

NorthWest Indiana Bancorp

Peoples Bank SB

Code of Business Conduct and Ethics

Approved by the Board

May 15, 2020

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I. DEFINITIONS

“Authorized Compensation”: Employees, Officers and Directors may receive compensation from the Bank for the services provided, including:

- a. salary;
- b. wages;
- c. bonuses;
- d. commissions;
- e. life insurance;
- f. medical insurance;
- g. dental insurance;
- h. pension;
- i. profit sharing benefits;
- j. employee birthday and/or anniversary gifts;
- k. paid vacation days;
- l. personal and sick leave days;
- m. severance pay;
- n. refreshments; and/or
- o. business travel expenses.

“Board of Directors” or “Board”: The Board of Directors of NorthWest Indiana Bancorp and Peoples Bank SB.

“Business Communications Systems”: All communications created, sent, received, used, transmitted, or stored using company communication systems or equipment and employee provided systems or equipment used either in the workplace, during working time or to accomplish work tasks. The Bank maintains a variety of Business Communications Systems and employs technology including phone, facsimile, e-mail, internet, voice mail, access to the Internet and inter-office mail systems.

“Code”: Peoples Bank SB Code of Business Conduct and Ethics

“Conflict of interest”: when a person's private interests interferes - or even appears to interfere - in any way with the interests of the Company.

- a. The existence of a conflict depends upon the circumstances, including the nature and relative importance of the interest involved.
- b. A conflict of interest situation can arise when an Employee, Officer or Director takes actions or has interests that may make it difficult to perform his or her Bank related work objectively and effectively.
- c. Conflicts of interest may also arise when an Employee, Officer or Director, or his or her immediate family member, receives improper personal benefits as a result of his or her position with the Bank.

“Corporate Governance Committee”: The Nominating and Corporate Governance Committee of the Board of Directors of NorthWest Indiana Bancorp and Peoples Bank SB.

“Director”: An individual member of the Board of Directors of NorthWest Indiana Bancorp and Peoples Bank SB.

“Disclosure Committee”: The Disclosure Committee of the management of NorthWest Indiana Bancorp and Peoples Bank SB.

“Electronic Communications”: Among other things, messages, images, photos, data or any other information used in e-mail, instant messages, voice mail, fax machines, computers, personal digital assistants (including Blackberry, iPhone or similar devices), text messages, pagers, telephones, cellular and mobile phones including those with cameras, Intranet, Internet, back-up storage, information on a memory or flash key or card, jump or zip drive or any other type of internal or external removable storage drives.

“Employee”: An individual employee of Peoples Bank SB.

“Federally Related Mortgage Loan” or “Mortgage Loan”: See 12 USC §2602.

“Immediate Family Member”: a person's spouse, parents, children, brothers and sisters, mothers and fathers-in-law, sons and daughters-in-law, and brothers and sisters-in-law.

“Material Information”: “Material Information” shall be defined consistently with all applicable laws, rules and regulations, and shall include without limitation the following:

- a. Any information that a reasonable investor would consider important in a decision to buy, hold or sell stock; or
- b. Any information which could reasonably affect the price of stock.
- c. In the case of another company, “material information” would also include knowledge that the other company may enter into or is negotiating for a contract important to it for the sale of property, goods or services to or by the Bank.
- d. Common examples of information that will frequently be regarded as material include, but are not limited to:
 1. projections of future earnings or losses;
 2. news of a pending or proposed merger, acquisition or tender offer, news of a significant sale of assets or the disposition of a subsidiary;
 3. changes in dividend policies or the declaration of a stock split or the offering of additional securities;
 4. changes in management;
 5. significant new products or discoveries;
 6. impending bankruptcy or financial liquidity problems;

7. the gain or loss of a substantial customer or supplier; and/or
 8. otherwise as described in the Policy Governing Peoples Bank SB Employee Trades of NorthWest Indiana Bancorp Stock.
- e. Either positive or negative information may be material.

“Nonpublic Personal Information”: See 15 USC §6809 (4).

“Officer”: An individual executive officer of NorthWest Indiana Bancorp and/or Peoples Bank SB.

“Peoples Bank”, the “Bank”, or the “Company”: NorthWest Indiana Bancorp, a bank holding company registered with the Board of Governors of the Federal Reserve System, and Peoples Bank SB, its wholly owned subsidiary

“Proprietary Information”: intellectual property such as trade secrets, patents, trademarks, and copyrights, as well as business, marketing and service plans, engineering and manufacturing ideas, designs, databases, records, and any unpublished financial data and reports.

“Risk Management Committee”: The Risk Management Committee of the Board of Directors of NorthWest Indiana Bancorp and Peoples Bank SB.

“SEC”: Securities and Exchange Commission

“Trade”: All securities transactions in the open market, including transactions in Bank plans such as the Profit Sharing Plan and all other qualified plans.

II. AUTHORITY

RECOGNIZING the importance of establishing rules governing the operation of the NorthWest Indiana Bancorp and Peoples Bank and the conduct of its Employees, Officers and Directors, and

ACKNOWLEDGING the duty to avoid conflicts of interest, the appearance of such conflicts, and to otherwise deter wrongdoing,

The NorthWest Indiana Bancorp and Peoples Bank adopts this Code Of Business Conduct And Ethics, formerly known as the Code of Conduct and Policy Statement, governing the activities of its Employees, Officers and Directors, pursuant to authorizing resolution of NorthWest Indiana Bancorp’s and Peoples Bank SB’s Board of Directors on February 19, 2003.

III. APPLICATION OF THIS CODE

- a. *Structure.* The Code addresses the conduct expected of Employees, Officers and Directors.
 1. Various activities, subjects and issues typically encountered by such individuals are identified.
 2. Rules governing conduct are stated along with examples and the applicable legal and ethical principles are explained.
 3. Finally, a mechanism for monitoring and enforcing this Code is established and penalties for noncompliance are stated.
- b. *Amendments.* The Bank's management cannot foresee every possible subject or issue that could arise in this context. While every effort has been made to be comprehensive, it is possible that certain aspects of conduct in these areas may not be expressly addressed. Bank management will periodically review this Code and make appropriate amendments as necessary.
- c. *Application.* This Code of Business Conduct and Ethics covers a wide range of business practices and procedures, and is designed to deter wrongdoing and promote the standards set forth herein. All Employees, Officers and Directors must conduct themselves accordingly and seek to avoid even the appearance of improper behavior. The Code should also be provided to and followed by the Company's agents and representatives, including consultants.
- d. *Conflicting Authorities.* If a law conflicts with a provision of this Code, Employees, Officers and Directors must comply with the law; however, if a local custom or policy conflicts with this Code, they must comply with the Code. If questions arise about these conflicts, they may ask their supervisor how to handle the situation in consultation with the Bank's General Counsel and Compliance Officer.
- e. *Violations.* Those who violate the standards in this Code will be subject to disciplinary action up to and including termination of employment or service. If an Employee is in a situation that he/she believes may violate or lead to a violation of this Code, they may follow the guidelines described in the Sections of this Code entitled REPORTING ILLEGAL OR UNETHICAL BEHAVIOR and WAIVERS OF THE CODE OF BUSINESS CONDUCT AND ETHICS.
- f. *Fundamental Principles.* In lieu of express treatment in this Code of any particular conduct of an Employee, Officer or Director in the context of the Bank's operations, Employees, Officers and Directors are instructed to apply the following fundamental principles in arriving at a course of action with respect to any issue that presents a conflict of interest or appearance thereof:
 1. Employees, Officers and Directors have a duty to avoid conduct that would or could create an unsafe condition (i.e., a condition that might contribute to the loss/injury of an Employee or customer, destruction of property or that might otherwise result in loss to the Bank);
 2. Employees, Officers and Directors have a duty to avoid conduct that would or could create a conflict of interest as to the Bank or the appearance thereof;
 3. Employees, Officers and Directors have a duty to avoid affiliations that would or could be incompatible with their duties associated with the Bank;

