

ENB FINANCIAL CORP
CORPORATE GOVERNANCE GUIDELINES

ENB Financial Corp’s Board of Directors (also referred to as the “Board”) is responsible for directing, and providing oversight of, the management of ENB Financial Corp’s (also referred to as the “Organization”) business in the best interests of its shareholders and consistent with its mission of service to the Northern Lancaster County communities. In carrying out its responsibilities, the Board selects and monitors top management, provides oversight for financial reporting, legal and regulatory compliance, determines the Organization’s governance principles and implements its governance policies. Our Board believes that the purpose of corporate governance is to ensure that the Organization is managed for the long-term benefits of its shareholders, and to conduct business in a manner consistent with legal requirements and the highest standards of integrity. Acting on the recommendation of the Nominating and Governance Committee, the Board has developed and adopted these Corporate Governance Guidelines (also referred to as the “Guidelines”) to assist with the oversight and management of the Organization and to set forth a common set of expectations as to how the Board and Board committees should perform their functions.

Board Overview and Conduct

These Guidelines are aimed to ensure the Board exercises independent judgment and is fully informed on the key risks and strategic issues facing the Organization. The Organization operates within a comprehensive plan of corporate governance for the purpose of defining the responsibilities, setting high standards of professional and personal conduct, and assuring compliance with such responsibilities and standards. The Organization regularly monitors developments in the area of corporate governance. Further, the Organization complies with The Sarbanes Oxley Act of 2002, as amended (“Sarbanes Oxley”), SEC rules, and the Organization’s articles of incorporation, by-laws, and committee charters.

The Organization’s policy is that the Board at all times reflects the following characteristics:

- The Board and each director shall demonstrate high standards of integrity and commitment when representing the Organization and its shareholders;
- The Board shall encompass a range of knowledge, skills, abilities, experiences, and expertise sufficient to provide sound and prudent guidance with respect to all of the Organization’s operations and interests;
- The Board shall reflect the diversity of the Organization’s shareholders, employees, customers, and communities; and

- Each director shall dedicate sufficient time, energy, and attention to ensure the diligent performance of his or her duties, as outlined under the Functions of the Board of Directors and Director Service Requirements sections below.

Mission of the Board and Key Governance Principles

1. Provide continuity for the Organization by setting up a corporation or legal existence, and to represent the Organization’s point of view through interpretation of its products and services, and advocacy for them;
2. Select and appoint a Chief Executive Officer (“CEO”) to whom responsibility for the administration of the Organization is delegated, including:
 - To review and evaluate his/her performance regularly on the basis of a specific job description including executive relations with the Board, leadership in the Organization, in program planning and implementation, and in management of the Organization and its personnel; and
 - To offer administrative guidance and determine whether to retain or dismiss the executive;
3. Govern the Organization by broad policies and objectives formulated and agreed upon by the CEO and his/her Executive Staff including to assign priorities and ensure the Organization’s capacity to carry out programs by continually reviewing its work;
4. Acquire sufficient resources for the organization’s operations and to finance the products and services adequately; and
5. Account to the public for the products and services of the Organization and expenditures of funds, including:
 - Provide for fiscal accountability, approve the budget, and formulate policies related to contracts from public or private sources; and
 - To accept responsibility for all conditions and policies attached to new, innovative, or experimental programs.

Functions of the Board

The overarching role of the Board is to provide governance, strategic planning, and fiduciary oversight for the Organization and Ephrata National Bank. Since the daily operations of the Organization and Ephrata National Bank are the responsibility of management, the role of the Board is to oversee management’s performance of that function. Accordingly, the Board, acting directly or through Committees, has the following responsibilities:

CEO and Executive Management Development and Performance

- Appoint, monitor, evaluate, and compensate and, if necessary, replace the CEO;

- Ratify the CEO's compensation and, with the consultation of the Compensation Committee and CEO, executive management's compensation, based on meeting pre-determined performance standards and objectives;
- Provide advice and counsel to the CEO and executive management;
- Oversee an effective management development and succession planning process for the CEO and other key executive management; and
- Ensure that management is managing resources effectively.

Board Development and Performance

- Ensure that the Board membership collectively has the appropriate knowledge, skills, and abilities for it to execute its responsibilities successfully;
- Nominate and recommend director candidates for election by shareholders;
- Assess and monitor the effectiveness of the Board's corporate governance policies and procedures; and
- Evaluate the Board's and its Committees' performance annually.

