

Ottawa Savings Bancorp, Inc.  
Form DEF 14A  
November 03, 2014

**SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a) of the Securities**

**Exchange Act of 1934 (Amendment No. \_\_\_)**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material pursuant to §240.14a-12

**Ottawa Savings Bancorp, Inc.**  
(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

Title of each class of securities to which transaction applies:

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2. N/A

3. Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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Amount Previously Paid:

1.

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Form, Schedule or Registration Statement No.:

2.

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Filing Party:

3.

N/A

Date Filed:

4.

N/A

**[OTTAWA SAVINGS BANCORP, INC. LOGO]**

November 3, 2014

Dear Shareholder:

You are cordially invited to attend the annual meeting of shareholders of Ottawa Savings Bancorp, Inc. (the “Company”). We will hold the meeting at the Company’s Offices, located at 925 LaSalle Street, Ottawa, Illinois, on Friday, December 12, 2014 at 2:00 p.m., local time.

The notice of annual meeting and proxy statement appearing on the following pages describe the formal business to be transacted at the meeting. During the meeting, you will be asked to approve the issuance of 722,223 additional shares of our common stock, subject to adjustment, to Ottawa Savings Bancorp MHC in connection with a merger between Ottawa Savings Bank FSB and Twin Oaks Savings Bank. You will also be asked to vote on an amendment to our charter to permit future issuances of our common stock to Ottawa Savings Bancorp MHC without requiring a shareholder vote, to elect two directors to our Board of Directors for a three-year term each and to ratify the appointment of McGladrey LLP as our independent auditors for the fiscal year ending December 31, 2014.

The completion of the merger is subject to certain conditions, including the approval of the stock issuance to Ottawa Savings Bancorp MHC by the affirmative vote of the holders of a majority of our outstanding common shares. We urge you to read the attached proxy statement carefully. It describes the merger in detail and includes a copy of the merger agreement as Appendix A.

It is important that your shares are represented at this meeting, whether or not you attend the meeting in person and regardless of the number of shares you own. To make sure your shares are represented, we urge you to complete and mail the enclosed proxy card or a voting instruction card. If you attend the meeting, you may vote in person even if you have previously mailed a proxy card or a voting instruction card.

We look forward to seeing you at the meeting.

Sincerely,

/s/ Jon Kranov  
Jon Kranov  
*President and Chief Executive Officer*

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[OTTAWA SAVINGS BANCORP, INC. LOGO]

925 LaSalle Street

Ottawa, Illinois 61350

(815) 433-2525

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## NOTICE OF 2014 ANNUAL MEETING OF SHAREHOLDERS

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**TIME AND DATE** 2:00 p.m., local time, on Friday, December 12, 2014.

**PLACE** Offices of the Company, 925 LaSalle Street, Ottawa, Illinois 61350.

**ITEMS OF BUSINESS**

- (1) The approval of the issuance of 722,223 shares of common stock, \$0.01 par value, of Ottawa Savings Bancorp, Inc., subject to adjustment, to Ottawa Savings Bancorp MHC pursuant to the Agreement and Plan of Merger, dated as of June 30, 2014, by and among Ottawa Savings Bancorp MHC, Ottawa Savings Bancorp, Inc., Ottawa Savings Bank FSB and Twin Oaks Savings Bank, pursuant to which Twin Oaks Savings Bank will merge with and into Ottawa Savings Bank FSB;
- (2) The approval of an amendment to the charter of Ottawa Savings Bancorp, Inc. to permit future issuances of its common stock to Ottawa Savings Bancorp MHC without requiring a shareholder vote;
- (3) To elect two directors to serve for a term of three years each;
- (4) To ratify the selection of McGladrey LLP as our independent registered public accounting firm for fiscal year 2014; and
- (5) To transact such other business as may properly come before the meeting and any adjournment or postponement of the meeting.

**RECORD DATE** To vote, you must have been a shareholder at the close of business on October 21, 2014.

**PROXY VOTING** It is important that your shares be represented and voted at the meeting. You can vote your shares

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by completing and returning the proxy card or voting instruction card sent to you. Voting instructions are printed on your proxy or voting instruction card and included in the accompanying proxy statement. You can revoke a proxy at any time before its exercise at the meeting by following the instructions in the proxy statement.

BY ORDER OF THE BOARD OF DIRECTORS

/s/ Laurie Duffell  
Laurie Duffell  
*Assistant Corporate Secretary*

Ottawa, Illinois

November 3, 2014

**Note:** Whether or not you plan to attend the annual meeting, please vote by marking, signing, dating and promptly returning the enclosed proxy card or voting instruction card.

