

**OTTAWA SAVINGS BANCORP, INC.  
COMPENSATION COMMITTEE CHARTER**

**I. PURPOSE**

The Compensation Committee (the “Committee”) of Ottawa Savings Bancorp, Inc. (the “Company”) is responsible for human resource policies, salaries and benefits, incentive compensation, executive development and management succession planning. It also deals with policies relating to nondiscriminatory employment practices, including those related to hiring, compensation and promotion.

**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 Bank’s Human Resource Manager will meet often with the Committee, but neither one shall be a member of the Committee or participate in all of its meetings.

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

**III. MEETINGS**

The Committee shall meet at least annually, or more frequently as circumstances dictate. The Committee Chairperson will preside at each meeting and, in consultation with the other members of the Committee, will set the frequency and length of each meeting and the agenda of items to be addressed at each meeting. 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. A majority of the members of the Committee shall constitute a quorum.

**IV. RESPONSIBILITIES AND DUTIES**

The principal responsibilities of the Committee are:

A. Development and monitoring human resource policies. The Committee will develop human resource policies for the Company and the Bank and will monitor the Company’s adherence to the policies on a continual basis. The Bank’s human resource policies include the following:

- Employment Policies (Corporate handbook)
- Salary Administration Policy
- Family Medical Leave Act
- Americans with Disabilities Act
- Sexual Harassment Policy
- Discretionary Leave Policy
- Other federal and stock regulatory employee policies

B. **Appraising the performance of the Chief Executive Officer.** The Committee will complete a written performance evaluation of the President each year. The Committee will meet with the President to discuss his or her strengths, weaknesses, review goals set at the beginning of the current year and to establish goals for the coming year. The Committee will recommend to the Board of Directors the annual salary, bonus, stock options, and other benefits, direct and indirect, of the President. In making its recommendation, the Committee will consider:

- the performance of the Company;
- shareholder return;
- the level of salary, bonus, stock options, and other benefits, direct and indirect, of the President relative to CEOs at comparable companies; and
- the level of salary, bonus, stock options, and other benefits, direct and indirect, given to the President in recent years.

The Committee will make recommendations to the Board of Directors regarding the extension of the employment agreements and change in control agreements of the President and other senior officers.

C. **Preparation of report.** If necessary, the Committee will prepare a report on executive compensation for inclusion in the Company's annual meeting proxy statement, in accordance with applicable rules and regulations.

D. **Oversight of executive compensation programs.** The Committee will review on an annual basis the Company's executive compensation program to determine that they are properly researched and coordinated. In determining how corporate performance will be rewarded, the Committee will ensure that a significant portion of an executive's compensation is connected to the long-term interest of the shareholders. There will be an appropriate balance between short-term pay and long-term incentives. An important responsibility of the Committee is the development of an appropriate balance while focusing on long-term shareholder value.

E. **Oversight of staff compensation programs.** The Committee will review on an annual basis the Company's salary administration program to determine that it is current and properly researched and coordinated. The Committee will review recommendations from the President and Human Resource Manager concerning compensation adjustments and will then make recommendations to the Board of Directors.

F. **Oversight of the performance incentive compensation plan.** Prior to the beginning of each fiscal year, the Committee will review the Company's stock option plans to determine that they are properly structured to reward exceptional performance. The Committee will consider the overall performance of the Company and the cost of the stock option and performance incentive compensation plans to ascertain that shareholder value is being increased by exceptional performance. The Committee will make recommendations to the Board of Directors regarding changes to the plans. The Committee will also approve the pay-out of the plans after the Company's performance has been ratified by the external auditing firm.

G. **Oversight of staff benefit programs.** The Committee will review on a continual basis the Company's benefit programs to determine that they are current and properly coordinated. The Committee will review recommendations from the President and Human Resources Manager concerning benefit program adjustments and will then make its recommendations to the Board of Directors.

- H. **Oversight of 401(k) Plan and Employee Stock Ownership Plan.** The Committee will appoint the trustees of the Bank's 401(k) Plan and Employee Stock Ownership Plan. The Committee will monitor the Plans on a quarterly basis and will meet with the Plans' administrators on an annual basis for adjustments or revisions.
- I. **Oversight of executive development and management succession planning.** The Committee will review on an annual basis the executive development program facilitated by the President and managed by the Human Resource Manager. The Committee will integrate management succession planning with the executive development program.
- J. **Oversight of Director Compensation.** The Committee shall review on an annual basis, in conjunction with the Nominating and Corporate Governance Committee, the appropriate levels of director compensation and an appropriate director compensation program and shall make recommendations to the Board regarding the same.

## 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.