

BAYLAKE BANKSHARES, INC. INSIDER TRADING POLICY

PURPOSE

Baylake Bankshares, Inc.'s board of directors has adopted this Insider Trading Policy (the "Policy") for our directors, officers, employees and consultants (collectively, "Covered Persons") with respect to the trading of Baylake's securities, as well as the securities of publicly traded companies with whom we have a business relationship.

The purpose of this Policy is to articulate certain definitions and rules or practices to be followed at Baylake Bankshares, Inc. ("Baylake" or the "Company"). It is recognized that it cannot be all inclusive, but will address key matters. This Policy is designed to prevent insider trading or allegations of insider trading, and to protect Baylake's reputation for integrity and ethical conduct. Among other things, it will impose quarterly and event-specific trading blackouts on all Covered Persons. However, the policy alone is not prevention; rather, it is the responsibility and obligation of each Covered Person to understand and comply with this Policy.

Federal and state securities laws prohibit the purchase or sale of a company's securities by persons who are aware of material information about that company that is not generally known or available to the public. These laws also prohibit persons who are aware of such material nonpublic information from disclosing this information to others who may trade. Companies and their controlling persons are also subject to liability if they fail to take responsible steps to prevent insider trading by company personnel.

It is important that you understand the breadth of activities that constitute illegal insider trading (as governing laws and regulations on insider trading have grown in complexity) and the consequences which can be severe. Authorities (the SEC, the Nasdaq and other market exchanges, together with U.S. Attorneys) have become effective at detecting insider trading and pursuing insider trading violations vigorously. Cases have been successfully prosecuted against trading by employees through foreign accounts, trading by family members and friends, and trading involving only a small number of shares.

In conclusion, this Policy is designed to prevent insider trading or allegations of insider trading, but it is your obligation to comply with the policy and your responsibility to exercise judgment and common sense with information to which you are aware or could be perceived to be aware. Should you have questions regarding this policy, please contact Ann Lawson, CFO of Baylake, at 920.617.5325.

Scope of Policy

Persons Covered. As a director, officer, employee or consultant of the Company or its subsidiaries, this policy applies to you. The same restrictions that apply to you apply to your family members who reside with you, anyone else who lives in your household and any family members who do not live in your household but whose transactions in Company securities are directed by you or are subject to your influence or control (such as parents or children who

consult with you before they trade in Company securities). You are responsible for making sure that the purchase or sale of any security covered by this policy by any such person complies with this policy.

Companies Covered. The prohibition on insider trading in this policy is not limited to trading in the Company's securities. It includes trading in the securities of other firms, such as customers or suppliers of the Company and those with which the Company may be negotiating major transactions, such as an acquisition, investment or sale. Information that is not material to the Company may nevertheless be material to one of those other firms.

Transactions Covered. Trading includes purchases and sales of stock, derivative securities such as put and call options and convertible debentures or preferred stock, and debt securities (debentures, bonds and notes). Trading also includes certain transactions under Company plans, as follows:

- *Stock Option Exercises.* This policy's trading restrictions generally do not apply to the exercise of a stock option through payment in cash or through a net exercise. The trading restrictions do apply, however, to any sale of the underlying stock, to a cashless exercise of the option through a broker, as this entails selling a portion of the underlying stock to cover the costs of exercise, or to exercise options with a stock swap.
- *Restricted Stock Awards.* This policy's trading restrictions do not apply to the vesting of restricted stock, or the surrender of shares to pay for taxes incident to such vesting.
- *Employee Stock Purchase Plan (ESPP).* This policy's trading restrictions do not apply to purchases of Company stock in the ESPP resulting from your periodic contribution of money to the plan pursuant to your payroll deduction election or to automatic re-enrollments from one offering period to the next so long as there is no increase or decrease in the amount of your periodic payroll deductions. The trading restrictions do apply, however, to elections you may make under the ESPP to (a) enroll or re-enroll in the ESPP, (b) increase or decrease the amount of your periodic payroll deductions that will be used to purchase Company stock, (c) suspend payroll deductions, or (d) withdraw from the ESPP. This policy's trading restrictions also apply to any sale of the shares of Company stock purchased through the ESPP.
- *401(k) Plan.* This policy's trading restrictions apply to elections you may make under the 401 (k) plan to (a) make an intra-plan transfer of an existing account balance out of the Company stock fund, (b) borrow money against your 401 (k) plan account if the loan will result in a liquidation of some or all of your Company stock fund balance, (c) pre-pay a plan loan if the pre-payment will result in allocation of loan proceeds to the Company stock fund, and (d) make an in-service distribution from your 401(k) account if it will result in a liquidation of some or all of your Company stock fund balance.