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## Questions and Answers About the Meeting

### Question: What am I being asked to vote on and how does my Board recommend that I vote?

**Answer:** You are being asked to vote on four matters:

1. The issuance of 722,223 shares of common stock, \$0.01 par value, of Ottawa Savings Bancorp, subject to adjustment, to Ottawa Savings Bancorp MHC pursuant to the Agreement and Plan of Merger, dated as of June 30, 2014, by and among Ottawa Savings Bancorp MHC, Ottawa Savings Bancorp, Ottawa Savings Bank FSB and Twin Oaks Savings Bank, pursuant to which Twin Oaks Savings Bank will merge with and into Ottawa Savings Bank FSB;
2. An amendment to the charter of Ottawa Savings Bancorp to permit future issuances of Ottawa Savings Bancorp common stock to Ottawa Savings Bancorp MHC without requiring a shareholder vote;
3. The election of two directors to serve for a term of three years each; and
4. The ratification of the selection of McGladrey LLP as our independent registered public accounting firm for fiscal year 2014.

Our Board of Directors has determined that (1) the merger agreement, including the merger between Ottawa Savings Bank and Twin Oaks Savings Bank (“Twin Oaks”), and the issuance of our common stock and (2) the amendment of our charter to permit future issuances of our common stock to Ottawa Savings Bancorp MHC without requiring a shareholder vote are both in the best interests of our shareholders and unanimously recommends that you vote “**FOR**” the approval of the stock issuance and “**FOR**” the amendment to our charter. Our Board of Directors also recommends that you vote “**FOR**” the election of each of the director nominees and “**FOR**” the ratification of the independent auditors.

### Question: Why are we merging with Twin Oaks?

**Answer:** We believe that the merger will benefit our customers, employees and shareholders by creating a stronger financial institution that will be better positioned to compete in the financial services industry in our market area by offering a broader range of financial products and services through more efficient operations. To review our reasons for the merger in greater detail, see pages 29 through 31.

### Question: What votes are required in connection with the proposed merger?

In addition to regulatory approvals and the approval of the merger by Twin Oaks' members, company **Answer:** shareholders will vote to approve the issuance of additional shares of company common stock to Ottawa Savings Bancorp MHC, which approval requires the affirmative vote of a majority of the outstanding shares.

**Question: How will the merger effect my shares?**

**Answer:** Your shares will remain outstanding and will not change as a result of the merger. However, as a result of the issuance of 722,223 shares of our common stock to Ottawa Savings Bancorp MHC, our shareholders (other than Ottawa Savings Bancorp MHC) are expected to experience dilution in their ownership interest of approximately 10.73% when the new shares are issued.

**Question: When is the merger expected to be completed?**

**Answer:** We expect to complete the merger as soon as practicable after receiving all necessary shareholder, member and regulatory approvals. We currently expect that all approvals will be received in the fourth quarter of 2014.

**Question: What are the tax consequences of the merger to me?**

**Answer:** You should not recognize any gain or loss for federal income tax purposes solely as a result of the merger or the issuance of shares of our common stock to Ottawa Savings Bancorp MHC.

**Question: Why are we amending the charter?**

**Answer:** As part of the merger, Ottawa Savings Bancorp will issue to Ottawa Savings Bancorp MHC a number of shares equal to the fair market value of Twin Oaks divided by the per share market value of Ottawa Savings Bancorp, each as determined by an independent appraiser. Currently, Ottawa Savings Bancorp's charter provides that, except for the initial offering of shares by Ottawa Savings Bancorp, no shares of capital stock (including shares issuable upon conversion, exchange, or exercise of other securities) of Ottawa Savings Bancorp shall be issued, directly or indirectly, to officers, directors, or controlling persons of Ottawa Savings Bancorp other than as part of a general public offering or as qualifying shares to a director, unless their issuance or the plan under which they would be issued has been approved by a majority of the total votes eligible to be cast at a legal meeting of Ottawa Savings Bancorp's shareholders. Notwithstanding that none of the shares to be issued in the merger will be issued to insiders of Ottawa Savings Bancorp, because Ottawa Savings Bancorp MHC is a controlling person of Ottawa Savings Bancorp, we are required to obtain shareholder approval. To prevent having to incur the expense of obtaining a shareholder vote in connection with future similarly-structured transactions, the Board of Directors is proposing to amend this charter provision to exclude future stock issuances made solely to Ottawa Savings Bancorp MHC.

**Question: What should I do now?**

**Answer:** After you have carefully read this document, please indicate on your proxy card or your voting instruction card how you want to vote. Then, sign, date and mail the executed card in the enclosed postage-prepaid

envelope as soon as possible. This will enable your votes to be represented at the meeting.

