COLUMBIA BANCORP

CORPORATE GOVERNANCE GUIDELINES

The Board of Directors (the "Board") of Columbia Bancorp (the "Company") represents the owners' interest in perpetuating a successful business, including optimizing long-term financial returns. The Board is responsible for determining that the Company is managed in such a way to ensure this result. This is an active, not a passive, responsibility. The Board has the responsibility to ensure that in good times, as well as difficult ones, management is capably executing its responsibilities. The Board's responsibility is to regularly monitor the effectiveness of management policies and decisions including the execution of its strategies. In addition to fulfilling its obligations for increased stockholder value, the Board has responsibility to the Company's employees, suppliers and to the communities where it operates -- all of whom are essential to a successful business. All of these responsibilities, however, are founded upon the successful perpetuation of the business.

Board Composition

1. Selection of Chairman and CEO. The Board should be free to make this choice in a manner that seems best for the Company at a given point in time. The Board does not have a policy on whether or not the roles of Chief Executive Officer and Chairman should be separate and, if they are to be separate, whether the Chairman should be selected from the non-employee Directors or be an employee.

2. Size of the Board. The Board has 25 members as established by the Board in accordance with the Company's Bylaws. The Corporate Governance and Nominating Committee periodically reviews the appropriate size of the Board.

3. Mix of Inside and Outside Directors. The Board believes that there should be a substantial majority (greater than two-thirds) of independent Directors on the Board. However, the Board can elect members of Management, in addition to the Chief Executive Officer, as Directors.

4. Board Definition of What Constitutes Independence for Outside Directors. The Company complies with the Nasdaq National Market Issuer requirements for independent directors (Nasdaq Stock Market Rule 4200) and the U.S. federal securities laws and the rules and regulations promulgated thereunder.

5. Meetings of Independent Directors. Independent Directors of the Board shall meet in Executive Session regularly in accordance with Nasdaq National Market Issuer requirements.

6. Board Membership Criteria. The Corporate Governance and Nominating Committee is responsible for reviewing with the Board from time to time the appropriate skills and characteristics required of Board members in the context of the current make-up of the Board. This assessment should include issues of diversity, age, and experience in areas such as finance, marketing and government affairs – all in the context of an assessment of the perceived needs of the Board at that point in time. Board members are expected to prepare for, punctually attend, and participate in all Board, applicable Committee meetings and stockholder meetings, absent extenuating circumstances. Each Board member should monitor other outside commitments to ensure that he/she has sufficient time to devote to the Company as a director. In addition, Board members are expected to actively promote the Company, and more specifically, to assist management with new business development. Board members are also expected to provide the Company an opportunity to compete for the banking services used by them and their affiliated businesses when appropriate.

7. Selection of New Director Candidates. The Board should be responsible for selecting its own members. The Board delegates the screening process involved, and the consideration of stockholder nominees, to the Corporate Governance and Nominating Committee.

8. Directors Who Change Their Present Job Responsibility. The Board does not believe that directors who retire or change from the position they held when they became a director should necessarily leave the Board. There should, however, be an opportunity for the Board, via the Corporate Governance and Nominating Committee, to review the continued appropriateness of Board membership under these circumstances at the time of the change.

9. Director Orientation and Continuing Education. The Company shall provide an orientation program for new Directors and a continuing education program for all members of the Board. These programs shall include presentations by executive management on the Company's strategic plans, its significant financial, accounting and risk management issues, its compliance programs, its Code of Conduct & Ethics, its management structure and its internal and independent auditors. The orientation program may also include visits to certain of the Company's significant facilities, to the extent practical. All Directors are invited to participate in the orientation and continuing education programs.

10. Term Limits. The Board does not believe it should establish term limits. While term limits could help insure that there are fresh ideas and viewpoints available to the Board, they hold the disadvantage of losing the contribution of directors who over time have developed increasing insight into the Company and its operations and therefore provide an increasing contribution to the Board as a whole.

11. Board Compensation Review. It is appropriate for the staff of the Company to report from time to time to the Personnel, Compensation and Stock Option ("PCSO") Committee on the status of Board compensation in relation to comparable

banking organizations. Changes in Board compensation, if any, should come at the suggestion of the PCSO Committee, but with approval by the Board.

12. Stockholder Communications. The Chairman of the Corporate Governance and Nominating Committee is designated to receive any communications from stockholders to the extent directed to the Board of Directors. The Corporate Governance and Nominating Committee shall establish procedures with respect to such communications.