Statement of Policy

No Trading on Inside Information. You may not trade in the securities of the Company, directly or through family members or other persons or entities, if you are aware of material nonpublic information relating to the Company. Similarly, you may not trade in the securities of any other company if you are aware of material nonpublic information about that company which you obtained in the course of your employment with the Company.

No Tipping. You may not pass material nonpublic information on to others or recommend to anyone the purchase or sale of any securities when you are aware of such information. This practice, known as “tipping,” also violates the securities laws and can result in the same civil and criminal penalties that apply to insider trading, even though you did not trade and did not gain any benefit from another’s trading.

Hedging. You may not engage in hedging transactions involving Company securities, including forward sale or purchase contracts, equity swaps, collars or exchange funds. Such transactions are speculative in nature and therefore create the appearance that the transaction is based on nonpublic information.

No Exception for Hardship. The existence of a personal financial emergency does not excuse you from compliance with this policy.

Trading Blackouts. This policy prohibits a “Select Group” (defined to be all Board of Directors, Senior Management Team, plus the Clerk employee who transcribes Board minutes and all Finance department employees) from trading in the Company’s securities during quarterly blackout periods (which is defined by this Policy to be beginning 15 calendar days before the end of a quarter and ending after the second full business day following the release of the Company’s earnings for that quarter) and during certain event-specific blackouts. This Policy will not require that the Select Group pre-clear all transactions in the Company’s securities, but any such individual may do so by contacting Bob Atwell, CEO of Baylake, at 920.430.7317 or Ann Lawson, CFO of Baylake, at 920.617.5325.

Penalties for Noncompliance

Civil and Criminal Penalties. Potential penalties for insider trading violations include (1) imprisonment for up to 20 years, (2) criminal fines of up to \$5 million, and (3) civil fines of up to three times the profit gained or loss avoided.

Controlling Person Liability. If the Company fails to take appropriate steps to prevent illegal insider trading, the Company may have “controlling person” liability for a trading violation, with civil penalties of up to the greater of \$1 million and three times the profit gained or loss avoided, as well as a criminal penalty of up to \$25 million. The civil penalties can extend personal liability to the Company’s directors, officers and other supervisory personnel if they fail to take appropriate steps to prevent insider trading.

Company Sanctions. Failure to comply with this policy may also subject you to Company-imposed sanctions, including dismissal for cause, whether or not your failure to comply with this policy results in a violation of law.

Definition of Material Nonpublic Information

Note that inside information has two important elements: (1) materiality and (2) public availability.

Material Information. Information is material if there is a substantial likelihood that a reasonable investor would consider it important in deciding whether to buy, hold or sell a security. Any information that could reasonably be expected to affect the price of the security is material. Common examples of material information are:

1. Earnings results, earnings that are inconsistent with consensus expectations of the investment community, or projections of future earnings or losses or other earnings guidance
2. Substantial changes in accounting methods or estimates
3. Major changes in or events regarding Baylake's securities, including the declaration of a stock split or major changes in dividends
4. Public offerings or private sales of debt or equity securities
5. Proposals or agreements involving a merger, acquisition, leveraged buy-out, tender offer, joint venture, or acquisition or divestiture of significant assets
6. Changes in relationships with major customers, suppliers or regulators, or obtaining or losing important contracts
7. Important product developments
8. Management or other major personnel changes
9. Actual or threatened major litigation or the resolution of such litigation
10. Criminal indictments or material civil litigation or government investigations
11. Severe liquidity problems, bankruptcy or insolvency
12. Potential or actual cyber security incidents or data breaches of significance

Both positive and negative information can be material. Because trading that receives scrutiny will be evaluated after the fact, with the benefit of hindsight, questions concerning the materiality of particular information should be resolved in favor of materiality, and trading should be avoided.