**Question: Who can help answer my questions?**

**Answer:** If you want additional copies of this document, or if you want to ask any questions about the merger or the amendment of our charter, you should contact:

Jon Kranov  
President and Chief Executive Officer  
Ottawa Savings Bancorp, Inc.  
925 LaSalle Street  
Ottawa, Illinois 61350  
(815) 433-2525

## Summary

*This summary highlights selected information from this proxy statement and does not contain all of the information that is important to you. For a more complete description of the terms of the proposed merger, we urge you to read carefully the entire document and the other documents to which we refer, including the merger agreement, which is attached as Appendix A.*

## **The Parties to the Merger**

### **Ottawa Savings Bancorp MHC**

### **Ottawa Savings Bancorp, Inc.**

### **Ottawa Savings Bank FSB**

925 LaSalle Street

Ottawa, Illinois  
61350

(815) 433-2525

Ottawa Savings Bank FSB is a federally chartered stock savings bank headquartered in Ottawa, Illinois. Ottawa Savings Bancorp is the majority-owned subsidiary of Ottawa Savings Bancorp MHC, which owns 57.8% of Ottawa Savings Bancorp's outstanding shares. Ottawa Savings Bank, originally chartered in 1871, is a community bank serving Ottawa, Illinois and LaSalle County through its main office in Ottawa, Illinois. Ottawa Savings Bank is the oldest savings institution in the State of Illinois.

Ottawa Savings Bank converted into the mutual holding company form of ownership in 2005. At June 30, 2014, Ottawa Savings Bancorp had assets of approximately \$165.9 million, deposits of \$140.1 million and total shareholders' equity of \$22.2 million. Ottawa Savings Bancorp's common stock trades on the OTC Bulletin Board under the symbol "OTTW."

### **Twin Oaks Savings Bank**

125 West Bluff Street

Marseilles, Illinois  
61341

(815) 795-2129

Twin Oaks, which was founded in 1890, is headquartered in Marseilles, Illinois. It is an Illinois chartered mutual savings bank and serves LaSalle and Grundy Counties in Illinois through its main office and a branch office located in Morris, Illinois. At June 30, 2014, Twin Oaks had total assets of \$66.7 million, deposits of \$53.7 million and capital of \$6.8 million.

As used in this proxy statement, Twin Oaks Savings Bank is referred to as "Twin Oaks."



**Note Regarding  
Use of Names in  
This Proxy  
Statement**

As used in this proxy statement, Ottawa Savings Bank FSB is sometimes referred to as “Ottawa Savings Bank” and Ottawa Savings Bancorp, Inc. is sometimes referred to as “Ottawa Savings Bancorp,” the “Company,” or “we,” “us” or “our.” Ottawa Savings Bank, Ottawa Savings Bancorp and Ottawa Savings Bancorp MHC are sometimes collectively referred to as “Ottawa.”

## **The Annual Meeting**

**Place, Date and Time** The annual meeting of shareholders will be held at the Company's offices located at 925 LaSalle Street, Ottawa, Illinois on Friday, December 12, 2014 at 2:00 p.m., local time.

**Purpose of the Meeting** At the meeting, you will be asked to approve: (1) the issuance of additional shares of our common stock to Ottawa Savings Bancorp MHC pursuant to the merger agreement; (2) the amendment of our charter to permit future issuances of our common stock to Ottawa Savings Bancorp MHC without requiring a shareholder vote; (3) the election of two directors; and (4) the ratification of the independent auditors for the 2014 fiscal year.

**Who Can Vote at the Meeting** You are entitled to vote your shares of Ottawa Savings Bancorp common stock that you owned as of October 21, 2014. As of the close of business on October 21, 2014, 2,117,979 shares of Ottawa Savings Bancorp common stock were outstanding, including 1,223,701 shares of common stock held by Ottawa Savings Bancorp MHC.

**What Vote is Required to Approve the Issuance of Shares and the Charter Amendment** To approve the issuance of shares of our common stock and the charter amendment, a majority of the outstanding shares of our common stock must vote in favor of each proposal. You can vote your shares by attending the annual meeting and voting in person or by completing and mailing the enclosed proxy card or voting instruction card.

## **The Merger**

*A copy of the merger agreement is provided as Appendix A to this proxy statement. Please read the entire merger agreement carefully. It is the legal document that governs the merger.*

**Overview of the Transaction (page 26)** Under the merger agreement, Twin Oaks will merge with and into Ottawa Savings Bank, and Ottawa Savings Bank will be the surviving institution.

**What You Will Receive in the Merger (page 27)** Each of your outstanding shares of our common stock will remain outstanding and unchanged in the merger. However, as a result of the issuance of an additional 722,223 shares of our common stock to Ottawa Savings Bancorp MHC, you are expected to experience a dilution in ownership percentage of approximately 10.73% when the new shares are issued. Members of Twin Oaks will not receive any shares of Ottawa Savings Bancorp common stock in the merger.



