

First Defiance Financial Corp.

Code of Ethics Policy

Policy Owner: John Reisner

Change Review Board: 1/29/19

ORMC Meeting:

Board/Board Risk Committee: 04/22/19

Executive Summary

Significant Changes:	Additions – Deletions:	Support for Change:
NA		

In order to protect First Defiance Financial Corp. (FDFC) and its subsidiaries from self-dealing, fraud and misconduct of directors, and employees, the Board of Directors of FDFC (Board) intends to hold its directors and employees accountable to the policies and procedures contained in this code of ethics and to require the reporting of any violations hereof. This code of ethics shall apply to the directors and employees of FDFC and its wholly owned subsidiaries, First Federal Bank of the Midwest (First Federal Bank) and First Insurance Group. References to FDFC herein shall be deemed to include First Federal Bank and First Insurance Group.

Conflicts of Interest

FDFC directors and employees must not represent FDFC in any transaction where he/she has a material connection or a financial interest in the transaction. Examples of material connection include any person sharing a household with the employee, or director living in the household of an immediate family member of the employee, or director or being in the employee’s or director’s immediate family. The immediate family includes: Mother, Father, Husband, Wife, Son, Daughter, Sister, Brother, Grandparents, Grandchildren, as well as all in-laws for this category. It also includes Stepchildren, Stepparents, Stepgrandchildren, Stepgrandparents, and Half-Sibling whether the transaction involves them as individuals or as principals in a firm doing business with FDFC. While retail lenders can initiate a consumer loan on the system for an Aunt, Uncle, Niece, Nephew or First Cousin, they cannot approve the loan.

For first mortgage loans that are submitted on First Federal Bank’s mortgage loan origination system only (excludes first mortgages submitted on our consumer loan system): First Federal Bank Retail Lenders and employees must not represent First Federal Bank in any transaction where he/she has a material connection or a financial interest in the first mortgage loan transaction. Examples of material connection for first mortgage loans submitted on First Federal Bank’s mortgage loan origination system include a member of the director’s or employee’s family, which includes siblings, spouse, children, parents, (including step relationships and in-laws) or someone living in the same household as the director or employee, whether the transaction involves them as individuals or as principals in a firm doing business with First Federal Bank.

Directors and employees must avoid taking part in transactions involving any of the above circumstances. By “transactions” we mean not only must a loan officer not create an application on First Federal Bank’s loan origination systems, originate, underwrite, or approve credit to him/herself or any member of the loan officers' immediate family, or to any business in which the loan officer has a personal financial or business interest or relationship, but also no director or employee is allowed to approve overdrafts, accept a check on uncollected funds, or waive loan or deposit fees for any transaction that they have a material connection or a financial interest as defined above or request a subordinate to complete a transaction for which you would be deemed to have a conflict of interest. Refraining from this type of activity will avoid the appearance of a conflict of interest and impropriety. Another loan officer/employee must administer these types of transactions.

No loan officer shall extend credit to a client who is purchasing an item of personal or real property owned by the loan officer, their immediate family, or their related interest.

No director or employee of FDFC shall engage in the purchase of real or personal property that has become the possession of First Federal Bank by repossession unless the sale of the repossessed property

is through a public/open market auction or competitive bids subject to the prior approval of the Chief Risk Officer.

All directors and employees are required to act in a responsible and respectable manner and to remain free of influences that may result in the loss of objectivity regarding business conducted with FDFC's customers or FDFC itself. Each director and employee must disclose and avoid any interest or activities involving another organization or individual that may result in a conflict of interest between FDFC or its subsidiary and that organization or individual. This code of ethics has been adopted to assist all directors and employees in determining what is appropriate personal and professional conduct and reaffirms FDFC's policies of ethical conduct. Violations of these rules, policies or procedures provide a basis for disciplinary action, which may include termination.

Use of any company-owned facility, building, equipment, materials or vehicle for their personal use or benefit or for the personal use or benefit of any other individual is prohibited without a branch or department manager approval. No employee shall have unauthorized possession of company property.

At FDFC's discretion and judgment, FDFC may revise, withdraw or add any rules, policies, or procedures at any time. Changes and amendments to this code of ethics will be approved by FDFC's Board and disclosed or reported in compliance with any SEC or NASD regulations. In addition to this code of ethics, directors and employees must also comply with all FDFC policies and SEC Regulations.