Nonpublic Information. Nonpublic information is information that is not generally known or available to the public. One common misconception is that material information loses its “nonpublic” status as soon as a press release is issued disclosing the information. In fact, information is considered to be available to the public only when it has been released broadly to the marketplace *and the investing public has had time to absorb the information* fully. As a general rule, information is considered nonpublic until the second full trading day after the information is released. For example, if the Company announces financial earnings before trading begins on a Tuesday, the first time you can buy or sell Company securities is the opening of the market on Thursday (assuming you are not aware of other material nonpublic information at that time). However, if the Company announces earnings after trading begins on that Tuesday, the first time you can buy or sell Company securities is the opening of the market on Friday.

Additional Guidance

The Company considers it improper and inappropriate for those employed by or associated with the Company to engage in short-term or speculative transactions in the Company's securities or in other transactions in the Company's securities that may lead to inadvertent violations of the insider trading laws. Accordingly, your trading in Company securities is subject to the following additional guidance.

Short Sales. You may not engage in short sales of the Company's securities (sales of securities that are not then owned), including a "sale against the box" (a sale with delayed delivery).

Publicly Traded Options. You may not engage in transactions in publicly traded options, such as puts, calls and other derivative securities, on an exchange or in any other organized market.

Standing Orders. Standing orders should be used only for a very brief period of time. A standing order placed with a broker to sell or purchase stock at a specified price leaves you with no control over the timing of the transaction. A standing order transaction executed by the broker when you are aware of material nonpublic information may result in unlawful insider trading.

Post-Termination Transactions

This policy continues to apply to your transactions in Company securities even after you have terminated employment or other services to the Company or a subsidiary as follows: if you are aware of material nonpublic information when your employment or service relationship terminates, you may not trade in Company securities until that information has become public or is no longer material.

Unauthorized Disclosure

Maintaining the confidentiality of Company information is essential for competitive, security and other business reasons, as well as to comply with securities laws. You should treat all information you learn about the Company, or its business plans, in connection with your employment as confidential and proprietary to the Company. Inadvertent disclosure of confidential or inside information may expose the Company and you to significant risk of investigation and litigation.

The timing and nature of the Company's disclosure of material information to outsiders is subject to legal rules, the breach of which could result in substantial liability to you, the Company and its management. Accordingly, it is important that responses to inquiries about the Company by the press, investment analysts or others in the financial community be made on the Company's behalf only through authorized individuals.

Personal Responsibility

You should remember that the ultimate responsibility for adhering to this policy and avoiding improper trading rests with you. If you violate this policy, the Company may take disciplinary action, including dismissal for cause.

Company Assistance

Your compliance with this policy is of the utmost importance both for you and for the Company. If you have any questions about this policy, or its application to any proposed transaction, you may obtain additional guidance from the Company's Chief Executive Officer or Chief Financial

Officer. Do not try to resolve uncertainties on your own, as the rules relating to insider trading are often complex, not always intuitive and carry severe consequences.

Certification

All employees must certify annually their understanding of, and intent to comply with, this policy. Baylake will utilize its BVS training and the ‘signoff’ mechanism in BVS for all employees, though Baylake may obtain physically signed certifications annually from the Select Group (defined to be all Board of Directors, Senior Management Team, plus the Clerk employee who transcribes Board minutes and all Finance employees). A copy of the certification to be signed is enclosed with this policy.

Approved by Board of Directors: March 12, 2019

