

TECTONIC FINANCIAL, INC.
CODE OF BUSINESS CONDUCT AND ETHICS

Approved by the Board of Directors
April 24, 2019

Introduction

A financial institution's activities are affected by laws and regulations, as well as its responsibilities to its shareholders, customers, employees and the community in which it serves. This Code of Business Conduct and Ethics (the "Code") sets forth guidelines for providing that the conduct of the individuals covered by such Code is consistent with the institution's corporate responsibilities. This Code is only one aspect of our commitment to honesty and integrity, but it sets out the basic standards of ethics and conduct to which all of our directors, officers and employees are held while acting on behalf of Tectonic Financial, Inc. and its subsidiaries (collectively, the "Company"). These standards are designed to deter wrongdoing and to promote honest and ethical conduct, but will not cover all situations. If a law conflicts with a policy in this Code, you must comply with the law; however, if a local custom or policy conflicts with this Code, you must comply with the Code.

Scope

This Code applies to the Company's principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions pursuant to Item 406 of Regulation S-K, as well as all directors and staff members (collectively, the "Covered Persons") pursuant to the listing standards of NASDAQ Marketplace Rule 5610. If you have any doubts whatsoever as to the propriety of a particular situation, you should submit it in writing to our Compliance Officer, who will review the situation and take appropriate action in keeping with this Code, our other corporate policies and the applicable law. If your concern relates to the Compliance Officer, you should bring the matter to the attention of the Chairman of the Audit Committee of the Company. The contact information for each of those individuals is included at the end of this policy.

Responsibility and Administration

It shall be the responsibility of the Board of Directors of the Company (the "Board") to monitor adherence to this Code. At its discretion, the Board may adopt such procedures it considers necessary to implement this Code.

Each Covered Person is expected to read and become familiar with the ethical standards described in this Code. Covered Persons are to provide initial written acknowledgement of this Code and certify compliance with this Code on an annual basis.

Honest and Ethical Conduct

The Company's reputation for integrity is its most valuable asset and is directly affected by the conduct of its employees. The Company requires honest and ethical conduct from all Covered Persons. All Covered Persons have a responsibility to all other directors, officers and employees of

the Company, and to the Company itself, to act in good faith, responsibly and with due care, competence and diligence.

Compliance with Laws, Rules and Regulations

Covered Persons are required to comply with all applicable governmental laws, rules and regulations, both in letter and in spirit. Although Covered Persons are not expected to know the details of all the applicable laws, rules and regulations, the Company expects individuals to seek proper advice from the Compliance Officer regarding requirements applying to a particular situation or engage in appropriate conduct that may be required to comply with any law, rule or regulation. Specifically, the Company is committed to:

1. maintaining a safe and healthy work environment;
2. promoting a workplace that is free from discrimination or harassment based on race, color, ethnicity, age, sex, disability, religion, sexual orientation or other factors that are unrelated to the Company's business interests;
3. supporting fair competition and laws prohibiting restraints of trade and other unfair trade practices;
4. conducting its activities in full compliance with all applicable environmental laws;
5. keeping the political activities of the covered persons separate from the company's business;
6. prohibiting any illegal payments to any government officials or political party; and
7. complying with all applicable state and federal securities and banking laws and regulations.

The Company maintains specific policies and procedures with respect to some of these laws and regulations, which are available through our Human Resources Department, our Compliance Officer or through business unit supervisors.

Violations of this Code or Illegal Activities

The Company intends to vigorously enforce the provisions of this Code. Violations constitute grounds for disciplinary action, up to and including termination of employment, and may have other legal consequences. In addition, employee performance evaluations and incentive or bonus compensation may be impacted by violations of this Code.

Further, suspected illegal activities must be reported to federal authorities under the Suspicious Activity Report (SAR) guidelines. Therefore, such instances should be immediately reported to the appropriate department head.