I. Confidential Information

All oral or written information concerning FDFC, its customers, business partners, suppliers or others related to FDFC that is acquired during the scope of an employee or director's employment or directorship and that is not otherwise available to the public constitutes confidential information. All directors and employees of FDFC may use confidential information for FDFC's business purposes only and may not use such information for personal, familial, or other gain. Confidential information may not be disclosed to others except when such disclosure is authorized by FDFC or legally required.

In addition, although information may be available to the public, it may be deemed proprietary information that is the property of FDFC. Proprietary information includes work product produced for FDFC by directors or employees, customer and prospective customer names, presentation materials, marketing materials, product information and business methods or processes. Directors and employees have no personal right to such proprietary information during or after employment with FDFC and may use such information for FDFC's business purposes only.

II. Investments

Personal investments must be made with prudence, avoiding situations that may raise conflict of interest issues. Directors and employees must avoid substantial investments in the business of a customer or supplier unless there is no possibility for a conflict of interest. Confidential or proprietary information of FDFC must not be used as a means for personal gain.

If directors or employees purchase FDFC stock, they are encouraged to hold such stock for long-term investment. The purchase or sale of FDFC stock based on insider information is prohibited.

III. Gifts and Entertainment

Directors or employees shall not (a) solicit anything of value from prospective or current customers, associates, or any other individual or business in return for any business, service or

confidential information of FDFC, or (b) accept anything of value (other than compensation paid by FDFC) from prospective or current customers, associates, or any other individual or business either before or after a transaction is discussed or completed.

Unsolicited gifts from prospective or current customers, associates, or any other individual or business must be declined to avoid any appearance of impropriety with the following exceptions:

- Business meals;
- Holiday gifts;
- Gifts based upon a personal relationship pre-dating the director or employee involvement with FDFC;
- Discounts or rebates generally available to the public.

Even if an unsolicited gift meets one of the above exceptions, directors and employees must consider the reasonableness of the gift's value to avoid potential conflict of interest issues. Generally, if the value of the gift is greater than \$100, it must be reported to the President and CEO who will evaluate and determine on a case-by-case basis whether the gift may be retained or should be returned.

Directors and employees are expected to participate in entertainment and activities of reasonable cost to facilitate business. Tickets for sporting, cultural, or other events purchased by FDFC are to be used for entertaining potential or current customers, suppliers, or others for business purposes. If it is determined prior to the event that the tickets will not be used for such business purposes, tickets may be offered to directors or employees.

IV. External Involvement

FDFC encourages involvement in outside activities, including charitable and political functions. At no time, however, will directors or employees solicit FDFC's employees for political contributions or coerce or pressure others into contributing to any organization. Federal law prohibits First Federal Bank from making contributions to political candidates. Outside activities must not give the perception of benefit to FDFC or that connections with FDFC are sought or desired.

Offers of directorship to any outside organization that has or desires a business relationship with FDFC, or to any institution within the financial industry, must be reported to the President and CEO, or the corporate governance committee prior to acceptance.

Capitalizing on opportunities for personal gain or compensation outside of FDFC for the performance of services for FDFC is strictly prohibited. Employees must report any additional employment outside of FDFC to the Human Resource Manager with oversight responsibility for their area.

V. Conduct of Insiders

"Insider" is defined as a director, executive officer, or 10% shareholder of FDFC. Insiders must take care that their conduct does not violate rules relating to self-dealing and personal gain. At no time are Insiders allowed to take advantage of their position in FDFC for personal profit or influence over credit and other decisions with regard to their business or personal interest.

Decisions relating to the sale or purchase of FDFC assets and services must be made in the best interest of FDFC, with no influence on insiders resulting from gifts, entertainment, or gratuities. All conduct of such business must be at "arm's length."

VI. Compliance with Laws

FDFC is subject to numerous federal, state and local laws, rules and regulations. Directors and employees must comply with these laws, rules and regulations, including the policies, guidelines and procedures that FDFC has adopted to facilitate such compliance.

