

Subject: Code of Ethics	Section: Policies, SVP, HR (Donna Staples)
Date Board Reaffirmed: April 18, 2018	Date Last Revised: March 4, 2008

(There is a separate written procedure for this policy called Code of Ethics Procedures.)

PEOPLES STATE BANK CODE OF ETHICS POLICY

Introduction

The directors, officers, and employees of Peoples State Bank are committed to high standards of honesty, integrity, and impartiality in both business and personal dealings. Our personal and business reputation is one of our most valuable assets and it depends on our conduct and concern for the people that we serve. It is important that each employee, officer, and director avoid situations that will lead to a conflict between self-interest and our duty to promote the best interests of our bank.

This policy was developed to give employees guidelines to follow. However, it cannot address every situation that might arise. It is the responsibility of each director, officer, and employee to be familiar with, and to abide by, both the letter and spirit of this code's provisions. In all situations, including those where the law or this policy is not specific, adherence to appropriate standards of conduct should be maintained. If you are not sure of the appropriate course of action, discuss it with your supervisor, manager, or the administrator of this Code of Ethics.

Definitions

- A. In this policy, "employee" means all employees, officers, and directors of Peoples State Bank.
- B. "Bank" means Peoples State Bank.
- C. "Immediate family" means the spouse of an individual, the individual's minor children, and any of the individual's children (including adults) residing in the individual's home.

The Director of Human Resources will be responsible for establishing procedures/standards, which address each of the following:

Conflicts of Interest

- A. General – Conflicts of Interest**
Employees should avoid conduct that will result in a conflict between the interests of the bank or its customers, and the employee's personal gain or profit.
- B. Outside Employment**
An employee shall not engage in paid employment outside the bank, or other outside activity that conflicts with his/her duties with the bank.
- C. "Extra" Compensation**
An employee should not receive any form of compensation beyond compensation from the bank for performing his/her normal duties for the bank.

D. Financial Interests

Bank and customer non-public ("inside") information shall never be used in the employee's personal financial affairs. Employees are subject to public scrutiny in the handling of their financial affairs.

E. Disclosure of Information

No employee shall disclose any information with respect to our bank.

F. Trusts

It is improper for an employee to accept appointment of, or continue to act as a fiduciary or co-fiduciary unless the creator of the relationship is or was at the time of death a member of the employee's immediate family.

Employees must report to the administrator of this code any legacy or bequest to them under will or trusts of customers (other than immediate family or relatives) for evaluation of any possible conflict with this policy.

G. Use of Bank Property

It is contrary to the bank's policy to permit the payment of bank funds or use of bank property, either directly or indirectly, to secure favored business treatment for the bank or to support a campaign for public office.

H. Outside Activities

Appropriate outside activities and memberships are encouraged. However, participation in any political organization is on a personal basis, and must be conducted on the employee's own time and cannot in any way be represented, directly, or indirectly as an expression of endorsement by the bank.

I. Competition

Collusion with competitors about the pricing of bank services, interest rates, or otherwise engaging in any activity that has the effect, directly or indirectly, of lessening competition is not permitted.

J. Other Benefits

Employees should not indirectly receive any benefit that this Code of Ethics explicitly or implicitly prohibits on a direct basis.

K. Confidentiality

A bank employee should not disclose any information involving the bank, the bank's customers, prospective customers, or suppliers obtained in the course of business, which is not publicly available except to the extent permitted by law, by customer consent, or in response to legal process.

L. Loans

Subject to the Employee and Director Loan Programs outlined in the Loan Policy, credit cannot be extended to any of the bank's executive officers, directors, principal shareholders, or related interests on terms different from the prevailing terms for comparable transactions with persons not associated with the bank and should not involve more than the normal degree of risk of repayment, or present any other unfavorable features. Any extension of credit to a bank executive officer or director will be reported to the Board of Directors.

The acceptance by executive officers, directors, or principal shareholders of loans from other banks, with which this bank has a correspondent relationship, must be at terms no more favorable than available to the general public.

Overdrafts will be subject to the usual customer fee, checks may be returned unpaid, and the account may be subject to closing. Also, refer to Employee Overdraft Policy.

M. Investments

Employees shall adhere to an appropriate and prudent investment policy for their personal funds based on their personal knowledge of and expertise in the financial markets. An employee should not invest in a bank customer's business, unless it is an arm's length transaction and no confidential information is used as the basis for the transaction.

N. Bank Bribery Act Provisions

It is unlawful to corruptly solicit or accept, directly or indirectly, any gift, gratuity, entertainment, loan, or any other thing of value from a bank customer, a bank supplier, a securities broker/dealer, or any other party that has or is likely to have business dealings with the bank. This includes the acceptance of anything of value in connection with any business transaction with the bank.

It is unlawful to give or offer to give anything of monetary value to a bank supplier, securities dealer/broker, or bank customer in order to receive preferential treatment.

Gifts during the holiday season and promotional items of nominal value (less than \$100) may be accepted. Refer to the Code of Ethics Procedures document for detailed guidance of this area if you receive a gift.

O. Disciplinary or Remedial Action

1. Employee
Any violations of this Code of Ethics must be reported in writing to the administrator of this code.
2. Board of Director
If a conflict of interest exists for any director regarding a specific item or items before the Board, such director shall not participate in discussions or decisions relating to such items. It shall be the obligation of said director to make known to the Board the existence of such a conflict of interest.

P. Administration

On an annual basis, the Board of Directors will review, and if necessary, update this code. At the same time, the Board will appoint an executive officer to administer this code and the procedures/standards established. The administrator, unless specifically identified differently, will be the Director of Human Resources for the Bank.