

**NORTHWEST INDIANA BANCORP  
PEOPLES BANK SB  
CORPORATE GOVERNANCE GUIDELINES**  
(Adopted December 22, 2017)

These corporate governance guidelines set forth the functions, composition, committees and operations of the Board of Directors (“Board”) and are designed to form the framework for governance of NorthWest Indiana Bancorp (“NWIN”) and Peoples Bank SB (“Peoples Bank”); collectively, NWIN and Peoples Bank are referred to as the “Company”).

The Board recognizes that governance principles will continue to evolve in the future and that the Board continually will review and revise them from time to time in light of changing circumstances.

### *Functions of the Board*

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#### **Criteria for composition of the Board, selection of new directors**

Setting the criteria for composition of the Board and the selection of new directors are Board functions. In fulfilling its responsibilities, the Nominating and Corporate Governance Committee, in consultation with the Chairman and Chief Executive Officer, annually reviews the criteria for composition of the Board and evaluates potential new candidates for Board membership. The Nominating and Corporate Governance Committee then makes recommendations to the Board. Upon approval, the Chairman, Chief Executive Officer and the Chair of the Nominating and Corporate Governance Committee shall coordinate extending the invitation to each new Board member who, following acceptance of the position, shall stand for election at the next regularly scheduled annual shareholder meeting.

In general, the Board wishes to balance the needs for professional knowledge, business expertise, varied industry knowledge, financial expertise, and executive-level business management experience, with a goal of having a diverse Board membership.

Each candidate nominated to serve on the Board shall satisfy the following criteria (the “Minimum Criteria”) together with such other criteria as shall be established by the Nominating and Corporate Governance Committee:

- such nominee shall satisfy any legal requirements applicable to members of the Board;
- such nominee shall be free from any conflict of interest that would interfere with his or her ability to properly discharge the nominee’s duties as a director or would violate any applicable law or regulation;
- such nominee must not be on the board of any other bank, savings and loan, credit union, or similar entity, or their respective holding company;
- such nominee shall have business or professional experience that will enable such nominee to provide useful input to the Board in its deliberations;
- such nominee shall have a willingness and ability to devote the time necessary to carry out the duties and responsibilities of Board membership, taking into account memberships on other boards and other responsibilities and commitments;

- such nominee shall have a desire to ensure that the Company's operations and financial reporting are effected in a transparent manner and in compliance with applicable laws, rules and regulations;
- such nominee shall have a dedication to the representation of the best interests of the Company and its shareholders;
- such nominee shall have a reputation, in one or more of the communities serviced by the Company and its subsidiaries, for honesty and ethical conduct;
- such nominee shall have a working knowledge of the types of responsibilities expected of members of the board of directors of a public corporation and particularly, a bank holding company;
- such nominee shall have experience, either as a member of the board of directors of another public or private entity (including non-profits) or in another capacity, that demonstrates the nominee's capacity to serve in a fiduciary position;
- such nominee shall recognize and fulfill his/her fiduciary responsibility as a representative of the shareholders in the role of director;
- such nominee shall have a working knowledge of the business, economic, social, charitable and professional attributes of the communities serviced by the Company and its subsidiaries;
- such nominee shall have a willingness and ability to meet the stock ownership requirements of a member of the Company's Board; and
- such nominee shall satisfy the qualifications of directors as set forth in the Company's Articles and By-Laws, as amended or restated from time to time.

### **Assessing the Board's performance**

The Nominating and Corporate Governance Committee annually reviews and reports to the Board on the performance of the Board as a whole with a view to increasing the effectiveness of the Board.

### **Formal evaluation of the Chairman and the Chief Executive Officer**

The Board, led by the Compensation and Benefits Committee Chairperson, makes an evaluation of the Chairman and the Chief Executive Officer at least annually. This will normally be in connection with a review of executive officer annual compensation.

### **Succession planning and management development**

The Board considers succession planning for the Board at least annually. The Board considers succession planning for management at least annually with the Chairman and the Chief Executive Officer. Generally, the Compensation and Benefits Committee considers executive officer development, including a review of their community and professional activities, in preparation for discussion by the full Board.

### **Strategic reviews**

The Board shall engage in discussions on strategic issues and ensure that there is sufficient time devoted to director interchange on these subjects. Generally, the Strategic Planning Committee shall prepare for and lead the discussions on these subjects.