Board Meetings

1. Scheduling and Selection of Agenda Items for Board Meetings. Board meetings are scheduled in advance typically eleven times per year for a 2 to 3 hour period. Typically, the meetings are held at the Company's headquarters, but occasionally a meeting may be held elsewhere. The President and the Secretary of the Company draft the agenda for each Board meeting and distribute it in advance to the Board. Each Board member is free to suggest the inclusion of items on the agenda.

2. Board Material Distributed in Advance. Information and data that is important to the Board's understanding of the business should be distributed in writing to the Board before the Board meets. As a general rule, materials on specific subjects should be sent to the Board members in advance so that Board meeting time may be conserved and discussion focused on questions that the Board has about the material. Sensitive subject matters may be discussed at the meeting without written materials being distributed in advance or at the meeting.

3. Board Presentations and Access to Employees. Directors shall have full and free access to senior management and other employees of the Company. Any meetings or contacts that a Director wishes to initiate may be arranged through the Chairman, CEO, the Corporate Secretary or directly by the Director. The Board welcomes regular attendance at each Board meeting by executive management of the Company. The CEO may have additional Company personnel attend on a regular basis, with the approval of the Board.

4. Executive Sessions. It is the Board's policy to meet regularly without the presence of the Company's Management. The Lead Independent Director shall chair the meetings of the independent directors.

Board Committees

1. Number of Committees. The current eight Committees are the: (i) Corporate Governance and Nominating; (ii) Executive; (iii) Acquisition, Development and Construction ("ADC"); (iv) Asset/Liability Management ("ALM"); (v) Audit; (vi) Community Reinvestment Act and Public Affairs ("CRA"); (vii) Personnel, Compensation and Stock Option ("PCSO"); and (viii) Strategic Planning. There will, from time to time,

be occasions on which the Board may want to form a new committee or disband a current committee depending upon the circumstances.

The Corporate Governance and Nominating Committee takes a leadership role in shaping corporate governance policies and practices. The Committee is responsible for identification and nomination of directors and review of Board and individual director performance at least annually.

The Executive Committee is responsible for evaluating and approving credits exceeding the lending authority of officers of the Bank; reviewing on a regular basis loan delinquencies and potential problem loans; and taking other actions as may be required in the absence of the full Board of Directors.

The Audit Committee is responsible for overseeing the Company's internal accounting controls; selecting the Company's independent auditors; reviewing the annual audit plan, annual report and results of the independent audit; reviewing supervisory examination reports; and initiating other special reviews when deemed necessary. The members of the Audit Committee are not employees of the Company and are independent as required by Nasdaq listing standards.

The Personnel, Compensation and Stock Option Committee oversees the compensation of all employees, except the compensation of the CEO and directors; reviews the compensation of the President and directors, and makes recommendations regarding changes to such to the Board of Directors for approval; monitors personnel-related matters of the Company; reviews and authorizes employee-related benefit plans; and administers the Company's stock option programs.

The Asset/Liability Management Committee is responsible for establishing asset liability management procedures which enable the Bank to achieve its financial goals, including those related to liquidity, capital adequacy, growth and profitability, while adhering to prudent banking practices and mitigating risk.

The Strategic Planning Committee is responsible for establishing the strategic direction of the Company, which includes evaluation of strategic alternatives such as new business opportunities, acquisition opportunities and sale opportunities.

The Community Reinvestment Advisory and Public Affairs Committee is responsible for providing oversight and guidance with regard to the administration of the Company's programs designed to promote community reinvestment. The objectives of the Company's community reinvestment programs include providing financing conduits for low-to-moderate income housing, promoting targeted lending initiatives to low and moderate income individuals and minorities, promoting first-time home ownership, and educating the community to foster affordable housing opportunities. In addition, the Committee is responsible for oversight of the Company's activities performed in conjunction with community organizations, government agencies and other external constituencies, activities that relate to public issues of significance to the Company or the public at large, and other activities that impact the Company's reputation.

The ADC Committee is responsible for oversight of the Company's land acquisition, development and construction lending activities. Its goals are to advise and guide management and to promote ADC lending activities in the business community.

The IT Strategic Initiatives Committee is a management committee responsible for oversight of existing technologies and evaluation of emerging technologies which will improve customer service, operational efficiencies and risk management.

2. Assignment and Term of Service of Committee Members. Upon recommendation by the Chairman of the Board and the CEO, the Corporate Governance and Nominating Committee is responsible for the appointment of Committee Members and Committee Chairs. It is expected that each Committee Chair will have had previous service on the applicable Committee.

3. Frequency and Length of Committee Meetings and Committee Agenda. The Chair of each Committee, in consultation with the Chairman of the Board and appropriate members of Management, will determine the frequency and length of the Committee meetings and develop the Committee's agenda. The agendas and meeting minutes of the Committees, will be available to Board members. Committee members are expected to attend each Committee meeting. Board members who are not members of the Committee, are welcome to attend and observe Committee meetings without voting powers.