**Issuance of Our Shares to Ottawa Savings Bancorp MHC (page 27)**

To reflect the value of Twin Oaks that is transferred to Ottawa Savings Bank, the merger agreement provides that, upon consummation of the merger, Ottawa Savings Bancorp will issue to Ottawa Savings Bancorp MHC a number of shares of its common stock equal to the quotient obtained by dividing the appraised value of Twin Oaks by the Ottawa Savings Bancorp common stock market price per share rounded to the nearest whole number of shares.

Twin Oaks has obtained a pro forma valuation of Twin Oaks by FinPro Capital Advisors, Inc. (“FinPro”), a firm experienced in appraisals of financial institutions. The appraisal states that as of June 6, 2014, the estimated pro forma market value of Twin Oaks was \$6.5 million. Ottawa engaged Keller and Company, an independent appraisal firm that is an expert in preparing stock valuations for financial institutions, to determine the market price per share of the Ottawa Savings Bancorp common stock to calculate the number of shares of common stock that will be issued to Ottawa Savings Bancorp MHC. This stock valuation states that as of June 6, 2014, the price per share of Ottawa Savings Bancorp common stock was \$9.00. The appraisal and the stock valuation will be updated as of a date within 20 days of the closing of the merger, which could result in a change in the appraised value of Twin Oaks or the number of shares to be issued by Ottawa Savings Bancorp to Ottawa Savings Bancorp MHC.

**Tax Consequences of the Merger (page 29)**

We have received an opinion of counsel to the effect that, based on certain facts, representations and assumptions, the merger will be a “tax-free reorganization” for federal income tax purposes.

**Our Board of Directors Recommends that You Vote to Approve Issuance of Additional Shares (page 29)**

Our Board of Directors believes that the merger is fair and in the best interests of our shareholders, and unanimously recommends that you vote “**FOR**” the proposal to approve the issuance of shares of our common stock to Ottawa Savings Bancorp MHC.

For a discussion of the factors considered by our Board of Directors in approving the merger agreement, see pages 29 through 31.

**Conditions to  
Completing the  
Merger (page 36)**

The completion of the merger depends on a number of conditions being met. These conditions include:

approval of the merger agreement by Twin Oaks' members;

approval by Ottawa shareholders of the proposal to issue additional shares of our common stock to Ottawa Savings Bancorp MHC;

approval of the merger by the Office of the Comptroller of the Currency (the "OCC") and the Board of Governors of the Federal Reserve System (the "Federal Reserve Board") in each case without any condition or requirement that would so materially affect the economic benefits of the merger that, had the condition or requirement been known, Ottawa or Twin Oaks would not have entered into the merger agreement;

the continued accuracy of certain representations and warranties made on the date of the merger agreement; and

the absence of material adverse changes in certain aspects of Twin Oaks' operations and financial position.

We cannot be certain when, or if, the conditions to the merger will be satisfied or waived, or that the merger will be completed.

**Agreement Not to  
Solicit Other  
Proposals (page 37)**

Twin Oaks has agreed not to initiate, solicit, encourage or take any other action to facilitate, any inquiries, discussions or the making of any proposal that constitutes or could reasonably be expected to lead to any acquisition proposal from a third party. Despite its agreement not to solicit other acquisition proposals, its Board of Directors may generally negotiate or have discussions with, or provide information to, a third party who makes an unsolicited, written, bona fide acquisition proposal, provided that its Board of Directors determines in good faith:

after consultation with and based upon the advice of its legal counsel, that failing to take such actions would cause the Board to breach its fiduciary duties under applicable law; and

after consultation with Twin Oaks' outside legal counsel that such proposal would be more favorable to Twin Oaks' members than the merger with Ottawa Savings Bank.

**Terminating the Merger Agreement (page 38)**

Ottawa and Twin Oaks may agree at any time not to complete the merger, even if our shareholders and Twin Oaks' members have approved it. Also, either Ottawa or Twin Oaks may decide to terminate the merger agreement:

in response to a material breach by the other party, which is not or cannot be cured within 30 days;

if the merger is not completed by April 30, 2015;

if any required regulatory or member approval is not obtained; or

in response to a withdrawal of the Board of Directors of either party of its recommendation to approve the merger agreement or a modification or qualification of its recommendation in a manner adverse to the other party.

Twin Oaks may also terminate the merger agreement if its Board of Directors authorizes it to enter into an agreement with a third party that its Board determines in good faith, after consulting with its legal counsel, is a superior proposal to the Ottawa merger agreement. In such case, Twin Oaks must give Ottawa three days in which to match or exceed the superior proposal.