## **Board and management compensation review**

The Compensation and Benefits Committee makes periodic recommendations to the Board regarding director compensation based on comparisons with relevant peer groups.

Except as authorized by the Board, non-management directors receive no compensation from the Company other than their Board compensation. Officer-directors receive no separate compensation for their Board service.

Compensation of officer-directors is approved by the independent directors of the Board based on the recommendations of the Compensation and Benefits Committee. Compensation of senior management, other than officer-directors, is determined by the Chief Executive Officer and approved by the independent directors of the Board based on the recommendations of the Compensation and Benefits Committee. The Compensation and Benefits Committee is authorized to administer the Company's equity incentive compensation programs with such actions approved by the independent directors of the Board based on the recommendations of the Compensation and Benefits Committee.

## **Non-Delegable Actions of the Board**

The Company's Board may delegate responsibility for certain actions within the scope of the Board's authority to the extent such delegation is permissible by applicable law and the Articles and By-Laws. Any such matters delegated to a committee of the Board must be within the scope of authority granted to such committee in its charter. Notwithstanding any such delegation, the Board shall remain responsible for such actions and the committees and/or persons to whom such actions have been delegated shall report the status of such matters to the Board from time to time as directed by the Board. However, the Company believes that the following matters may not be delegated outside the Board and must be addressed by the Board as a whole:

- any matter which is required by the Company's Articles, By-laws and applicable law to be acted upon by the Board, such as amendments to the Company's articles of incorporation, adopt, amend, or repeal By-law provisions, filling vacancies on the Board or any of its committees, issuances of shares (other than approved equity incentive programs), share repurchases and declarations of dividends;
- any exception to the Company's Code of Conduct; and
- any acquisition or disposition of a subsidiary or affiliate company.

## *Board Composition*

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### **Size and composition of the Board**

According to the ByLaws for both NWIN and Peoples Bank, the Board is to consist of eleven (11) directors. However, the quality of the individuals serving and the overall balance of the Board is more important than the precise number of members. The Nominating and Corporate Governance Committee annually reviews the size of the Board, and these considerations could lead the Nominating and Corporate Governance Committee to recommend to the Board, from

time to time, a smaller or larger Board, subject to the limitations contained in the respective articles of incorporation of NWIN and Peoples Bank. A majority of directors will be independent directors under NASDAQ's independence standards.

### **Definition of independence**

**Independence determinations.** The Board may determine a director to be independent if the Board, through the Nominating and Corporate Governance Committee, annually determines that the director satisfies the independence criteria as established by the NASDAQ listing rules.

**Relationship to an entity.** The relationship between the Company and an entity will be considered in determining director independence where a director serves as an officer of the entity or, in the case of a for-profit entity, where the director is a general partner of or owns more than 5% of the entity. Such relationships will not be deemed relevant to the independence of a director who is a non-management director or a retired officer of the entity unless the Board determines otherwise.

**For-profit entities.** Where a director is an officer of a for-profit entity that is a customer of the Company, whether as borrower or otherwise, the financial relationship between the Company and the entity will not be deemed material to a director's independence if the relationship was entered into in the ordinary course of business of the Company and on terms substantially similar to those that would be offered to comparable counterparties in similar circumstances.

**Banking and other financial services.** The Company provides banking services, extensions of credit and other financial services in the ordinary course of its business through its subsidiary, Peoples Bank SB. The Sarbanes-Oxley Act prohibits loans to directors, as well as executive officers, except certain loans in the ordinary course of business and loans by an insured depository institution subject to Regulation O of the Board of Governors of the Federal Reserve System. Any loans to directors are made pursuant to applicable law, including the Sarbanes-Oxley Act and Regulation O. Regulation O also applies to banking relationships with certain family members of a director and to entities owned or controlled by a director. All such relationships that are in the ordinary course of business will not be deemed material for director independence determinations unless a director has an extension of credit that is on a non-accrual basis.

### **Change of job responsibility**

Directors will provide prior or substantially contemporaneous notice in writing to the Nominating and Corporate Governance Committee of any change in their occupation or any proposed service on the board of a public or private company or any governmental position.

### **Director tenure**

The Board does not believe it appropriate to institute fixed limits on the tenure of directors because the Company and the Board would thereby be deprived of experience and knowledge.

