observed or suspected violation of this Code or other known or suspected illegal or unethical conduct.

Internal Control:

The Code of Ethics shall be revised periodically to ensure that it addresses new statutes and contemporary legal issues, as appropriate.