4. Employees, Officers and Directors have a duty to refrain from enriching themselves at the expense of the Bank;
5. Employees, Officers and Directors presented with a business opportunity emanating from their association with the Bank have a duty to determine whether that opportunity would or could be advantageous to the Bank or its subsidiaries and present that opportunity to the Bank or its subsidiaries.
- g. *Expressly Prohibited Conduct.* Whether or not expressly stated in each context, an Employee, Officer or Director may not do indirectly what this Code prohibits them from doing directly.
- h. *Questions or Clarifications.* Questions regarding the Code should be directed to both the Bank's General Counsel and Compliance Officer.
- i. *Annual Review.* On an annual basis, the Code will be reviewed and explained to the extent necessary to ensure that all Employees, Officers and Directors understand the rules and principles governing their conduct.
 1. Each Employee and Officer shall sign a written acknowledgement and agreement to comply with this Code and deliver it to Human Resources.
 2. Each Director shall sign a written acknowledgement and agreement to comply with this Code and deliver it to the Bank's General Counsel.
- j. *Written Records.* The Bank will maintain contemporaneous written records of any disclosures made in connection with this Code.

IV. GOVERNING LAWS, RULES, REGULATIONS AND POLICIES

- a. *Full Compliance Standard.* All Employees, Officers and Directors shall respect and obey the laws, rules, policies and regulations of the jurisdictions in which the Bank conducts business.
 1. Compliance with laws, rules, policies and regulations, both in letter and in spirit, is the foundation on which this Bank's ethical standards are built.
 2. All Employees, Officers and Directors must take an active role in being knowledgeable of and ensuring compliance with all said items and must immediately report violations or suspected violations to the Corporate Governance Committee of the Bank's Board of Directors (in the case of Directors or Officers) or to an immediate supervisor, manager or other appropriate personnel, including the Bank's Compliance Officer, General Counsel or the Senior Vice President for Human Resources (in the case of other Employees).
- b. *No Obstruction.* During any government inspection or investigation, Bank Employees, Officers, Directors and vendors shall never destroy or alter any Bank documents, lie or make misleading statements to the government investigator, attempt to cause another Employee to fail to provide accurate information and/or obstruct, mislead or delay the communication of information or records.

V. CONFLICTS OF INTEREST

- a. *Generally.* Conflicts of interest are strictly prohibited under this Code, unless approved by Peoples Bank's Corporate Governance Committee. The Corporate

- Governance Committee will be required to review and approve all related-party transactions, excluding Bank loans that are otherwise regulated pursuant to Regulation O, consistent with the policy adopted by the Board of Directors (See Peoples Bank SB Regulation O Policy; see also Regulation O, codified at 12 CFR 215).
- b. *Code Not Exhaustive.* Although it is not practical to list every activity or interest that might present a conflict of interest, the following are examples of specific situations in which conflicts of interest could arise, and sets forth the Bank's policy with respect to such conflicts of interest.
 - c. *Interests in Other Companies.* Directors, Officers or other Employees, or their immediate family members shall not acquire, own or have a significant financial interest in any business organization that does or seeks to do business with the Company or is a competitor of the Company, unless:
 - 1. Such interest has been fully disclosed in writing to the Corporate Governance Committee of the Company's Board of Directors (in the case of Directors or Officers) or to the Banks' Compliance Officer (in the case of other Employees); and
 - 2. The Corporate Governance Committee or the Bank's Compliance Officer, as appropriate, notifies the Director, Officer or Employee that it has been determined that the Director's, Officer's or Employee's duties for the Company will not require him or her to make or cause to be made decisions that could be influenced by such interest, or that the interest is otherwise permissible.
 - 3. As a minimum standard, a significant financial interest is an aggregate interest of an Employee, Officer or Director and family members of more than:
 - i. 5% of any class of the outstanding securities of a Company;
 - ii. 5% interest in a partnership or association; or
 - iii. 5% of the total direct and beneficial assets or income of such Employee, Officer or Director.
 - 4. A significant financial interest generally will not include an investment representing less than 1% of a class of outstanding securities of a publicly held Company.
 - d. *Employment by Other Companies.* Directors, Officers or Employees shall not serve or accept an offer to serve as a director, partner, consultant of, or in a managerial position or any other form of employment or affiliation with, any business organization that does significant business with or is a competitor of the Company, unless:
 - 1. such position, employment or affiliation has been fully disclosed in writing to the Corporate Governance Committee (in the case of Directors or Officers) or to the Employee's supervisor and the Bank's Compliance Officer (in the case of other Employees); and
 - 2. The Corporate Governance Committee (or the Employee's supervisor/Compliance Officer, as required above) notifies the Director, Officer or Employee that it has been determined that such position, employment or affiliation is permissible.
 - e. *Unrelated Outside Employment.* Should an Officer or Employee be engaged in outside employment not related to his or her regularly assigned work and not

covered by the Code standards described above, such outside employment must not detract from the Officer's or Employee's job performance or otherwise be detrimental to the best interests of the Bank.