### **Retirement age**

Directors will retire from the Board effective as of the conclusion of the annual meeting following the date on which the director attains age 76. Such retirement shall occur notwithstanding the fact that such director's term may not have concluded. The Nominating and

Corporate Governance Committee may approve a waiver of the age restriction for an existing director upon determination that such director's continued service through the current term, or nomination for additional terms, is in the best interests of the Company.

### **Directors Emeritus**

Directors who retire from the Board in good standing are eligible for emeritus status, subject to the approval of the Board. Directors Emeritus serve at the pleasure of the Board and are non-voting members of the Board. Directors Emeritus are provided with a board packet monthly, and are invited to attend all board meetings, but are expected to attend quarterly board meetings and the annual meeting of shareholders.. Directors Emeritus are expected to market the Company to their contacts and to provide input on matters of importance to the Company. Director Emeritus fees are discretionary, but generally have been paid based upon the engagement and good standing of the individual directors. The fees paid to a Director Emeritus are equal to fifty percent of the fees paid to the director at the time of his/her retirement from the Board.

### **Limits on board and committee memberships**

Each person serving as a director must devote the time and attention necessary to fulfill the obligations of a director. Unless the Board determines that the carrying out of a director's responsibilities to the Company will not be adversely affected by the director's other directorships, a director will not serve on the board of more than two other public companies (neither of which shall be a bank, savings and loan, credit union, or similar entity, or their respective holding company).

### **Stock ownership requirements**

The Board has established a goal that directors own or otherwise control, at a minimum, the number of shares of Company stock equal to at least \$50,000 in market value within the first two years of their initial appointment to the Board and at least \$100,000 in market value within five years of their initial appointment to the Board. The Compensation and Benefits Committee annually will review and report this stock ownership goal to the Board.

### **Pledging of Company Securities; Hedging Prohibited**

Directors and executive officers shall notify the Nominating and Corporate Governance Committee prior to pledging Company securities. Hedging transactions involving the Company's securities by directors, officers and employees also are prohibited. (See Policy Governing the Trading of NorthWest Indiana Bancorp Stock.)

### **Clawback Policy**

The Compensation and Benefits Committee, consistent with the provisions of the applicable executive compensation plan, will seek reimbursement with respect to incentive compensation (including any equity-based compensation) paid or awarded to current or former executive officers of the Company. (See NorthWest Indiana Bancorp Executive Incentive Plan, October 2017.)

## *Board Committees*

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### **Number of Committees; reporting by committees; assignment and rotation of committee membership**

The Board as a whole is responsible for oversight of management on behalf of the Company's shareholders. The Board is assisted in its oversight function by Board committees.

The Board has the following primary committees: Compensation and Benefits, Executive, Nominating and Corporate Governance, Risk Management, Strategic Planning, and Wealth Management. The Board has allocated oversight of certain risk matters, such as the review of major financial and accounting risk exposures, to the Risk Management Committee. The number and responsibilities of committees are reviewed periodically.

Committee minutes generally will be provided to the Board at the next regularly scheduled Board meeting following a committee meeting.

Membership on the committees is reviewed periodically, but no less often than every three years, by the Nominating and Corporate Governance Committee for recommendation to the Board, in consultation with and concurrence by the Chairman, unless vacancies arise in which case additional interim director assignments may be made to the affected committee in the same manner. Each committee shall elect its own chair and may elect a co-chair. Each committee member and chair serves at the pleasure of the Board. Although there is no strict committee rotation policy, the Board considers experience on each of the committees to be valuable in developing the experience of each director and directs the Nominating and Corporate Governance Committee to consider rotation in committee assignments, as well as committee needs, director experience, interest and availability, and evolving legal and regulatory considerations.

Each of the members of the Risk Management Committee, the Compensation and Benefits Committee, and the Nominating and Corporate Governance Committee will be directors for whom the Board has made an independence determination. The CEO generally does not serve on any primary committee. The CEO may attend committee meetings at the invitation of the committee chair. Independent directors may attend all primary committee meetings.

In reviewing the composition of Board committees, the Board will also consider any listing and/or regulatory qualifications as may be applicable to specific committees.

## *Board Operations*

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### **Chairman**

The offices of Chairman of the Board and Chief Executive Officer are currently separate. The Board believes that separation of the offices of Chairman and Chief Executive Officer is part of the succession planning process, and that it is in the best interests of the Company for the Board to make this determination from time to time.