**Regulatory Approvals Needed to Complete the Merger (page 36)**

The merger cannot be completed unless we receive the approval of the OCC and the Federal Reserve Board. Ottawa has filed applications with these agencies. As of the date of this proxy statement, Ottawa has not received any regulatory approvals.

**Termination Fees (page 38)**

If the merger agreement is terminated because Twin Oaks breaches its covenants related to acquisition proposals from third parties or is otherwise terminated by either party as a consequence of Twin Oaks' receipt of a superior proposal, Twin Oaks will pay Ottawa a termination fee of \$250,000. If the merger agreement is terminated as a result of certain willful or intentional acts or omissions of either party, and, in the case of Twin Oaks, such willful or intentional acts are not related to receipt of an acquisition proposal, such party may be obligated to pay the other party a termination fee of \$122,500. If the merger agreement is terminated by Ottawa because Twin Oaks has experienced a material adverse effect, as such term is identified in the merger agreement, that is identified by the preparation of Twin Oaks' audited financial statements, then Twin Oaks will pay Ottawa a termination fee equal to the reasonable expenses Ottawa has incurred in connection with the preparation of the merger agreement and any actions relating thereto or as a result thereof, up to a maximum of \$122,500.

## **The Charter Amendment**

### **Overview (page 50)**

As part of the merger, Ottawa Savings Bancorp will issue to Ottawa Savings Bancorp MHC a number of shares equal to the fair market value of Twin Oaks divided by the per share market value of Ottawa Savings Bancorp, each as determined by an independent appraisal in the case of Twin Oaks and a stock valuation in the case of Ottawa. Currently, Ottawa Savings Bancorp's charter provides that, except for the initial offering of shares by Ottawa Savings Bancorp, no shares of capital stock (including shares issuable upon conversion, exchange, or exercise of other securities) of Ottawa Savings Bancorp shall be issued, directly or indirectly, to officers, directors, or controlling persons of Ottawa Savings Bancorp other than as part of a general public offering or as qualifying shares to a director, unless their issuance or the plan under which they would be issued has been approved by a majority of the total votes eligible to be cast at a legal meeting of Ottawa Savings Bancorp's shareholders. Notwithstanding that none of the shares to be issued in the merger will be issued to insiders of Ottawa, because Ottawa Savings Bancorp MHC is a controlling person of Ottawa Savings Bancorp, we are required to obtain shareholder approval. To prevent having to incur the expense of obtaining a shareholder vote in connection with future similarly-structured transactions the Board of Directors is proposing to amend this charter provision to exclude future stock issuances made solely to Ottawa Savings Bancorp MHC.

### **Our Board of Directors**

**Recommends that You Vote to Approve the Charter Amendment** Our Board of Directors believes that the charter amendment is fair and in the best interests of our shareholders, and unanimously recommends that you vote **"FOR"** the proposal to approve the charter amendment.

**Conditions to  
Approval of the  
Charter Amendment**

The amendment to the Company's charter is conditioned on the approval of the charter amendment by our shareholders. The approval of the charter amendment is not conditioned upon approval of the merger agreement and the approval of the merger agreement is not conditioned upon the approval of the charter amendment.



**OTTAWA SAVINGS BANCORP, INC.**

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**PROXY STATEMENT**

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This proxy statement is furnished in connection with the solicitation of proxies by the Board of Directors of Ottawa Savings Bancorp, Inc. (“Ottawa Savings Bancorp” or the “Company”) to be used at the annual meeting of shareholders of the Company. The Company is the holding company for Ottawa Savings Bank (the “Bank”) and the majority-owned subsidiary of Ottawa Savings Bancorp MHC (the “MHC”). The annual meeting will be held at 925 LaSalle Street, Ottawa, Illinois on Friday, December 12, 2014 at 2:00 p.m., local time. This proxy statement and the enclosed proxy card are being first mailed to shareholders on or about November 3, 2014.

**Important Notice Regarding the Availability of Proxy Materials for the  
Shareholder Meeting to be held on December 12, 2014**

The proxy statement and the Company’s annual report to shareholders for the year ended December 31, 2013 are available at <http://www.ottawasavings.com/investors>.

**The Annual Meeting**

**Who Can Vote at the Meeting**

You are entitled to vote your shares of Ottawa Savings Bancorp common stock if the records of the Company show that you held your shares as of the close of business on October 21, 2014. If your shares are held in a stock brokerage account or by a bank or other nominees, you are considered the beneficial owner of shares held in “street name” and these proxy materials are being forwarded to you by your broker, bank or other nominee. As the beneficial owner, you have the right to direct your broker on how to vote your shares. Your broker, bank or other nominee has enclosed a

voting instruction card for you to use in directing it on how to vote your shares.