1. Unless an Officer or Employee has questions concerning the application of this policy to his or her particular situation, no notice to the Bank is required.
 2. Employees of Peoples Bank shall inform their supervisor and the Bank's Compliance Officer about any conflict or appearance of a conflict between such Employee's duties at the Bank and their outside employment or activities unrelated to the performance of employment duties at the Bank.
 3. Federal law prohibits the Bank or any of its subsidiaries from allowing an Employee to work for an affiliated person of the Bank when such Employee should be performing their duties at the Bank, unless the affiliated person compensates the Bank or its subsidiaries for the time during which the Employee was engaged in the work (12 USC § 371c-1). Examples of conduct that violates this Code section include employment or other activities which cause the Employee:
 - i. To be late for work at the Bank;
 - ii. To leave early from the Bank; or
 - iii. To be interrupted with telephone calls, visitors, letter writing, etc.
 4. Employees of the Bank shall not make statements or create the impression that outside activities engaged in by such Employee are sponsored or supported by the Bank.
- f. *Conducting Business with Related Companies.* Directors, Officers, or Employees shall not conduct business on behalf of the Bank with a member of his or her family, or a business organization with which he or she or a family member has an interest or employment relationship that calls for disclosure under the Code standards described above, or that otherwise could be considered significant in terms of potential conflicts of interest, unless:
1. Such business dealings have been disclosed in writing to the Corporate Governance Committee (in the case of Directors or Officers) or to the Employee's supervisor and the Bank's Compliance Officer (in the case of other Employees); and
 2. The Corporate Governance Committee or the Employee's supervisor/Compliance Officer, as appropriate, notifies the Director, Officer or Employee that it has been determined that such transaction is permissible.
- g. *Personal Relationships.*
1. In general, Employees, Directors and Officers shall not act on behalf of Peoples Bank in any transaction or business relationship involving themselves, members of their family, or other persons or organizations in which they or their family have any significant personal connection or financial interest. These matters should be handled by an authorized unrelated employee.
 2. Employees may not engage in self-dealing or otherwise trade upon their position with Peoples Bank or accept or solicit from a client or supplier any personal benefit that is not generally available to other persons or that is made available to that employee due to their position with Peoples Bank (except in

- accordance with the Bank's Code section governing acceptance of gifts, below).
3. Negotiating with Peoples Bank on behalf of others with whom an employee has a significant connection should be avoided if there is a risk that the employee's involvement would be perceived as self-dealing or trading upon their position with the Bank.
 4. Employees have a duty to disclose any personal business relationship (i.e., purchase, sale or lease of property, loans, employment and ownership interests of themselves or immediate family members) that they have with any customer of the Bank, any applicants for credit from the Bank or any other persons with whom the Bank conducts business.
- h. *Independence of Appraisers.* An Employee of Peoples Bank SB shall not take any action or fail to take action that would compromise the independence of appraisers used by the Bank (See 12 CFR 564. See also Peoples Bank Appraisal Policy).
1. If a fee appraiser prepares an appraisal, the appraiser shall be engaged directly by the Bank or its agent and have no direct or indirect interest, financial or otherwise, in the property or transaction.
 2. The law provides protection for federal financial and public policy interest in real estate related transactions by requiring real estate appraisals used in connection with federally related transactions to be:
 - i. performed in writing,
 - ii. in accordance with uniform standards,
 - iii. by appraisers whose competency has been demonstrated and whose professional conduct will be subject to effective supervision.
 3. Certain real estate-related financial transactions may not require an appraisal.
- i. *Prior Arrangements Prohibited.* The law prohibits the Bank or its subsidiaries from granting any loan on the prior condition, agreement, or understanding that the borrower contract with any specific person or organization for the following:
1. Insurance services (as an agent, broker, or underwriter);
 2. Building materials or construction services;
 3. Legal services rendered to the borrower;
 4. Services of a real estate agent or broker; or
 5. Real estate or property management services. (See 12 USC §2607; see also 24 CFR 3500.15)
- j. *Affirmative Notification Requirement.* In the case of borrower occupied home loans, i.e., single-family or four or fewer dwelling units, the Bank or its subsidiary must notify a borrower of his/her right to freely select the person or organization rendering the insurance services:
1. Provided in writing; and
 2. Provided at or prior to the time of the written commitment to make the loan. (See 12 USC §2607; see also 24 CFR 3500.15)
- k. *Reporting to an Immediate Family Member.* Employees should not directly supervise, report to, or be in a position to influence the hiring, work assignments

- or evaluations of someone with whom they have a romantic or familial relationship.
1. *Soliciting Suppliers and Customers.* Directors, Officers and Employees shall not request donations from suppliers, customers or contractors to help pay for social functions or other Bank events.
 1. Peoples Bank desires that its suppliers and vendors understand that their business relationship with the Bank is based totally on their ability to competitively meet the Bank's business needs.
 2. Solicitations of cash, merchandise or services are not allowed because they could be perceived to create obligations in order to keep, increase or obtain Bank business.
 - m. *Fees and Honorariums.* With prior approval, Employees, Officers and Directors may give lectures, conduct seminars, publish articles in books or engage in any other similar activity for which they may be paid a fee or honorarium. However, any fees, honorariums or reimbursements must be transferred to the Bank unless written approval is given to retain them.
 - n. *Bribes and Kickbacks.* Bribes and kickbacks are criminal actions that can lead to prosecution (15 U.S.C. §§ 78dd-1, et seq.). Directors, Officers and Employees shall not offer, give, solicit or receive bribes or kickbacks.
 1. Directors, Officers or Employees shall not receive gifts, bribes, kickbacks, favors, entertainment or payments.
 - i. Directors, Officers and Employees shall not corruptly solicit or demand for benefit of any person, or corruptly accept or agree to accept, anything of value from any person, intending to be influenced or rewarded in connection with any business or transaction of the Bank (18 USC § 215).
 - ii. Directors, Officers and Employees may not seek or accept any gifts, payments, fees, services, privileges, vacations or pleasure trips (even with an apparent business purpose), loans (other than conventional loans on customary terms from lending institutions) or other favors from any person or business organization that does or seeks to do business with, or is a competitor of, the Bank.
 - iii. Directors, Officers and Employees may not accept anything of value in exchange for referral of third parties to any such person or business organization.
 - iv. Directors, Officers and Employees shall not accept cash or cash equivalents (savings bonds, stock, etc.) of any amount.
 - v. Employees, Officers, Directors shall not receive any fee, commission or other compensation of any kind in connection with the procurement of any loan from the Bank or its subsidiaries, (see 12 USC § 2601 et seq., which prohibits the payment or receipt of any fee, kickback, thing of value, or any portion, split or percentage of any charge, either directly or indirectly, by the Bank, its subsidiary, or any affiliated person of the Bank in connection with any loan on real property made by the Bank or its subsidiary

without regard to whether the loan is a Federally Related Mortgage Loan).