Financials and Other Major Issues of Strategy and Risk

- Understand, oversee, engage in, and approve the Organization's strategic plan from development through execution, and regularly monitor the implementation of such plan to determine its effectiveness in reaching the Organization's desired goals and objectives;
- Participate with management in developing, advising, evaluating, and monitoring the Organization's and Ephrata National Bank's strategy and review its suitability as circumstances change;
- Review financial goals and performance and focus on the integrity and clarity of the Organization's financial statements and internal controls over financial reporting;
- Appraise the Organization's major risks and oversee that appropriate risk management and control procedures are in place;
- Select, retain, compensate, and oversee the independent auditors; and
- Consider and approve significant actions of the Organization, including the selection of executive management, declaration of dividends for shareholders, the Organization's policies and procedures, and major business transactions.

Corporate Governance and Integrity

- Determine the Organization's mission and purpose;
- Create and support an ethical, legal, and regulatory compliant business environment; and
- Revise, consider, and approve changes in the articles of incorporation, by-laws, and proposals to be submitted to shareholders.

In fulfilling their responsibilities, the Board is entitled to rely in good faith on the information, opinions, reports, records, or statements, including financial statements and other financial data presented by the Organization's management, outside council, public accountants, independent auditors, consultants, and other expert advisors while exercising prudent business judgment that is in the best interests of the Organization and its shareholders.

Composition, Term, and Independence of the Board

The by-laws of the Organization provide that the Board will have not less than 5 members nor more than 25 members. Currently, the Board has ten (10) members. The members of the Board of the Organization also serve as members of the Board of Ephrata National Bank. The Board shall be classified into three (3) classes (Class A, Class B, and Class C) and each class is elected for a three (3) year term. The Board believes that a classified Board structure better promotes continuity and encourages decision-making by board members based on long-term results than a board comprised of a single class of directors with each member serving a one-year term.

The Board believes that a substantial majority of the Board should consist of directors who are "independent" under the applicable rules of Nasdaq and SEC rules. The Organization recognizes that independent directors and directors who are considered not to be independent all make valuable contributions to the Board and to the Organization by reason of their expertise, experience, and judgment.

Executive Sessions

To ensure free and open discussion and communication among the independent directors of the Board, the independent directors meet separately in conjunction with regularly scheduled Board meetings at least quarterly, and more frequently as necessary or desirable. The director serving as Chair of the Nominating and Governance Committee leads the Executive Sessions.

Board Committees and Members

The Board currently has five standing committees: Audit Committee, Building and Expansion Committee, Compensation Committee, Nominating and Governance Committee, and a Trust Operations Committee. All committees meet supervisory and regulatory requirements, and the Audit, Compensation, and Nominating and Governance committees are made up entirely of independent directors. All committees report on their activities to the Board. Each committee has a written charter which is reviewed annually by each committee to ensure roles and responsibilities of the committees accurately reflect the scope of the work performed within each committee.

Significant committee actions are reported to the full Board at each meeting, and committee meeting minutes are circulated to the full Board. All directors, whether members of a particular committee or not, are invited to make suggestions to the committee chairs for additions to the committee agendas or to a committee item to be considered by the full Board.

Each year, the Nominating and Governance Committee after consideration of the desires, experience, and expertise of individual directors and after consultation with the Chairman of the Board, will recommend the assignment of committee chairs and directors to committees. The Nominating and Governance Committee will present the recommendations to the Board. The full Board will consider that the target size of each committee should be three to five members, unless circumstances call for an exception and ultimately will assign directors to the committees. The full Board will also consider periodic rotation of committee members, taking into account the desirability of rotating committee members to expand individual director experience, thus strengthening a director's oversight capabilities. In addition, the Board does target rotation of committee chair positions generally at not less than three years.

Board Operations

The Looking-Forward Twelve-Month Agenda Practice

The Board uses a Looking-Forward Twelve-Month Agenda to outline discussion points that the Board and executive management believe should be considered in the coming year. The Looking-Forward Twelve-Month Agenda is not a meeting agenda or schedule of meetings; rather it lists specific items to be addressed within core overarching categories. These categories may include: (1) succession planning and leadership development, (2) community relations, (3) operating effectiveness, (4) strategy, (5) compliance, (6) urgent concerns, and (7) industry trends. The Board believes developing this Looking-Forward Twelve-Month Agenda ensures that mission critical issues and concerns are not overlooked during the normal course of Board and committee meetings occurring throughout the year. The Chairman of the Board and Chair of the Nominating and Governance Committee draft the initial Looking-Forward Twelve-Month Agenda prior to consideration by the full Board.