The independent directors shall appoint a Chairman annually to preside at any meeting of the Board. Currently, the Board has appointed an Executive Chairman for a term of five years (5) pursuant to contract. The Chairman will facilitate communication between the CEO and the non-management directors as appropriate and perform such other functions as the Board may direct. The Chairman may call meetings of the non-management directors at such time and place as she or he determines.

In the event that the Chairman of the Board is unavailable or has a conflict of interest, the independent directors shall appoint a director to serve as Chairman in his/her place (the "Presiding Director"). The Presiding Director will preside over Board meetings in the absence of the Chairman or in the event the Chairman has a conflict of interest. The Presiding Director will also perform such other duties as may be assigned by the Board from time to time.

### **Meeting Attendance**

All directors are expected to attend the annual meeting of shareholders, Board meetings and meetings of Board committees on which they serve. They are expected to prepare for each meeting in advance and to dedicate sufficient time at each meeting as necessary to properly discharge their responsibilities to the Company and its shareholders.

### **Executive sessions for non-management directors**

The independent directors will generally meet in executive session as necessary, but no less than four annually, in conjunction with regularly scheduled Board meetings, with the Chairman presiding. (In the event that the Chairman is unavailable or has a conflict of interest, the Presiding Director will preside at these sessions.) These sessions will provide the opportunity for discussion of such other topics as the independent directors may find appropriate, with discussion to be facilitated by the Chairman or Presiding Director, as the case may be.

### **Committee and Board agendas**

Primary committee agendas are prepared based on expressions of interest by committee members and recommendations of management. The Chairman, in consultation with the committee chairs and the Chief Executive Officer, may give input to final agendas with the respective committee chairs approving the final agenda for committee meetings. The Chairman, in consultation with the Chief Executive Officer, prepares Board agendas based on discussions with all directors and issues that arise.

### **Board and committee materials and presentations**

Information regarding items requiring Board and/or committee approval shall be distributed sufficiently in advance to permit adequate preparation.

### **Regular attendance of non-directors at Board and committee meetings**

Non-directors, including members of management, may be present at Board and committee meetings at the invitation of the Chairman or the Presiding Director, as the case may be, or the chairperson of such committees, as appropriate.

### **Board access to senior management**

Board members have complete access to senior management.

### **Board interaction with institutional investors and press**

Company management shall be the sole contact with institutional investors and media. From time to time, directors may be asked by the Board or management to speak with such parties, as appropriate.

### **Confidentiality of information**

In order to facilitate open discussion, the Board, including the Directors Emeritus, believes maintaining confidentiality of information and deliberations is imperative. In this regard, the proceedings and deliberations of the Board and its committees shall be confidential. Each director shall maintain the confidentiality of information received in connection with his or her service as a director.

### **Board access to outside resources**

The main responsibility for providing assistance to the Board rests on the internal organization. The Board and Board committees can, if they wish to do so and as set forth in their respective charters, seek legal or other expert advice from a source independent of management and shall be provided the resources for such purposes. Generally, this would be with the knowledge of the Chief Executive Officer, but this is not a condition to retaining such advisors.

### **Director orientation and continuing education**

At such time as a director joins the Board, the Board, Chairman and the Chief Executive Officer will provide appropriate orientation for the director, including arrangement of meetings with management. The Board considers it desirable that directors participate in continuing education opportunities and considers such participation an appropriate expense to be reimbursed by the Company.

### **Code of business conduct and ethics; Related Party Transactions**

The Company has a comprehensive code of business conduct and ethics that addresses compliance with law; reporting of violations of the code or of laws or regulations; employment and diversity; confidentiality of information; protection and proper use of the Company's assets; conflicts of interest; and other financial transactions. Each director is expected to be familiar with and to follow the code of conduct to the extent applicable to them and to execute an acknowledgment to that effect at least annually. Such acknowledgments shall be delivered to the Nominating and Corporate Governance Committee and subsequently reported to the Board at the next regularly scheduled meeting by the Nominating and Corporate Governance Committee. The Company also has a comprehensive policy and procedures with respect to related person transactions. Conflict of interest determinations and related party transactions relating to directors shall be presented to the Nominating and Corporate Governance Committee, and subsequently reported to the Board at the next regularly scheduled meeting by the Nominating and Corporate Governance Committee in accordance with the applicable policies and

procedures. (See the Code of Conduct and Business Ethics and the Policy and Procedures with Respect to Related Person Transactions.)