2. Employees, Officers and Directors and any immediate family members shall not receive any bequest or legacy from a customer of the Bank, or serve, as executor, trustee or guardian of an estate, trust or guardianship established by the customer of the Bank except if such customer is a relative of the Employee.
 - i. If the Employee is aware of the designation, such Employee must seek to have their name removed and report this information to their immediate supervisor who in turn must report it to the Bank's Compliance Officer.
 - ii. The Board of Directors may permit such a designation where the customer makes a disclosure to the Board of Directors, and the Board of Directors acknowledges the disclosure and finds no conflict of interest.
 - iii. In this context, a customer is any current, active, or past customer with whom the Bank has done business over three years.
3. Generally, there is no threat of a violation of this policy or applicable law if Directors, Officers and Employees accept:
 - i. Authorized Compensation from the Bank;
 - ii. Common courtesies or ordinary social amenities generally associated with accepted business practices for individuals and members of their families, which may include:
 - A. business lunch or dinner,
 - B. Holiday seasonal gifts of minimal value from customers or service providers.
 - iii. Gifts based upon a family or personal relationship existing independent of any business of the Bank, if the benefit is available to the general public under the same conditions on which it is available to the Director, Officer or Employee, or if the benefit would be paid for by the Bank as a reasonable expense if not paid for by another person.
4. A Director, Officer or principal shareholder of NorthWest Indiana Bancorp shall submit annual reports to the Bank detailing any related interests. (See Peoples Bank SB Regulation O Policy).
- o. *Corporate Opportunities*. Employees, Officers and Directors shall not personally take opportunities that are discovered through the use of Bank property, or are otherwise within the corporate powers of the Bank (or a subsidiary of the Bank) when the opportunity is of present or potential practical advantage to the Bank.
 1. Employees, Officers and Directors owe a duty to the Bank to advance its legitimate interests when the opportunity to do so arises.
 2. If an Employee accepts such an opportunity, the Bank or subsidiary may claim the benefit of the transaction or business and the Employee may be exposed to consequent liability.
 3. Examples of such violations include:

- i. Entering into a fee for service arrangement with a customer of the Bank that could have been performed by the Bank; or
 - ii. Referral of a customer to another loan provider for a loan that could have been provided by the Bank.
- 4. Employees may seek the informed consent of the Board of Directors.
- p. *Competition and Fair Dealing.* Employees, Officers and Directors shall not take Proprietary Information that was obtained without the owner's consent.
 - 1. Employees, Officers and Directors shall not induce such disclosures by past or present employees of other companies.
 - 2. Employees, Officers and Directors shall not take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other intentional unfair dealing practice.
 - 3. Employees, Officers and Directors shall endeavor to respect the rights of and deal fairly with the Bank's customers, suppliers, competitors and Employees.
 - 4. Peoples Bank seeks to outperform its competition fairly and honestly, through competitive advantages obtained with superior performance, and never through unethical or illegal business practices.
- q. *Political Contributions.* Directors, Officers and Employees shall not use Bank funds for contributions of any kind to any political party or committee or to any candidate for, or holder of, any office of any government, national, state or local.
 - 1. This policy is not intended to restrict in any manner the use of personal funds for political contributions.
 - 2. Such personal use of funds will not be reimbursed by the Bank under any circumstances.
- r. *Insider Trading.* Employees, Officers or Directors who have access to non-public material information are not permitted to use or share that information for stock trading purposes or for any other purpose except the conduct of Bank business.
 - 1. All non-public information about the Bank should be considered confidential information.
 - i. Use of non-public information for personal financial benefit or to "tip" others who might make an investment decision on the basis of this information is not only unethical but is a violation of federal securities laws and can result in civil and criminal penalties (See NorthWest Indiana Bancorp Insider Trading Policy; see also 15 USC §78u-1, 15 USC §78ff).
 - ii. In these instances where Employees, Officers or Directors have such information, they shall refrain from buying or selling or encouraging others to buy or sell the Bank's securities or securities of another company, as the case may be, until the information has been disclosed to the general public.
 - 2. Regulation "Blackout Trading Restrictions" (BTR) prohibits insider trading of Company stock during a blackout period. Employees, Officers or Directors with any questions about the appropriateness of purchasing or selling a security under these circumstances should contact the Bank's General Counsel

(See NorthWest Indiana Bancorp Insider Trading Policy; See also SEC Regulation BTR, 17 CFR 245) .

3. Directors and certain Executive Officers are subject to additional obligations and reporting requirements under federal securities laws.
 - i. All such persons must notify the General Counsel prior to placing the trade to ensure the appropriateness of the trade and to prepare necessary reporting forms.
 - ii. All such persons must report to the SEC the purchase or sale of Company stock by themselves or an immediate family member within 48 hours of settlement of the trade pursuant to an SEC Form 4.
 - iii. All such persons must file an SEC Form 144 when selling Bank stock.
- s. *Key Points.* Conflicts of interest are prohibited as a matter of Bank policy, except where approved by the Corporate Governance Committee.
 1. Any Officer or Director who becomes aware of a conflict or potential conflict shall bring it to the attention of the Corporate Governance Committee. If any Officers or Directors have a question, they may consult with the Corporate Governance Committee.
 2. Any Employee, who becomes aware of a conflict or potential conflict, shall bring it to the attention of their immediate supervisor and the Bank's Compliance Officer.
 - i. If any Employees have a question about their own conflict of interest, they may consult with their immediate supervisor.
 - ii. If any Employees have a question about another employee's conflict of interest, they should consult with the Bank's Compliance Officer.
 3. Alternatively, any Officer, Director or Employee may anonymously report potential violations via the Ethics and Compliance Hotline program as described below in the Section of this Code entitled "REPORTING ILLEGAL OR UNETHICAL BEHAVIOR."

VI. DISCRIMINATION AND HARASSMENT

- a. *Bank Commitment.* Peoples Bank is firmly committed to providing equal opportunity in all aspects of employment and will not tolerate any illegal discrimination or harassment of any kind.
 1. The diversity of the Bank's work force and management is a tremendous asset.
 2. Examples of discriminatory or harassing behaviors may include, but are not limited to:
 - i. Derogatory comments, whether written or verbal, based on either racial or ethnic characteristics; or
 - ii. Unwelcome sexual advances. (See Peoples Bank SB Employee Handbook; see also Peoples Bank SB Anti-Harassment Policy).

VII. HEALTH AND SAFETY

- a. *Safety.* The Company strives to provide a safe and healthful work environment. Everyone has a responsibility for maintaining a safe and healthy workplace by:
 1. following safety and health rules and practices; and
 2. reporting accidents, injuries and unsafe equipment, practices or conditions.
- b. *No Violence.* Violence and threatening behavior are not permitted.
- c. *No Intoxication.* Employees should report to work in condition to perform their duties, free from the influence of illegal drugs or alcohol. The use of illegal drugs in the workplace will not be tolerated. (See Peoples Bank SB Employee Handbook; see also Peoples Bank SB Alcohol and Drug-Free Workplace Policy; see also Peoples Bank SB Anti-Harassment Policy).

