

Amended and restated as of September 18, 2019

**OTTAWA BANCORP, INC.**

**COMPENSATION COMMITTEE CHARTER**

**I. PURPOSE**

The purpose of the Compensation Committee (the “Committee”) of Ottawa Bancorp, Inc. (the “Company”) is to: (a) determine and approve the compensation of the Company’s Chief Executive Officer (the “CEO”) and other executive officers; (b) approve, or recommend to the Board of Directors of the Company (the “Board”) that it approve, the Company’s incentive compensation and equity-based plans; (c) review director compensation program with the assistance of the Nominating/Corporate Governance Committee and provide the Board with recommendations; and (d) assist the Board in its oversight of the development, implementation and effectiveness of the Company’s policies and strategies relating to its human resources function, including but not limited to those policies and strategies regarding recruiting, retention, career development, salaries and benefits and management succession (other than that within the purview of the Nominating/Corporate Governance Committee.

**II. COMPOSITION**

The Committee shall consist of three or more directors, each of whom shall satisfy the definition of independent director as defined in any qualitative listing requirements for The NASDAQ Stock Market, Inc. issuers and any applicable Securities and Exchange Commission rules and regulations. Committee members shall be elected by the Board of Directors (the “Board”) at the Board’s annual organizational meeting. Members shall serve until their successors are appointed. The Committee’s Chairperson shall be designated by the full Board or, if it does not do so, the Committee members shall elect a Chairperson by vote of a majority of the full Committee.

The Committee may invite such members of management and other persons to its meetings (including without limitation the Company’s risk officers and the Human Resources Manager) as it may deem desirable or appropriate. The Committee shall report regularly to the Board summarizing the Committee’s actions and any significant issues considered by the Committee. .

The Committee may form and delegate authority to subcommittees when appropriate.

**III. MEETINGS**

The Committee shall meet as often as it determines is appropriate to carry out its responsibilities, but at least annually. Meetings may be in person or by telephone conference or other communications equipment by means of which all persons participating in the meeting can hear each other. A majority of the members of the Committee shall constitute a quorum for purposes of holding a meeting and the Committee may act by a vote of a majority of members present at such meeting. In lieu of a meeting, the Committee may act by unanimous written consent in accordance with the Company’s bylaws. The Chairperson of the Compensation Committee, in consultation with the other members and management, may set meeting agendas consistent with this Charter. The Chairperson of the Committee shall ensure that the agenda for each meeting is circulated to each Committee member in advance of the meeting and shall keep the minutes for each meeting.

#### **IV. RESPONSIBILITIES AND DUTIES**

In carrying out its responsibilities the Committee will:

- A. Review and make recommendations to the Board regarding the overall compensation philosophy and strategy for the Company and its affiliates, including Ottawa Savings Bank (the “Bank”). In designing the compensation philosophy and strategy for the Company, the Committee shall, take into consideration methods to avoid encouraging the taking of excessive risk by executive management or by other Company officers.
- B. Review and evaluate, on at least an annual basis, the Company’s compensation policies and practices, including its various incentive compensation plans, taking into consideration the risks associated with the activities being performed by the participants in such incentive compensation plans and the structure of such compensation plans. The Committee shall reasonably identify compensation arrangements and/or incentive compensation plans that may expose the Company or the Bank to unreasonable amounts of risk, ensure that the structure of the compensation arrangements and/or incentive compensation plans do not encourage excessive risk taking, and that any risks associated with the Company’s or the Bank’s compensation arrangements and/or incentive compensation plans are properly mitigated by effective controls and risk management processes. Committee oversight will exclude de minimis award programs (e.g., short-term branch sales incentives).
- C. Annually review and approve, or recommend for approval by the Board, corporate goals and objectives relevant to compensation of the Chief Executive Officer (“CEO”); evaluate the CEO’s performance based upon the goals and objectives; and determine the CEO’s compensation based upon the evaluation, as well as market competitive data and other relevant information the Committee deems appropriate.
- D. In collaboration with the CEO, review and evaluate the performance of senior executive officers toward established goals and approve such executive officers’ cash and other compensation and benefits on the basis of such evaluation. In determining executive officer compensation, a guiding objective shall be attracting and retaining highly qualified individuals by maintaining competitive compensation, while making an appropriate portion of each officer's target total compensation at-risk and dependent upon Company performance and creation of long-term shareholder value.
- E. Make recommendations to the Board of Directors annually regarding the implementation or extension of any employment or change in control agreements with the CEO and other senior executive officers.
- F. Oversee administration of the process for determining the compensation of other officers and employees of the Company and the Bank, including but not limited to approval of salary ranges for such positions.
- G. Oversee, recommend to the Board of Directors for approval and/or approve as may be required, the Company’s cash-based and equity-based incentive plans.

- H. With respect to the Company's equity-based compensation plans, the Committee shall recommend grants of stock options, restricted stock, performance and other equity-based incentives to the extent provided under the Company's compensation plans.
- I. Oversee the administration of the Bank's and Company's benefit plans, including but not limited to: (a) the Bank's 401(k) Plan and ESOP; (b) the Bank's non-qualified deferred compensation arrangements; and (c) the executive compensation policies and programs as have been or may be adopted by the Board of Directors for the Company and the Bank.
- J. The Committee shall review annually (with the assistance of the Nominating and Governance Committee, as needed) non-employee Director compensation and make recommendations to the Board regarding same.
- K. The Committee shall review on an annual basis the executive management succession planning of the Company and the Bank.

## **V. EVALUATIONS**

Annually, the Committee shall conduct a performance evaluation and review and reassess the adequacy of this Charter and recommend any proposed changes to the Board for approval.

## **VI. COMMITTEE RESOURCES**

The Committee shall have the authority to obtain advice and seek assistance from internal or external legal or other advisors. The Committee shall have the sole authority to retain and terminate any compensation consultant used to assist the Committee in evaluating executive compensation, including sole authority to approve such consultant's fees and other retention terms.