Conflicts of Interest

Covered Persons are obligated to act in the Company's best interest, and in the best interests of its customers and shareholders, and must handle in an ethical manner any actual or apparent conflict of

interest between personal and business relationships. A “conflict of interest” exists when a person's private interest interferes in any way with the interests of the Company. Covered Persons must not use their position for private gain, to advance personal interests, or to obtain favors or benefits for themselves, members of their families, or any other individuals, corporations or business entities.

Covered Persons must promptly report all conflicts of interest to the Company’s Compliance Officer or Audit Committee Chairman. This will permit consideration of the circumstances and thereby relieve the Covered Person of possible criticism.

Conflicts of interest are prohibited as a matter of Company policy, except under guidelines approved by the Board. The following standards apply to certain common situations where potential conflicts of interest may arise:

- **Gifts and Entertainment**

The Bank Bribery Act makes it illegal for anyone to offer or promise anything of value to an employee, officer, director, agent or attorney of a bank with the intent to influence or reward the person in connection with any business or transaction of the bank. It is also illegal for an employee, officer, director, agent or attorney of a bank to solicit or accept anything of value from any person intending to be influenced or rewarded in connection with any business or transaction of the bank.

Consistent with applicable law, entertainment offered by persons doing business with the Company may be accepted when offered in the ordinary and normal course of the business relationship. However, the frequency and cost of any such gifts or entertainment may not be so excessive that the ability to exercise independent judgment on behalf of the Company is or may appear to be compromised. In general, anything of value greater than \$250.00 would be considered excessive unless the Compliance Officer determines otherwise.

Other items that are acceptable include advertising or promotional material of nominal value such as pens, pencils, note pads, key chains, calendars and similar items; discounts or rebates on merchandise or services that do not exceed those available to other customers. Personal gifts and gift cards to a specific restaurant or establishment, entertainment venue, or general merchandiser of modest value (less than \$50.00) that are related to commonly recognized events or occasions such as promotion, new job, wedding, retirement or holidays or civic, charitable, educational or religious organizational awards for recognition of service and accomplishments are also acceptable.

However, an employee may not receive things of value for purely personal benefit which serve no demonstrable business purpose. Gifts of cash or prepaid Visa/MasterCard debit cards in any amount are expressly prohibited.

On a case-by-case basis, the Company may approve other circumstances not described herein in which employees may accept something of value in connection with Company business. Approval may be given by the Compliance Officer in writing on the basis of a full written disclosure of all relevant facts submitted by the employee, providing compliance with federal law.

Whenever any situation arises with regard to matters concerning things of value, you must make full disclosure to the Compliance Officer and receive a written response. Permanent files must be maintained of all disclosures and responses. The failure to disclose the receipt of gifts or gratuities, whether deliberate or inadvertent, will constitute a violation of this Code and may be punishable by a warning, probation or termination of employment.

- **Transactions with the Company**

The Company maintains a system of internal controls in order to provide assurance that assets are safeguarded and that all transactions are properly recorded. Staff members are prohibited from memo posting, processing or approving their own transactions, transactions on accounts over which they have any ownership interest in or control or signing authority over or accounts of related persons.

Misuse of banking services by staff members may result in account restrictions. Certain types of conduct may be deemed serious enough to warrant immediate termination. The Company reserves the right to review all employee-related accounts for unusual activity, both regularly and during investigations involving potential losses.

No loans will be made by the Company or any direct or indirect subsidiary, other than T Bank, N.A., to any executive officer (as defined in Rule 3b-7 of the Exchange Act) of the Company. T Bank, N.A. may make any such loan only in accordance with Section 22(h) of the Federal Reserve Act and Regulation O thereunder.

- **Compliance with Corporate Expense Policies**

Receipts and disbursements must be fully and accurately described on the books and records of the Company. No Covered Person may request or approve any payment that is to be used for a purpose not reflected in the documents supporting the payment. Payments will be made only upon appropriate approval and only for services rendered or products delivered as required by the Company in the conduct of business. No invoices believed to be false or fictitious may be paid.