VIII. FULL, FAIR, ACCURATE, TIMELY AND UNDERSTANDABLE DISCLOSURE

- a. *All Communications.* Employees, Officers or Directors shall provide full, fair, accurate, timely, and understandable disclosures in all reports and documents that the Bank files with or submits to the SEC, as well as in all other public communications made by the Bank.
 1. All Officers, Directors and Employees shall comply with these controls and procedures to promote full, fair, accurate, timely, and understandable disclosures by the Bank.
 2. The Risk Management Committee shall oversee as necessary disclosure controls and procedures and internal controls for financial reporting.
 3. The Disclosure Committee shall meet on a regular basis consistent with Peoples Bank SB's Disclosure Controls and Procedures.
 - i. The Disclosure Committee shall, among other things, review SEC filings, including:
 - A. The quarterly 10-Q;
 - B. The annual 10-K;
 - C. Annual Reports;
 - D. Proxy Statements;
 - E. Press releases providing financial information; and
 - F. Correspondence broadly disseminated to shareholders or analysts. (See Peoples Bank SB's Disclosure Controls and Procedures.)

IX. RECORD-KEEPING

- a. *Honesty and Accuracy.* The Bank requires honest and accurate recording and reporting of information in order to make responsible business decisions.
 1. Only the true and actual number of hours worked should be reported.
 2. Business expense accounts must be documented and recorded accurately.
 3. If an Employee is not sure whether a certain expense is legitimate, they may ask their immediate supervisor.

- b. *Records Maintained.* All of the Bank's books, records, accounts and financial statements must be maintained in reasonable detail, must appropriately reflect the Bank's transactions, and must conform both to applicable legal requirements and to the Bank's system of internal controls.
- c. *Unrecorded Funds.* Unrecorded or "off the books" funds or assets should not be maintained unless permitted by applicable law or regulation.
- d. *Reputational Risk.* Business records and communications often become public.
 - 1. Employees shall avoid exaggeration, derogatory remarks, guesswork, or inappropriate characterizations of people and companies that could be misunderstood.
 - 2. This applies equally to e-mail, internal memos, and formal reports.
- e. *Record Retention.* Records should always be retained or destroyed according to the Bank's record retention policies.
- f. *Litigation.* In the event of litigation or governmental investigation, all Employees, Directors and Officers shall consult the Bank's General Counsel.

X. CONFIDENTIAL AND OTHER SENSITIVE INFORMATION

- a. *Confidentiality.* Employees, Officers and Directors shall maintain the confidentiality of all Nonpublic Personal Information, sensitive information entrusted to them by the Bank or its customers, or any information that is otherwise confidential, except when disclosure is authorized by the Bank's Compliance Officer, General Counsel, or is otherwise legally mandated by laws or regulations.
 - 1. Confidential information includes all non-public information.
 - 2. Sensitive information includes all information for which there is an expectation of privacy and the disclosure of which may negatively impact the reputation of the Bank.
 - 3. The Bank's books, records and files are the property of the Bank.
 - i. Employee access to such material is privileged and confidential and is allowable only upon the approval of the Employee's supervisor.
- b. *Bank Property.* Any Bank information created in the course of employment or service belongs to the Bank.
 - 1. Such information can only be used in the best interests of the Bank.
 - 2. Employees cannot use such information for their own interest or the interests of any person other than the Bank.
- c. *Obligation to Safeguard.* Employees, Officers and Directors who have access to confidential information and other sensitive information are obligated to safeguard it from unauthorized access, and:
 - 1. Not disclose this information to persons outside the Bank:
 - i. Exercise caution when discussing Company business in public places where conversations can be overheard.
 - ii. Recognize the potential for eavesdropping on cellular phones.
 - 2. Not use this information for personal benefit or the benefit of persons outside of the Bank.

3. Not share this information with other Employees except on a legitimate "need to know" basis.
- d. *Obligations Survive Employment.* The obligation to preserve confidential information continues even after employment or service ends. Upon retirement or termination of employment or service, all written and tangible proprietary, confidential information and all other sensitive information must be returned to the Bank prior to or on an Employee, Officer or Director's last day of employment or service (Federal Right to Financial Privacy Act of 1978 codified at 12 U.S.C. § 3401 et seq., Federal Reserve Board Regulation S, the Gramm-Leach-Bliley Act codified at 15 U.S.C. 6801 et seq; IC 5-14-3, et seq. See also Peoples Bank SB Privacy Policy; Employee Handbook; Compliance Policy & Program; Customer Information Security Program).

XI. PROTECTION AND PROPER USE OF COMPANY ASSETS

- a. Bank assets shall not be used for non-Bank business, unless otherwise authorized, though incidental personal use may be permitted.
 1. All Employees, Officers and Directors should endeavor to protect the Bank's assets and ensure their efficient use.
 2. Theft, carelessness, and waste have a direct impact on the Bank's profitability.
 3. Any suspected incident of fraud or theft should be immediately reported for investigation as described below in the Section of this Code entitled "REPORTING ILLEGAL OR UNETHICAL BEHAVIOR."

XII. BUSINESS COMMUNICATIONS

- a. *Business Communication Systems.* The Bank's Business Communications Systems are provided solely for the conduct of business at the Bank.
 1. Among the purposes of such technology are greater ease and efficiency of internal and external business communications.
 2. Misuse of such technology could have significant adverse consequences for the Bank or its customers.
- b. *Consequences of Violations.* Violations of this policy may result in disciplinary action, up to and including discharge, and potential civil or criminal liability, depending on the facts and circumstances.
- c. *Business Use Only.* Non-business use of the Bank's Business Communications Systems is prohibited.
 1. Examples of prohibited non-business uses include, without limitation, solicitation for or communication on behalf of or in support of commercial ventures, or outside organizations, or any other non-job related solicitations or communications.
 2. While minor exceptions are permitted from time to time, such as electronic communication to family, the system is provided for business purposes and should be used accordingly.

- i. Employees should not use the Bank's mailing address for personal mail.
 - ii. In the event that any employee has personal mail sent to the Bank mailing address, the Bank cannot be responsible for the confidentiality or safekeeping of said items.
 - 3. Personal commercial uses of the Bank's Business Communications Systems that are not part of the business of the Bank are prohibited.
- d. *No Expectation of Privacy*. Electronic Communications using the Bank's Business Communications Systems are the property of Peoples Bank, and users have no personal privacy or property interests in communications received and sent.
 - 1. There should be no expectation that the contents of any message received or sent is confidential from the Bank.
 - i. Accordingly, the fact that access to the Bank's computer or phone systems may be password-protected does not indicate that the communications are in any way regarded as private.
 - ii. Although email may allow the uses of passwords for security, confidentiality is not guaranteed.
 - iii. All passwords are known to the Bank as the system may need to be accessed by the Bank under certain circumstances.
 - iv. Even when an Electronic Communication is erased, it may still be possible for others to retrieve and read that Electronic Communication.
 - 2. The Bank has the capability and reserves the right, *without further notice*, to monitor the use of its Business Communications Systems, including email and Internet access, to ensure compliance with this policy.
 - i. Electronic Communications are accessible to the Bank at all times including periodic unannounced inspections.
 - ii. All Electronic Communications are subject to use, access, monitoring, review, recording and disclosure without further notice.
 - iii. The Bank has the capability and reserves the right to review, audit, intercept, access and disclose all messages or materials created, received or sent over the Business Communications Systems for any purpose.
 - iv. The contents of any computer file, e-mail message, voice mail message or Internet use properly obtained for legitimate business purposes, may be disclosed without the permission of the employee.
 - v. Due to the liability that the Bank could be exposed to if its resources were used to access illegal or inappropriate materials, email may be periodically monitored for inappropriate material.
 - vi. All equipment, user accounts, and programs owned by the Bank may be subject to review by Bank personnel with approval of or at the request of management.