Board Meetings and Attendance

The Board calendar currently schedules at least twenty five (25) meetings a year, and all other committees combined hold at least fifteen (15) meetings per year. Additional Board meetings may be called in accordance with the Organization's by-laws. Frequent Board meetings are critical not only for timely discussions but also for directors to be well informed about the Organization's operations and issues.

All directors are expected to attend at least 75% of the following meetings: (1) Board meetings; (2) committee meetings for which they serve, and (3) the annual shareholders meeting, unless an event outside the director's control precludes attendance.

Board Meeting Agenda, Board Materials, and Director Preparation

The Chairman of the Board is responsible for setting meeting agendas. Additionally, any director may request that an item be included on the agenda. The activities of each committee are organized by the respective Chairperson. Directors receive the agenda and materials for regularly scheduled meetings in advance of the meeting. Best efforts are made to ensure materials are

available to directors five (5) days in advance, but no later than three (3) days in advance. Directors may ask for additional information from, or to meet with executive managers at any time.

Directors receive information and data that contributes to their understanding of the Organization and its operations, in writing, and in sufficient time to prepare for meetings as discussed above. The board materials that are provided are intended to be concise, analytical, and informative, designed to provide all the necessary information to enable directors to make informed decisions. Directors may request that the CEO or members of executive management present the Board with additional information as necessary. The Board may retain the services of independent advisors and consultants as it deems appropriate, and any such advisors may report directly to the Board. Further, the Organization will assume fees associated with such advisors and consultants.

A requirement of service, Directors are expected to spend the time necessary to review the agenda and relevant supporting materials in advance of the Board meeting and be prepared to actively participate in meeting discussions and offer constructive insights and feedback. Directors are encouraged to be informed about the Organization's affairs between Board meetings and to seek guidance through continuing education, reviewing industry trends, and reading relevant publications.

Board Performance Self-Evaluation

The Nominating and Governance Committee is responsible for coordinating and assessing Board performance and reporting results to the Board. This self-evaluation leads to a full Board discussion of the results. Current practice includes an annual evaluation with the following elements: (1) each director's assessment via written questionnaire and open-ended comments of the Board's performance and discharge of its responsibilities and the results of which are compiled and communicated back to the Nominating and Governance Committee by the Human Resources Officer and (2) the qualifications, experience, attributes, skills, and performance of all Board members are reviewed in connection with their re-nomination to the Board.

Management Succession

At least annually, the Board reviews and agrees on a succession plan, developed by management and communicated through the Nominating and Governance Committee, addressing the policies and procedures for selecting a successor to the CEO, and other key executive management leaders, in both an emergency situation and in the ordinary course of business. From time to time the Nominating and Governance Committee requires management to submit a plan regarding internal leadership development for the Organization.

Director Service Requirements

Director General Responsibilities and Conduct

Directors are expected to exercise their sound judgment in good faith and in what they reasonably believe to be in the best interests of the Organization and its shareholders, and with such care, including reasonable inquiry, skill, and diligence, as a person of ordinary prudence would use under similar circumstances. In discharging those obligations, directors should be entitled to rely on the honesty and integrity of the Organization's executive management and outside advisors, counsel, consultants, and auditors. Directors must comply with all applicable provisions of the Organization's Code of Conduct and policies relating to stock transactions or insider trading.

Director Attendance

Directors are strongly encouraged to attend all meetings with a minimum requirement of 75% attendance at Board, applicable committee meetings, and the Annual Meeting, and to be fully familiar with discussion materials circulated in advance of the meetings. If extenuating circumstances preclude one or more directors from in-person attendance at any Board or Committee meeting, those directors may participate in the meeting by means of a conference telephone or similar communications equipment.

Director's Term of Office, Retirement, and Resignation Policy

Directors will serve for a term of office of three (3) years or until a successor has been elected and qualified. The Board does not believe it should establish term limits given the in-depth re-nomination evaluation. Pursuant to the by-laws, persons may not be nominated to serve on the Board if they will have reached the age of 70 on or before the day of the meeting called for the election of directors. Directors who reach the age of 70 while serving on the Board may continue to serve as director until their current term expires but will be ineligible to be nominated as a candidate for election of director after their term is complete.

Stock Ownership

The Office of the Comptroller of the Currency mandates that every director shall own, individually and/or beneficially, \$1,000 in fair market value of ENB Financial Corp stock before elected to serve on the Board of Directors. Thereafter, the Board of Directors of ENB Financial Corp requires the following levels of stock ownership by serving directors:

- Director shall own, individually and/or beneficially, 1,000 *shares* of stock as soon as practicable after election to the Board, but in not less than three full years of service on the Board.
- Until the required level of stock ownership is reached, a director shall, at a minimum, have the value of all retainer fees be paid in ENB Financial Corp stock.