As of the close of business on October 21, 2014, 2,117,979 shares of Ottawa Savings Bancorp common stock were outstanding and entitled to vote. Each share of common stock has one vote.

### **Attending the Meeting**

If you are a shareholder as of the close of business on October 21, 2014, you may attend the meeting. However, if you hold your shares in street name, you will need proof of ownership to be admitted to the meeting. A recent brokerage statement or letter from a bank, broker or other nominee are examples of proof of ownership. If you want to vote your shares of Ottawa Savings Bancorp common stock held in street name in person at the meeting, you will need a written proxy in your name from the broker, bank or other nominee who holds your shares.

### **Vote by Ottawa Savings Bancorp MHC**

Ottawa Savings Bancorp MHC, the mutual holding company for the Company, owned 57.8% of the outstanding shares of common stock of the Company as of October 21, 2014. All shares of common stock owned by Ottawa Savings Bancorp MHC will be voted in accordance with the instructions of the Board of Directors of Ottawa Savings Bancorp MHC, the members of which are identical to the members of the Board of Directors of the Company. Ottawa Savings Bancorp MHC is expected to vote such shares **“FOR”** the approval of the issuance of shares of common stock to Ottawa Savings Bancorp MHC pursuant to the merger agreement, **“FOR”** the approval of the amendment to the Company’s charter, **“FOR”** the nominees for election as directors and **“FOR”** ratification of the appointment of McGladrey LLP as the Company’s independent registered public accounting firm for the 2014 fiscal year.

## **Vote Required**

The annual meeting will be held only if there is a quorum. A majority of the outstanding shares of Ottawa Savings Bancorp common stock entitled to vote, represented in person or by proxy, constitutes a quorum. If you return valid proxy instructions or attend the meeting in person, your shares will be counted for purposes of determining whether there is a quorum, even if you abstain from voting. Broker non-votes also will be counted for purposes of determining the existence of a quorum. A broker non-vote occurs when a broker, bank or other nominee holding shares for a beneficial owner does not vote on a particular proposal because the broker, bank or other nominee does not have discretionary voting power with respect to that item and has not received voting instructions from the beneficial owner.

Approval of the proposal to issue additional shares of our common stock and the approval of the proposal to amend of our charter each requires the affirmative vote of a majority of our shares of common stock outstanding. Failure to return a properly executed proxy card or to vote in person and abstentions and broker non-votes will have the same effect as a vote “AGAINST” the proposal to approve the issuance of additional shares of our common stock and the proposal to amend our charter.

In voting on the election of directors, you may vote in favor of the nominees or withhold votes as to the nominees. There is no cumulative voting for the election of directors. Directors are elected by a plurality of the votes cast at the annual meeting. “Plurality” means that the nominees receiving the largest number of votes cast will be elected up to the maximum number of directors to be elected at the annual meeting. The maximum number of directors to be elected at the annual meeting is two. In the election of directors, votes that are withheld will have no effect on the outcome of the election.

In voting to ratify the appointment of McGladrey LLP as the Company’s independent registered public accounting firm, you may vote in favor of the proposal, against the proposal or abstain from voting. To be approved, this matter requires the affirmative vote of a majority of our shares of common stock cast at the annual meeting. In counting votes on the proposal to ratify the appointment of the independent registered public accounting firm, abstentions and broker non-votes will have no impact on the outcome of the proposal.

Because Ottawa Savings Bancorp MHC owns in excess of 50% of the outstanding shares of Company common stock, the votes it casts will ensure the presence of a quorum and determine the outcome of Proposal 1 (Issuance of Additional Shares of Our Common Stock Pursuant to the Merger), Proposal 2 (Amendment to Our Charter), Proposal 3 (Election of Directors) and Proposal 4 (Ratification of Independent Registered Public Accounting Firm).

## **Effect of Not Casting Your Vote**

If you hold your shares in street name, it is critical that you cast your vote if you want it to count with respect to the issuance of additional shares of our common stock, the amendment to Company's charter and the election of directors (Proposals 1, 2 and 3 of this proxy statement).

Current regulations restrict the ability of your bank or broker to vote your uninstructed shares with respect to the issuance of additional shares of our common stock, the amendment of our charter, the election of directors and other matters on a discretionary basis. Thus, if you hold your shares in street name and you do not instruct your bank or broker how to vote with respect to the issuance of additional shares of our common stock, the amendment of our charter and the election of directors, no votes will be cast on your behalf. These are referred to as broker non-votes. Your bank or broker will, however, continue to have discretion to vote any uninstructed shares on the ratification of the appointment of the Company's independent registered public accounting firm (Proposal 4 of this proxy statement). If you are a shareholder of record and you do not cast your vote, no votes will be cast on your behalf on any of the items of business at the annual meeting.