- e. *Discretion.* The Bank strongly encourages employees to exercise discretion and judgment regarding the frequency, distribution, and content of Electronic Communications.
 - 1. The ease and informality of Electronic Communications may affect one's judgment about what is proper.
 - 2. As a general rule, one should apply the same standards of tone or content to Electronic Communications as to a letter.
- f. *Prohibited Communications.* Electronic Communications, whether internal or external, that are offensive, defamatory, or in any way inappropriate are not permitted. Examples of unacceptable conduct include, but are not limited to:
 - 1. sexual comments or images,
 - 2. racial slurs,
 - 3. gender-specific comments, or
 - 4. any comments or images that could reasonably offend someone based on race, age, sex, religious beliefs, national origin, disability, sexual orientation, genetic information, veteran status or any other characteristic protected by law.
- g. *Other Online Conduct to Avoid.* Internet connections shall be limited to those sites applicable to Bank business during normal business hours.
 - 1. Accessing sites containing sexually explicit or pornographic material, illegal activities, or gambling is prohibited at any time.
 - 2. Other conduct that may result in discipline, up to and including termination, includes:
 - i. Using the Bank's time and resources for personal gain;
 - ii. Stealing, using or disclosing someone else's code or password;
 - iii. Copying, pirating or downloading software and electronic files without permission;
 - iv. Sending or posting confidential material, trade secrets, or Proprietary Information outside of the Bank;
 - v. Violating copyright and/or trademark law and/or failing to observe licensing agreements;
 - vi. Engaging in unauthorized transactions that may incur a cost to the Bank or initiate unwanted Internet services, charges, or transmissions;
 - vii. Sending or posting messages or material that could damage the Bank's image or reputation;
 - viii. Sending or posting messages that defame or slander other individuals;
 - ix. Attempting to break into the computer system of another organization or person;
 - x. Refusing to cooperate with a security investigation;
 - xi. Sending or posting chain letters, solicitations, communications, or advertisements not related to business purposes or activities;
 - xii. Jeopardizing the security of the Bank's Business Communications Systems;

- xiii. Sending or posting messages that disparage another organization's products or services;
 - xiv. Passing off personal views as representing those of the Bank;
 - xv. Sending anonymous email messages for reasons unrelated to reporting violations of this Code;
 - xvi. Disclosing/posting confidential and non-public personal customer information; or
 - xvii. Engaging in any illegal activity.
- h. *No Sharing Passwords.* Employees shall not share any log-on or password information:
- 1. with other Employees; or
 - 2. with anyone outside of the Bank.
- i. *Software Usage.* The Bank provides Employees, Officers and Directors with software that will enable them to carry out their job duties effectively. The Bank requires that Employees, Officers and Directors use the software provided.
- j. *Software Duplication Prohibited.* Any duplication of licensed software, except for back-up and archival purposes, is prohibited unless express advance approval to make a copy is provided by the Bank in accordance with its licensing agreement.
- 1. Any person who illegally reproduces software is subject to civil and criminal penalties including fines and imprisonment.
 - 2. An Employee found to have copied software without authorization may be subject to termination.

XIII. SOCIAL NETWORKING

- a. *Application.* The Bank recognizes that social media, professional networking sites, rapid-fire communications, blog sites, and personal websites can be useful technologies. Every Employee has an opportunity to express and communicate online in many ways. While this creates new opportunities for communication and collaboration, it also creates new responsibilities for Employees. This policy applies to all online communications, including but not limited to:
- 1. Personal blogs;
 - 2. LinkedIn;
 - 3. Twitter;
 - 4. Instagram;
 - 5. Facebook;
 - 6. MySpace;
 - 7. Personal Web sites; and/or
 - 8. Wikis such as Wikipedia and any other site where text can be posted.
- b. *No Social Networking at Work.* Consistent with the Bank's guidelines outlined above, Employees shall use the Business Communications Systems for legitimate business purposes, and personal networking will not take place while at work at the Bank.
- 1. The on-line activity of Employees, Officers and Directors both on and off duty can have legal implications for both that individual and the Bank.

2. Employees are prohibited from accessing social media sites, while at work or from any equipment controlled by the Bank without the prior approval of their supervisor and IT.
- c. *Prohibited Communications.* Employees, Directors and Officers shall not disclose any information that is confidential or proprietary to the Bank, or to any third party that has disclosed information to the Bank.
1. Employees, Directors and Officers are prohibited from the disclosure of non-public information regarding Bank customers, including but not limited to:
 - i. Name;
 - ii. Address;
 - iii. Account number;
 - iv. Balance of account; and
 - v. Disclosure that someone is a customer of the Bank.
 2. Employees, Directors and Officers shall not disclose any information that is considered to be the Bank's Proprietary Information.
 3. Employees, Directors and Officers shall not discuss Bank products or services.
 - i. Such discussions would be further actionable if an Employee, Officer or Director fails to disclose their employment relationship with the Bank.
 - ii. Enforcement actions by the Federal Trade Commission (FTC) can be brought in such instances.
 4. Employees are prohibited from providing any business references for any current or former Employee on social media sites. All such requests should be referred to Human Resources for verification.
 5. Employees, Directors and Officers are legally responsible for the content of their own postings. The following, while prohibited by this Code, may also subject the responsible individual to personal liability:
 - i. Making posts that are found to be defamatory, harassing, or in violation of any other applicable law.
 - ii. Making posts which include confidential or copyrighted information (music, videos, text, etc.) belonging to third parties.
 6. This Code Section is not intended to interfere with Employees' exercise of their rights to engage in legally protected activities or communicate regarding their wages, benefits or the terms and conditions of their employment.
- d. *Personal Use of Social Media.* When posting their own personal point of view, Employees, Officers and Directors shall neither claim nor imply that they are speaking on the Bank's behalf, unless they have been authorized in writing to do so. If Employees, Officers and Directors comment on or write about any aspect of the Bank's business or any policy issue in which the Bank is involved, they shall clearly identify themselves as a Bank employee and include a disclaimer that the views are their own and not those of the Bank.
1. Common sense is the best guide if Employees decide to post information in any way relating to the Bank.