- **Financial Interests in Other Organizations**

The determination whether any outside investment, financial arrangement or other interest in another organization is improper depends on the facts and circumstances of each case. Ownership of an interest in another organization may be inappropriate if the other organization has a material business relationship with, or is a direct competitor of, the Company and the financial interest is of such a size that the ability to exercise independent judgment on behalf of the Company is or may appear to be compromised. As a general rule, a passive investment would not likely be considered improper if it: (1) is in publicly traded shares; (2) represents less than 1% of the outstanding equity of the organization in question; and (3) represents less than 5% of an individual's net worth. Other interests also may not be improper, depending on the circumstances.

- **Outside Business Activities**

The determination of whether any outside position an officer or employee may hold is improper will depend on the facts and circumstances of each case. Involvement in trade associations, professional societies, and charitable and similar organizations will not

normally be viewed as improper. However, if those activities are likely to take substantial time from or otherwise conflict with responsibilities to the Company, an officer or employee must obtain prior approval from senior management. Other outside associations or activities are likely to be viewed as compromising if they interfere with an officer's or employee's ability to devote proper time and attention to their responsibilities to the Company or if involvement is with another company with which the Company does business or competes. For a directorship, employment or affiliation with a company with which the Company does business or competes must be fully disclosed to the Board and must satisfy any other standards established by applicable law, rule (including rule of any applicable stock exchange) or regulation and any other corporate governance guidelines that the Company may establish.

- **Indirect Violations**

Covered Persons should not indirectly, through a spouse, family member, affiliate, friend, partner, or associate, have any interest or engage in any activity that would violate this Code. Any such relationship should be fully disclosed to the Compliance Officer (or the Board if you are a director of the Company), who will make a determination whether the relationship is inappropriate, based upon the standards set forth in this Code.

- **Corporate Opportunities**

Covered Persons are prohibited from taking for themselves personal benefit opportunities that are discovered through the use of corporate property, information or position, unless the Board has declined after full disclosure of all relevant facts to pursue the opportunity. Covered Persons may not use corporate property, information, or position for personal gain, or to compete with the Company directly. Covered Persons owe a duty to the Company to advance its legitimate interests whenever the opportunity to do so arises.

Fair Dealing

Covered Persons should endeavor to deal fairly with the Company's suppliers, competitors and employees and with other persons with whom the Company does business. Consistent with the Company's ethical standards, practices taking unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair-dealing practice will not be tolerated.

Accurate Public Reports and Communications; Financial Reporting Responsibilities

It is critically important that the Company's filings with the regulatory agencies are accurate and timely. To this end, the Company will:

1. to the extent applicable, comply with generally accepted accounting principles at all times;
2. maintain a system of internal accounting controls that will provide reasonable assurances to management that all transactions are properly recorded;

3. maintain books and records that accurately and fairly reflect the company's transactions;
4. prohibit the establishment of any undisclosed or unrecorded funds or assets;
5. 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 periodic reports are being prepared; and
6. present information in a clear and orderly manner in regulatory filings and public communications.

Every financial record must be accurate, timely and in accordance with law. These records are the basis for managing the Company's business and for fulfilling its obligations to its shareholders, associates, customers, suppliers and regulatory authorities. Accordingly, Covered Persons should always record and classify transactions in the proper accounting period and in the proper amount and department. All transactions must be supported by accurate documentation. No payments on behalf of the Company will be approved or any transaction made with the intention or understanding that part or all of such payment will be used for any purpose other than that described by the documents supporting it. No fund, asset or liability of the Company will, under any circumstances or for any purpose, be concealed or used for an unlawful or improper purpose.

Depending on their position with the Company, Covered Persons may be called upon to provide information to assure that the Company's public reports comply with this paragraph or to cooperate with investigations into the accuracy and timeliness of financial records. We expect all of the Covered Persons to take this responsibility very seriously and to provide prompt and accurate answers to inquiries related to its public disclosure requirements.

The Company's relationship with the media is an important one that affects its image in the community. Institutional investors and securities analysts play a critical role in establishing the pricing and liquidity of the Company's stock. Covered Persons should not speak with or provide information to members of the investment community without the express prior approval of the President, CEO or Chairman. To ensure proper disclosure and consistency of information, all communications from members of the investment community and media should be referred to the President, CEO or Chairman.