## Voting by Proxy

This proxy statement is being sent to you by the Board of Directors of the Company to request that you allow your shares of the Company common stock to be represented at the annual meeting by the persons named in the enclosed proxy card. All shares of Company common stock represented at the meeting by properly executed and dated proxies will be voted according to the instructions indicated on the proxy card. If you sign, date and return a proxy card without giving voting instructions, your shares will be voted as recommended by the Company's Board of Directors. **The Board of Directors recommends that you vote "FOR" the approval of the issuance of shares of common stock pursuant to the merger agreement, "FOR" the amendment to Company's charter, "FOR" the nominees for election as director and "FOR" ratification of the appointment of McGladrey LLP as the Company's independent registered public accounting firm.**

If any matter not described in this proxy statement is properly presented at the annual meeting, the persons named in the proxy card will use their judgment to determine how to vote your shares. This includes a motion to adjourn or postpone the meeting to solicit additional proxies. If the annual meeting is postponed or adjourned, your shares of Ottawa Savings Bancorp common stock may also be voted by the persons named in the proxy card on the new meeting date, unless you have revoked your proxy. The Company does not know of any other matters to be presented at the meeting.

You may revoke your proxy at any time before the vote is taken at the meeting. To revoke your proxy, you must either advise the Assistant Corporate Secretary of the Company in writing before your Company common stock has been voted at the annual meeting, deliver a later-dated valid proxy or attend the meeting and vote your shares in person. Attendance at the annual meeting will not in itself constitute revocation of your proxy.

If your Ottawa Savings Bancorp common stock is held in street name, you will receive instructions from your broker, bank or other nominee that you must follow to have your shares voted. Your broker, bank or other nominee may allow you to deliver your voting instructions by telephone or by the Internet. Please see the voting instruction card provided by your broker, bank or other nominee that accompanies this proxy statement. If you wish to change your voting instructions after you have returned your voting instruction card to your broker, bank or other nominee, you must contact your broker, bank or other nominee.

## Participants in the ESOP and 401(k) Plan

If you participate in the Ottawa Savings Bank Employee Stock Ownership Plan (the "ESOP") or if you hold shares through the Ottawa Savings Bank Employees' Savings and Profit Sharing Plan (the "401(k) Plan"), you will receive a voting instruction card for each plan that reflects all shares you may vote under the plan. Under the terms of the

ESOP, the ESOP trustee votes all shares held by the ESOP, but each ESOP participant may direct the trustee how to vote the shares of common stock allocated to his or her account. The ESOP trustee, subject to the exercise of its fiduciary duties, will vote all unallocated shares of Company common stock held by the ESOP and allocated shares for which it does not receive timely voting instructions in the same proportion as shares for which it has received timely voting instructions. Under the terms of the 401(k) Plan, a participant may direct the trustee how to vote the shares of Ottawa Savings Bancorp common stock credited to his or her account in the 401(k) Plan. The 401(k) Plan trustee will vote all shares for which it does not receive timely instructions in the same proportion as shares for which it has received timely instructions. The deadline for returning your voting instructions to each plan's trustee is December 5, 2014.

## **Corporate Governance**

### **General**

The Company periodically reviews its corporate governance policies and procedures to ensure that the Company meets the highest standards of ethical conduct, reports results with accuracy and transparency and maintains full compliance with the laws, rules and regulations that govern the Company's operations. As part of this periodic corporate governance review, the Board of Directors reviews and adopts best corporate governance policies and practices for the Company.

### **Corporate Governance Policies and Procedures**

The Company has adopted a corporate governance policy to govern certain activities including:

- (1) the duties and responsibilities of each director;
- (2) the composition, duties and responsibilities and operation of the Board of Directors;
- (3) the selection of the Chairman of the Board and the President and Chief Executive Officer;
- (4) the establishment and operation of Board committees;
- (5) succession planning;
- (6) convening executive sessions of independent directors;
- (7) the Board of Directors' interaction with management and third parties;
- (8) the distribution of Board materials in advance of meetings;
- (9) review of director compensation;
- (10) the evaluation of the performance of the Board of Directors and of the President and Chief Executive Officer;  
and
- (11) the orientation of new directors and continuing education.

### **Code of Ethics and Business Conduct**

The Company has adopted a Code of Ethics and Business Conduct that is designed to ensure that the Company's directors, executive officers and employees meet the highest standards of ethical conduct. The Code of Ethics and Business Conduct requires that the Company's directors, executive officers and employees avoid conflicts of interest, comply with all laws and other legal requirements, conduct business in an honest and ethical manner and otherwise act with integrity and in the Company's best interest. Under the terms of the Code of Ethics and Business Conduct, directors, executive officers and employees are required to report any conduct that they believe in good faith to be an

actual or apparent violation of the Code.