2. If any Employee is unsure about any particular posting, they may contact the Bank's General Counsel for guidance.
- e. *Bank's Right to Monitor.* The Bank reserves the right to regularly monitor Employee social networking activities to detect violations of the Bank's policies and applicable laws.
 1. The Bank reserves the right, in its sole discretion, to take disciplinary action against any Employee if his or her social networking activity violates any of the Bank's policies.
 2. Nothing in this Code is intended to interfere with Employees' exercise of their rights to engage in legally protected activities or communicate regarding their wages, benefits or the terms and conditions of their employment.
- f. *Abide by Bank Policy.* Any Employee who engages in social networking activity must abide by all of the Bank's policies and procedures that include, without limitation:
 1. This Code;
 2. The Peoples Bank SB Privacy Policy;
 3. The Peoples Bank SB Employee Handbook;
 4. The Peoples Bank SB Compliance Policy & Program;
 5. The Peoples Bank SB Customer Information Security Program;
 6. The Peoples Bank SB Anti-Harassment Policy; and
 7. The Peoples Bank SB Social Networking Guidelines

XIV. PROPRIETARY INFORMATION

- a. *Obligation to Protect.* Employees, Officers and Directors have an obligation to protect the Bank's assets, including its Proprietary Information.
 1. Unauthorized use or distribution of this Proprietary Information may:
 - i. destroy the information's value;
 - ii. harm the Bank's competitive position;
 - iii. constitute breaches of agreements; and/or
 - iv. it could also be illegal and result in civil or even criminal penalties.
- b. *Guidelines.* The Bank's guidelines for treatment of Proprietary Information are:
 1. Proprietary Information should be discussed with Employees only on a "need-to-know" basis.
 2. Unless someone with proper authority decides publicly to disclose Proprietary Information, disclosures to anyone outside the Bank should occur only in conjunction with an executed confidential disclosure agreement prepared or reviewed by the Bank's General Counsel.
 - i. Employees shall remain alert to inadvertent disclosure of Proprietary Information, e.g., in social conversations or normal business relations with suppliers, customers and others.
 3. Employees shall not accept Proprietary Information from third parties unless such information is subject to a written confidentiality agreement prepared or reviewed by the Bank's General Counsel.

4. While Employees must remain alert to the competitive environment and seek information with respect to the Bank's markets and its competitors, Employees must do so only by means that are lawful and ethical.
 - i. Employees, Officers and Directors shall never participate in illegal or improper acquisition of another's Proprietary Information.
 - ii. If any such person is approached with offers of such information, or with any information believed to have originated illegally or improperly, they must immediately refer the matter to the Company's General Counsel. (See Section X, CONFIDENTIAL AND OTHER SENSITIVE INFORMATION.)

XV. PAYMENTS TO GOVERNMENT PERSONNEL

- a. *Foreign Countries.* No Employee shall make illegal payments to government officials of any country. The U.S. Foreign Corrupt Practices Act prohibits giving anything of value, directly or indirectly, to officials of foreign governments or foreign political candidates in order to obtain or retain business. (See 15 U.S.C. § 78dd-1).
- b. *Federal Employees.* No Employee shall make illegal payments to U.S. government officials.
 1. The U.S. government has a number of laws and regulations regarding business gratuities that may be accepted by U.S. government personnel (See, eg. 48 CFR 1203; 48 CFR 2803, et seq.).
 2. The promise, offer or delivery to an official or employee of the U.S. government of a gift, favor or other gratuity in violation of these rules would not only violate Bank policy but could also be a criminal offense.
- c. *State Employees.* No Employee shall make illegal payments to State government officials. (See, e.g. 40 IAC 2-1-1).
- d. *Guidance of General Counsel.* The Bank's General Counsel can provide additional guidance as necessary.

XVI. WAIVERS OF THE CODE OF BUSINESS CONDUCT AND ETHICS

- a. *Waivers for Officers and Directors.* Any and all waivers of this Code for Officers or Directors may be made only by the Corporate Governance Committee and will be promptly disclosed to the Bank's shareholders, as required by governing laws, rules and/or regulations.
 1. The Bank will report changes to this Code and/or waivers by filing a Form 8-K with the SEC.
- b. *Waivers for Employees.* Waivers of this Code for Employees should be authorized by their immediate supervisor with notice to the Bank's Compliance Officer and General Counsel.

XVII. REPORTING ILLEGAL OR UNETHICAL BEHAVIOR

- a. *Reporting of Violations.* All Employees, Officers and Directors should report violations of laws, regulations, rules, or this Code.
 1. It is the Bank's policy not to allow discipline, reprisal, intimidation or retaliation for reports of misconduct by others made in good faith by Employees, Officers and Directors.
 2. All Employees, Officers and Directors are expected to cooperate in internal investigations of misconduct.
- b. *Required Reporting of Violations.* Employees have a right, and at times a legal obligation, to call the Bank's attention to situations in which legal or Bank Policy violations have occurred. Failure to make such a report is a violation of this Code and may subject Employees to disciplinary action up to and including termination.
- c. *Bank Assistance.* Employees, Officers and Directors are encouraged to talk to supervisors, managers or other appropriate personnel, including the Bank's Compliance Officer, General Counsel or the Senior Vice President for Human Resources, for circumstances including, but not limited to:
 1. observed illegal behavior;
 2. observed unethical behavior; or
 3. when an Employee is in doubt about the best course of action in a particular situation
- d. *Supervisory Violators.*
 1. If a supervisor is a violator, Employees may contact the next supervisor in the chain of command and the Bank's General Counsel.
 2. If the General Counsel is the violator, Employees may contact the Bank's CEO.
 3. If the President and CEO is the violator, Employees may contact the Bank's General Counsel.
- e. *Anonymous Reports.* As an alternative to reporting to the Officers and Employees enumerated above, Employees, Officers and Directors may anonymously report potential violations via Peoples Bank SB's Complaint Reporting Policy, which shall include instructions on Employee access to an anonymous Compliance Hotline (Toll Free Hotline 1-800-727-3217). (See Peoples Bank SB Complaint Reporting Policy).
- f. *Potential Effects of Reporting.* The following include some potential effects of reporting violations of any applicable law, rule or regulation, this Code or other Bank Policies, applied equally across the Bank, its service corporation and its subsidiaries:
 1. Employees may make reports anonymously, but those who choose to identify themselves are assured that they will not suffer disciplinary or retaliatory action.
 2. Upon receipt of a concern, the Bank's CEO may authorize the Compliance Officer or General Counsel to initiate an investigation and report the results of said investigation to the Bank's CEO for appropriate disciplinary action.

3. Anyone violating the Code may be subject to disciplinary action up to and including termination of employment.
4. In instances of a concern regarding an Officer or Director of the Company, the CEO shall report to the Corporate Governance Committee.
5. The Corporate Governance Committee shall authorize and direct an investigation of the concern and take any disciplinary action in response as they deem appropriate.
6. In special cases, the Bank may be obligated to refer violations to appropriate law enforcement officials.
7. The CEO of the Bank or the Compliance Officer must notify the Bank's Board of Directors concerning any Suspicious Activity Reports (SARs) and Other Reports and Statements filed not later than its next regularly scheduled meeting following the filing of the report (see 12 CFR 563.180).
8. Confidentiality will be maintained to the extent possible in light of the duty to fully investigate any report of improper conduct in the Bank.