Corporate Hospitality to Public Officials

Acts of hospitality toward public officials should never be on such a scale or of such a nature as might tend to compromise or give the impression of compromising the integrity or the reputation of either the public official or the Company. When appropriate hospitality is extended, it should be with the expectation that it will become a matter of public knowledge.

Service with Civic and Charitable Organizations

The Company encourages staff members to participate in civic, municipal and charitable activities. In some cases, it is improper for a staff member to serve as a member, director, officer or employee

of a municipal corporation, agency, school board or library board. Such service is only appropriate when adequate assurances are first given to the Company that business relationships between the Company and such entities would not be prohibited or limited because of statutory or administrative requirements regarding conflicts of interest.

Confidentiality

Covered Persons are expected to respect and maintain the confidentiality of all confidential information entrusted to you by the Company or by persons with whom the Company does business, except when disclosure is authorized or legally mandated. Confidential information includes all nonpublic information that might be of use to competitors of, or harmful to, the Company or persons with whom the Company does business.

Protection and Proper Use of Company Assets

Covered Persons have a duty to protect the Company's assets and promote their efficient use. All corporate assets should be used for legitimate business purposes, and not for personal benefit. Theft, carelessness and waste have a direct impact on the Company's profitability. Corporate assets include your time at work and work product, as well as the Company's equipment and its proprietary information. Proprietary information includes intellectual property such as trade secrets, patents, trademarks, and copyrights, as well as business, marketing and service plans, designs, databases, records, salary information and any unpublished financial data and reports. Unauthorized use or distribution of this information violates Company policy and may lead to disciplinary action, up to and including termination of employment, and if determined to be illegal could result in civil or even criminal penalties.

Interpretations and Waivers of the Code of Business Conduct and Ethics

Covered Persons uncertain as to whether a particular activity or relationship is improper under this Code or who requires a waiver of this Code, should disclose it to the Compliance Officer (or the Board if you are a director), who will make a determination first, whether a waiver of this Code is required and second, if required, whether a waiver will be granted. Agreements, restrictions, or conditions may be required before a waiver or a continuing waiver is granted. However, any waiver of this Code for an executive officer or director may be made only by the Board and will be promptly disclosed to the extent required by applicable law, rule or regulation.

Reporting any Illegal or Unethical Behavior

Covered Persons are encouraged to talk to the Compliance Officer when in doubt about the best course of action in a particular situation. Additionally, officers and employees should promptly report violations of laws, rules, regulations or this Code to the Company's Compliance Officer or Audit Committee Chair. Any report or allegation of a violation of applicable laws, rules, regulations or this Code need not be signed and may be sent anonymously. All reports of violations of this Code, including reports sent anonymously, will be promptly investigated and acted upon in a timely manner. If any report of wrongdoing relates to accounting or financial reporting matters, or relates to persons involved in the development or implementation of the Company's system of internal

controls, a copy of the report will be promptly provided to the Chair of the Audit Committee, who may participate in the investigation and resolution of the matter.

It is the policy of the Company not to allow actual or threatened retaliation, harassment or discrimination due to reports of misconduct by others made in good faith by Covered Persons. Covered Persons are expected to cooperate in internal investigations of misconduct. Refer to the Company's Whistleblower Policy for details on reporting illegal or unethical conduct and the protections the Company provides.

Compliance Standards and Procedures

The names, addresses, telephone numbers, facsimile numbers and e-mail addresses of the Compliance Officer and the Audit Committee Chair of the Company are set forth below:

Tectonic Financial, Inc.
16200 Dallas Parkway, Suite 190
Dallas, TX 75248
(972) 720-9000 Telephone
(972) 720-9025 Fax

Compliance Officer

Shari Jensen
(972) 720-9016
sjensen@tbank.com

Audit Committee Chair

Barb Bomersbach
(214) 532-0227
barbbomersbach@yahoo.com

Tectonic Financial, Inc. reserves the right to modify or amend this Code at any time as it may deem necessary, including any modifications that may be required to comply with state or federal law and regulations, and/or to accommodate organizational changes.