Management Review and Responsibility

1. Formal Evaluation of Officers. The PCSO Committee conducts, and reviews with the outside directors, an evaluation annually in connection with the determination of the salary and executive bonus of all executive officers (including the Chief Executive Officer).

2. Succession Planning and Management Development. The PCSO Committee, or a subcommittee thereof, shall make an annual report to the Board on succession planning. The entire Board shall work with the Chairman of the Board, the Corporate Governance and Nominating Committee and the PCSO Committee, or a subcommittee thereof, to nominate and evaluate potential successors to the CEO. The CEO shall meet periodically with the Chairman of the Board and the Chairman of the above committees in order to make available his or her recommendations and evaluations of potential successors, along with a review of any development plans recommended for such individuals.

3. CEO Performance. The PCSO Committee shall conduct an annual written review of the CEO's performance, as set forth in its charter. The Board of Directors

shall review the PCSO Committee's report in order to ensure that the CEO is providing the best leadership for the Company in the long and short term.

4. Board Interaction with Institutional Investors, Press, Customers, Etc. The Board believes that Management speaks for the Company. Individual Board members may, from time to time, meet or otherwise communicate with various constituencies that are involved with the Company, but it is expected that Board members would do this with the knowledge of Management and, except in unusual circumstances with the concurrence of the CEO.

5. Annual Review. The Corporate Governance and Nominating Committee will conduct an evaluation of the performance of the Board and the contributions of individual members on at least an annual basis.

6. Code of Conduct and Ethics and Code of Ethics for Financial Professionals. The Company has adopted a Code of Conduct & Ethics, and other internal policies and guidelines designed to support the mission statement set forth above and to comply with the laws, rules and regulations that govern the Company's business operations. The Code of Conduct & Ethics applies to all employees of the Company and its subsidiaries, as well as to directors, temporary workers and other independent contractors and consultants when engaged by or otherwise representing the Company and its interests. In addition, the Company has adopted a Code of Ethics for Financial Professionals which applies to the principal executive officer of Columbia and its reporting subsidiaries and all professionals serving in a finance, accounting, treasury, tax or investor relations role. The Corporate Governance and Nominating Committee shall monitor compliance with the Code of Conduct & Ethics, the Code of Ethics for Financial Professionals and other internal policies and guidelines.

Stock Transactions

1. Insider Transactions. Directors and executive officers may not trade shares of Company common stock they receive under any of the Company's equity programs during an administrative "blackout" period affecting the Company's 401(k) plan or pension plan pursuant to which a majority of the Company's employees are restricted from trading shares of Company common stock or transferring funds into or out of the Company common stock fund, subject to any legal or regulatory restrictions and the Company's. Insider transaction activity with regard to the Company's Common Stock is governed by the Policy "Memorandum Concerning Securities Trading".

2. Stock Options. The Company prohibits the repricing of stock options. All equity compensation plans shall be submitted to stockholders for approval.

Director Transactions

1. Transactions with Directors. To the extent transactions, including brokerage services, banking services, insurance services and other financial services

between the Company and any Director or family member of a Director are not otherwise specifically prohibited under these Corporate Governance Guidelines or other policies, including the Business Relationships With Insiders Policy, such transactions should be made in the ordinary course of business and on substantially the same terms as those prevailing at the time for comparable transactions with non–affiliates.

2. Loans to Directors and Executive Officers. Loans to Directors and Executive Officers are governed by the Company's Business Relationships With Insiders Policy, which is reviewed annually by the Corporate Governance and Nominating Committee and approved by the Board.

3. Investments. Neither the Company nor any member of executive management shall make any investment in a partnership or other privately–held entity in which a Director is a principal or in a publicly-traded company in which a Director directly owns or controls more than a 10% interest.

No Director may invest in a third party entity when the investment opportunity is made available to him or her because of such individual's status as a Director. A Director or family member of a Director may participate in investment opportunities offered or sponsored by the Company provided they are offered on substantially similar terms as those for comparable transactions with similarly situated non–affiliated persons.

Members of executive management may not invest in partnerships or other investment opportunities sponsored, or otherwise made available, by the Company, unless their participation is approved in advance by the Corporate Governance and Nominating Committee.

No member of executive management may invest in a third party entity, except for investments permitted by the foregoing paragraph, when the investment opportunity is made available to him or her as a result of such individual's status as a member of executive management of the Company.

Indemnification

The Company provides reasonable directors' and officers' liability insurance for the Directors and shall indemnify the Directors to the fullest extent permitted by law and the Company's certificate of incorporation and by-laws.