XVIII. COMPLIANCE STANDARDS AND PROCEDURES

- a. *Interpretation.* The Bank's Compliance Officer is responsible for giving guidance on interpreting and applying the Code when questions arise. Exceptions to this Code provision arise when guidance from the Bank's General Counsel is specified in the Code, or questions arise about the legal impact of an action.
- b. *Reports of Non-Compliance.* The Bank's Compliance Officer and/or General Counsel are resources for any Employee, Officer or Director to report suspected instances of violations of law or improper conduct in the Bank. Any Employee, Officer or Director who is concerned that another Employee, Officer or Director has violated or may violate any law or Code standard may report this concern in accordance with the Section of this Code entitled REPORTING ILLEGAL OR UNETHICAL BEHAVIOR.
- c. *Audits.* The Bank's Compliance Officer and the Internal Auditor will monitor compliance with the Code.
 1. Everyone must cooperate fully with these reviews and provide truthful and accurate information.
 2. Results of all such reviews will be reported to the CEO and the Corporate Governance Committee.
- d. *Request for Exception.* While some standards in the Code require strict application, others do allow exceptions.
 1. Minor conflicts of interest may be resolved by disclosing the conflict to all interested parties.
 2. Employees who believe they merit an exception should first contact their immediate supervisors.
 3. If an immediate supervisor agrees that an exception is warranted, he or she may forward a request for exception to the Bank's Compliance Officer

and General Counsel, which shall be responsible for reviewing it and offering approval or disapproval.

4. Officers and Directors who believe they merit an exception should contact the Corporate Governance Committee.
- e. *Non-Exclusivity*. While the Code standards are extensive, they are by no means exhaustive. Nothing expressed or implied in the Code can represent all the policies and procedures the Bank believes its Employees, Officers and Directors should follow.
- f. *Suspected Violations*. If Officers, Employees or Directors suspect that a violation of the law or the Code has taken place or may take place, they should keep the following guidelines in mind:
 1. An Employee should make sure they have all the facts. In order to reach the right solutions, the Bank must be as fully informed as possible.
 2. The Employee should ask him or herself: What specifically am I being asked to do? Does it seem unethical or improper? This will enable the Employee to focus on the specific questions he or she is faced with, and the alternatives he or she has. An Employee should use his or her judgment and common sense; if something seems unethical or improper, it probably is.
 3. An Employee should clarify his or her responsibility and role. In most situations, there is shared responsibility. Are the Employee's colleagues informed? It may help to get others involved and discuss the problem.
 4. Employees may discuss the problem with their supervisor or, for Officers and Directors, the Corporate Governance Committee. This is the basic guidance for all situations. In many cases, they will be more knowledgeable about the question, and will appreciate being brought into the decision-making process.
 5. Seek help from Bank resources. In the rare case where it may not be appropriate to discuss an issue with their supervisor, or where Employees do not feel comfortable approaching their supervisor with a question, they may discuss it with the Bank's Compliance Officer or the Senior Vice President for Human Resources.
 6. Employees may report ethical violations in confidence and without fear of retaliation. If a situation requires that an Employee's identity be kept secret, his or her anonymity will be protected. The Bank does not permit discipline, reprisal, intimidation or retaliation of any kind against Employees for good faith reports of ethical violations.
- g. *Customer Inquiry Procedures*. Any inquiries or complaints by customers regarding account discrepancies, irregular activity, statements not received or unusual transaction history reported to an Employee shall be forwarded to the Internal Auditor and investigated by the Banking Center Manager or department head that received the customer inquiry.
 1. This initial report should contain the date of the inquiry, customer name, account number and description of the inquiry.
 2. The Internal Auditor will also review the matter when notified and may investigate the matter to the extent deemed appropriate.

3. The department head or manager investigating the inquiry will document the details of their findings and the recommended resolution.
4. This documentation should be forwarded to the Internal Auditor for review prior to reporting the resolution to the customer.
5. The Internal Auditor will authorize disclosure of the resolution to the customer by the department head or manager.
6. Typical daily inquiries of overdrafts, rate changes, phone or address changes do not require a resolution report to the Internal Auditor.

Appendix A: Examples of Unacceptable Conduct

Employee A of Peoples Bank solicits a payment from a real estate broker who wants to secure a home mortgage loan from the Bank for his clients. Employee A tells the broker that the chances of his clients getting the loan will be better if he makes the payment to Employee A.

Employee B of Peoples Bank offers a fee appraiser used by the institution a monetary reward if the appraiser writes the appraisal on a piece of real estate in a certain way to ensure that the Bank will make the loan on the property.

(Paid or Made by Company Directors, Officers or Employees)

You should be aware that it is a violation of law to confer benefits on an employee of another company if it is made without such person's employer's consent or knowledge and with intent to influence such person's conduct in relation to the affairs of the employer. A Director, Officer or Employee of the Bank will violate the law and this policy if they corruptly give, offer, or promise anything of value to any person, with intent to influence or reward a Director, Officer, Employee, agent or attorney of the Bank in connection with any business or transaction of the institution. See 18 USC 215. The making of seasonal gifts at holiday time is generally not considered to be a violation of this policy; however, at no time may cash or cash equivalents (savings bonds, stock, etc.) be issued as gifts.

You may dispense common courtesies or ordinary social amenities generally associated with accepted business practices if they meet all the following criteria:

1. There is a specific business purpose.
2. They are of limited value, and in a form that will not be construed as a bribe or pay-off.
3. They are not in contravention of applicable law (see above) and generally accepted ethical standards.
4. Public disclosure of the facts will not embarrass the Bank or the Director, Officer or Employee.

Secret commissions or other secret compensation or payments are never permissible and may be a criminal offense.

(See Section 12, Payments to Government Personnel, for a description of the Bank's policy on gifts and other payments to governmental employees.)

Appendix B: Examples of Acceptable Conduct

Acceptance of gifts, gratuities, amenities or favors based on obvious family or personal relationships when the circumstances make it clear that the motivating factor is not Bank business.

Accept meals, refreshments, travel arrangements or accommodations or entertainment, all of reasonable value, in the course of a meeting or other occasion, the purpose of which is to hold bona fide business discussions or to foster better business relations provided that the expense would be paid for by the Bank as reasonable expense if not paid for by another party.

Accept loans from other financial institutions on customary terms offered to the general public to finance property and usual activities of Employees, such as home mortgage loans except where prohibited by law.

Accept gifts of reasonable value related to commonly recognized events or occasions, such as promotion, new job, wedding, retirement, etc.