VII. FDFC Reporting

All directors and employees must disclose to management all information necessary to assist FDFC in creating full, fair, accurate, timely and understandable disclosure in reports and documents that FDFC files with the SEC and other regulators and in other public communications made by FDFC. All directors and employees must honestly and accurately record and report all business information. All financial transactions must be executed in accordance with management's authorization, and must be recorded in a proper manner in order to maintain accountability for FDFC's assets.

VIII. Extensions of Credit to Regulation O Officers

Any and all loans to Regulation O officers must be made on substantially the same terms including interest rate and collateral, as a loan made to an unrelated party. Loans to Insiders must also be subject to the same underwriting process as comparable transactions made between First Federal Bank and the general public.

A director or employee is prohibited from being involved in the loan approval process where such director or employee may benefit directly or indirectly from the decision to grant credit. This prohibition extends to professional relationships with any company or firm receiving remuneration as a result of a decision to grant credit.

First Federal Bank is subject to laws regulating and restricting loans to directors and certain employees, including Regulation O. Directors and employees should consult First Federal Bank's Commercial and Consumer Lending Policies regarding such lending restrictions.

IX. Employee Accounts

All directors and employees are encouraged to maintain their personal accounts at First Federal Bank to allow direct deposit of payroll checks. Under no circumstances will First Federal Bank pay a rate of interest in excess of the rate available to all customers.

All applicable fees, including overdraft charges, will be assessed on all accounts of employees, directors, principal shareholders, and executive officers.

X. Procedures for Reporting Violations

Directors or employees who discover that any other director or employee is engaging in an illegal or unethical act (other than accounting, accounting controls or auditing matters - see the third paragraph) have the responsibility to promptly notify the Chief Risk Officer who will notify the Audit Committee Chairman. This can also be reported to the FDFC Fraud and Suspicious Activity Hotline at 419-783-3075 or by using 3-3075, if calling internally. Individual callers can remain anonymous.

Any oral notification should be followed up with a written report. A report can be submitted anonymously or on a confidential basis. If a report is submitted on a confidential basis, the reporting director or employee's name will not be disclosed in FDFC's investigation, but FDFC may be required to disclose the person's name to government entities. There will be no retaliation against a person making good faith reports or complaints.

If a director or employee has a complaint or a concern about any accounting practice, accounting control, or auditing matters at FDFC (for example, if it is believed that an accounting or auditing practice is questionable or incorrect), the director or employee must submit a complaint or concern to:

Audit Committee of the Board of Directors
c/o TeleSentry toll free at 888-883-1499

A complaint or concern can be submitted anonymously or on a confidential basis. If submitted on a confidential basis, the director or employee's name will not be disclosed in FDFC's investigation, but FDFC may be required to disclose the person's name to governmental entities. There will be no retaliation against any person making good faith reports or complaints.

XI. Consequence of Noncompliance

Failure to comply with this code of ethics may result in the termination of employment or other disciplinary action. The action will be commensurate with the seriousness of the conduct and an evaluation of the situation.

All violations of this code of ethics will be reported to the Audit Committee. Termination of employment or other disciplinary action will be recommended by the Chief Risk Officer and the Director of Human Resources. The Chief Risk Officer will inform the appropriate Human Resource Department employee and the individual's direct and/or indirect supervisor of the incident and the recommended disciplinary action.

XII. Questions

Refer any question regarding proper conduct or this code of ethics to the Director of Human Resources and the Chief Risk Officer. Director or employee's actions or acceptance of gifts that are not specifically discussed in this code of ethics must be reviewed as to intent and purpose. Directors and employees should ask themselves: "If this situation were to be made public, would my conduct be embarrassing or come into question?"

XIII. Waivers

Any waiver of this code of ethics for directors or executive officers of FDFC may be made only by the Board and must be promptly disclosed to shareholders, along with the reasons for the waiver.

XIV. Initial Affirmation and Annual Reaffirmations

Upon joining FDFC or one of its subsidiaries, each employee will read and agree to abide by the Code of Ethics Policy. Annually, each employee and director will be required to reaffirm that they have read and agree to abide by the Policy.

XV. Signature

I have read and agree to comply with the First Defiance Financial Corp. Code of Ethics Policy.

Printed Name

Signature

Date