

**CHARTER OF THE COMPENSATION AND BENEFITS COMMITTEE  
OF THE BOARD OF DIRECTORS OF  
NORTHWEST INDIANA BANCORP  
AND  
PEOPLES BANK SB  
(Approved on April 27, 2018)**

**Purpose**

The Board of Directors of Northwest Indiana Bancorp and Peoples Bank SB (the "Company") appoints the Compensation and Benefits Committee (the "Compensation Committee") of the Board to discharge the Board's responsibilities relating to compensation of the Company's directors and officers. The Compensation Committee has overall responsibility for evaluating and recommending to the other independent members of the Company's Board the director and officer compensation plans, policies and programs of the Company. The independent directors of the Company's Board will vote to approve director and officer compensation plans, policies and programs of the Company.

The primary objective of the Compensation Committee is to assist the Board in developing and maintaining an overall compensation strategy, policies, and plans that:

- Are appropriate for the Company in light of all relevant circumstances and which provide incentives that further the Company's long-term strategic objectives;
- Are consistent with the culture of the Company and the overall goal of enhancing shareholder value;
- Ensure that the Company's compensation and incentive compensation structures do not encourage excessive risk-taking and that risks are appropriately mitigated by effective controls and oversight;
- Ensure the attraction and retention of key management personnel and motivate management to achieve the Company's corporate goals and strategies; and
- Align the interests of management with the long-term interests of the Company's shareholders.

**Committee Membership**

The Compensation Committee shall consist of at least three directors. Each member of the Compensation Committee shall; meet the independence requirements of the Nasdaq Stock Market, shall be a "Non-Employee Director" as defined in Rule 16b-3 under the Securities Exchange Act of 1934, as amended, and shall be an "Outside Director" as defined by the regulations under Section 162(m) of the Internal Revenue Code of 1986, as amended.

The Board of Directors, based on the recommendation of the Nominating and Corporate Governance Committee shall appoint the members of the Compensation Committee and the Chair of the Compensation Committee. In addition, the Board may replace Compensation Committee members. The same rules govern the Committee regarding meetings (including meetings by conference telephone call), action without meetings, notice, waiver of notice and quorum and voting requirements as are applicable to the Board of Directors of the Company.

### **Committee Authority and Responsibilities**

1. The Compensation Committee shall annually review and approve corporate goals and objectives relevant to CEO compensation, evaluate the CEO's performance in light of those goals and objectives, and make a recommendation to the independent directors of the Company's Board for the determination of the CEO's compensation levels based on this evaluation. In determining the long-term incentive component of CEO compensation, the Compensation Committee will consider the Company's performance and relative shareholder return, the value of similar incentive awards to CEOs at comparable companies, and the awards given to the CEO in past years. The CEO may not be present during voting or deliberations concerning his compensation.
2. The Compensation Committee shall annually review and approve corporate goals and objectives relevant to the Executive Chairman's compensation, evaluate the Executive Chairman's performance in light of those goals and objectives, and make a recommendation to the independent directors of the Company's Board for the determination of the Executive Chairman's compensation levels based on this evaluation. In determining the long-term incentive component of the Executive Chairman's compensation, the Compensation Committee will consider the Company's performance and relative shareholder return, the value of similar incentive awards to Executive Chairmen at comparable companies, and the awards given to the Executive Chairman in past years. The Executive Chairman may not be present during voting or deliberations concerning his compensation.
3. The Compensation Committee shall review and make recommendations to the Board with respect to incentive-compensation plans and equity-based plans. The Compensation Committee shall administer the Company's incentive stock plans, including making awards under such plans, and shall review all proposed new or amended employee benefit plans.
4. The Compensation Committee shall annually review and make recommendations to the independent directors of the Company's Board for approval, for the executive officers of the Company other than the Executive Chairman and the CEO, (a) the annual base salary level, (b) the annual incentive opportunity level, (c) the long-term incentive opportunity level, and (d) any special or supplemental benefits.

5. The Compensation Committee shall review and make recommendations to the independent directors of the Company's Board to authorize the Company to enter into any employment agreements, severance arrangements, change in control agreements or provisions, or other compensation-related agreements, in each case as, when and if appropriate, with executive officers of the Company.
6. The Compensation Committee shall periodically review the Company's policies on perquisites.
7. The Compensation Committee shall review and make recommendations to the Board concerning the amount of any discretionary contribution the Company makes under its Employees' Savings & Profit Sharing Plan.
8. The Compensation Committee shall recommend to the Board the form and amount of director compensation. The Compensation Committee shall conduct an annual review of director compensation.
9. The Compensation Committee shall meet at least two times annually or more frequently as circumstances dictate. The Compensation Committee shall meet prior to the mailing of the proxy statement for the Company's annual meeting of shareholders to approve the report of the Compensation Committee included in the proxy statement. In addition, the Compensation Committee shall meet with a representative of executive management on at least an annual basis.
10. The Compensation Committee may form and delegate authority to subcommittees when appropriate.
11. The Compensation Committee shall make regular reports to the Board.
12. The Compensation Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.
13. The Compensation Committee shall annually review its own performance.

### **Outside Advisors**

The Committee may at the Company's expense, engage a compensation consultant, legal counsel, or other advisors to assist it in carrying out its responsibilities (the "Advisors"). The Committee shall select such Advisors only after considering factors affecting the independence of these persons or entities, including those identified in regulations promulgated by the Securities and Exchange Commission under the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Act"). The Committee shall have sole responsibility for the appointment, compensation and oversight of such Advisors, and shall have the authority to determine any such Advisor's fees or retention terms. The Company shall provide appropriate funding, as determined by the Committee, for the payment of reasonable compensation to any such Advisor.