- Director's level of stock ownership, individually or beneficially, shall continue to increase incrementally for the duration of the director's service on the Board, either through dividend reinvestment, payment of director fees in stock, or outright purchase.

Director Compensation

The Board may, from time to time, compensate a reasonable annual fee or a fixed sum for acting as a director, an annual retainer fee, and a reasonable fee to be paid to each director for his services in attending meetings of the Board and for meetings of committees appointed by the Board. Such fees shall be reviewed and proposed by the Compensation Committee of the Board and approved by the full Board.

Director Changes in Job Responsibilities or Organizations

Directors who change their employer or otherwise have a significant change in their job position within an organization from when they were initially elected to the Board, which would hinder his or her ability to perform the duties required of directors, are expected to voluntarily resign from the Board effective as of the date of the change in job position or employer. Further, directors who accept or are considering an invitation to join another board are expected to immediately notify the Chairman of the Board. The Board does not believe that a director in these circumstances should necessarily be required to vacate the Board. However, the Chairman of the Board and Nominating and Governance Committee should have the opportunity to assess each situation based on individual circumstances and make a recommendation to the Board regarding a plan of action.

Director Orientation and Continuing Education

Director Orientation

All new directors are required to participate in an orientation program, which is generally conducted within three months of assuming the director appointment. The Nominating and Governance Committee has developed the orientation program which includes the Chairman of the Board and the Chair of the Nominating and Governance Committee discussing his or her performance expectations for directors, a review of these Guidelines, and a review of the Organization's job description for directors. Directors learn information about Organization's history, mission, culture, and values and participate in site visits to the Organization's branches, as appropriate. The orientation also includes executive management presentations to familiarize new directors with the Organization's business units, strategic and financial plans, and applicable operating policies and procedures. Finally, the Nominating and Governance Committee continuously evaluates the orientation program to ensure its effectiveness at orienting directors into their roles and responsibilities.

Continuing Education

All directors shall participate in training programs required by regulatory agencies as they are made available. In addition, it is recommended that new directors attend a New Director's Workshop offered by the Office of the Comptroller of the Currency within the first two years of service. Directors are also encouraged to participate in continuing education programs to enable them to recognize and handle issues that arise and to improve their effectiveness as a director. Continuing education programs are conducted through a variety of methods, including (1) in-house presentations, (2) special meetings with outside advisors and consultants concerning industry issues and other business, legal, and regulatory matters, (3) seminars, and (4) other methods determined to be timely and useful. Directors are encouraged to participate in outside continuing education relating to their roles and responsibilities as directors and to subscribe to appropriate publications at the Organization's expense with prior approval from the Chairman of the Board and the Chair of the Nominating and Governance Committee.

Selection of New Directors

The Nominating and Governance Committee is tasked with recommending director nominees for election to the Organization's Board on an annual basis, and for recommending replacements to fill Board vacancies occurring between annual meetings of shareholders. In the case of currently serving directors, the Nominating and Governance Committee conducts an evaluation process before recommending a director for re-nomination.

The nomination of directors should be made from individuals whose leadership and effectiveness have been demonstrated or whose area of expertise or experience is of value to the Organization. Further, the Board will consider the experience and expertise already present on the Board to broaden the collective skills, abilities, and experience of the Board. Nominees to the Board should meet the following qualifications and competencies outlined below:

- Possess high-level competence and leadership experience in business, administrative, or management roles;
- Willingness to work on a collegial basis with other Organization directors and executive management;
- Contribute effectively to Board discussions through applying critical thinking to situations, sharing areas of expertise and experiences, exercising independent judgment, and demonstrating sound business ethics;
- Allocate sufficient time to fully prepare and participate in Board meetings and to fulfill the roles and responsibilities of a director, serving the Organization through the highest standards of personal conduct; and
- Express unquestioned personal integrity and loyalty to the Organization and concern for its success.

The Nominating and Governance Committee has adopted procedures for consideration of Board candidates submitted by shareholders. These procedures are detailed in the Organization's Annual Proxy Statement.

Nominees are elected to the Board by a majority of votes cast at the annual shareholders meeting. The elected individual will serve as director until the expiration of his or her three (3) year term of office and until his or her successor is qualified and elected.

Evaluation of the Guidelines

The Nominating and Governance Committee evaluates these Guidelines annually and submits any recommended changes to the Board for approval.

Approved and Adopted by the Board of Directors on March 9, 2011.