As a mechanism to encourage compliance with the Code of Ethics and Business Conduct, the Company has established procedures to receive, retain and treat complaints received regarding accounting, internal accounting controls or auditing matters. These procedures ensure that individuals may submit concerns regarding questionable accounting or auditing matters in a confidential and anonymous manner. The Code of Ethics and Business Conduct also prohibits the Company from retaliating against any director, executive officer or employee who reports actual or apparent violations of the Code of Ethics.



## Meetings and Committees of the Board of Directors

The Company conducts business through meetings of its Board of Directors and its committees. The Company's Board of Directors held 12 regular meetings during the fiscal year ended December 31, 2013. No director attended fewer than 75% of the total meetings of the Company's Board of Directors and committees on which such director served.

The following table identifies our standing committees and their members as of December 31, 2013. All members of each committee are independent in accordance with the listing standards of the Nasdaq Stock Market.

Director	Audit Committee	Nominating and Corporate Governance Committee	Compensation Committee	Assets and Liability Committee
John M. Armstrong	X	X	X	X
James A. Ferrero	X*	X	X	X
Keith Johnson	X	X	X*	X*
Arthur C. Mueller	X	X	X	X
Jon Kranov				X
Daniel J. Reynolds	X	X*	X	X
<i>Number of Meetings in 2013</i>	5	1	6	4

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\*Chairman

**Audit Committee.** The Audit Committee meets periodically with the independent registered public accounting firm and management to review accounting, auditing, internal control structure and financial reporting matters. The Board of Directors has determined that James Ferrero is an "audit committee financial expert," as such term is defined by the rules and regulations of the Securities and Exchange Commission. Mr. Ferrero is independent under the listing standards of the Nasdaq Stock Market. The Audit Committee acts under a written charter, a copy of which is available on the Company's website at [www.ottawasavings.com](http://www.ottawasavings.com). The report of the Audit Committee appears in this proxy statement under the heading "Audit Committee Report."

**Compensation Committee.** The Compensation Committee is responsible for human resource policies, salaries and benefits, incentive compensation, executive development and management succession planning. It also handles policies relating to nondiscriminatory employment practices, including those related to hiring, compensation and promotion. The Compensation Committee reviews all compensation components for the Company's President and Chief Executive Officer including annual salary, bonus, stock options, and other direct and indirect benefits, as well as reviews the Company's executive and employee compensation programs, and director compensation. The

Compensation Committee considers the performance of the Company, shareholder return, competitive market values, and the compensation given to the President and Chief Executive Officer over recent years when determining appropriate compensation for the President and Chief Executive Officer. In setting executive compensation, the Compensation Committee ensures that a significant portion of compensation is connected to the long-term interest of shareholders. In its oversight of employee compensation programs, prior to making its recommendation to the Board, the Committee reviews recommendations from the President and Chief Executive Officer and Human Resources Manager. Decisions by the Compensation Committee with respect to the compensation levels are approved by the full Board of Directors. The Compensation Committee acts under a written charter. A copy of the Compensation Committee charter is not available on the Company's website. A copy of the Compensation Committee charter was attached to the Company's 2013 annual meeting proxy statement and is publicly available on the Securities and Exchange Commission's website.

***Nominating and Corporate Governance Committee.*** The Nominating and Corporate Governance Committee is responsible for the annual selection of the Board of Directors' nominees for election as directors and developing and implementing policies and practices relating to corporate governance, including implementation of and monitoring adherence to Ottawa Savings Bancorp's corporate governance policy. The Nominating and Corporate Governance Committee acts under a written charter adopted by the Board of Directors. A copy of the Nominating and Corporate Governance Committee charter is not available on the Company's website. A copy of the Nominating and Corporate Governance Committee charter was attached to the Company's 2013 annual meeting proxy statement and is publicly available on the Securities and Exchange Commission's website.

***Minimum Qualifications.*** The Nominating and Corporate Governance Committee has adopted a set of criteria that it considers when it selects individuals to be nominated for election to the Board of Directors. First, a candidate must meet the eligibility requirements set forth in the Company's Bylaws, which include an age limitation, a stock ownership requirement and a requirement that the candidate not have been subject to certain criminal or regulatory actions. A candidate also must meet any qualification requirements set forth in any Board or committee governing documents.

The Nominating and Corporate Governance Committee will consider the following criteria in selecting nominees: contributions to the range of talent, skill and expertise appropriate for the Board; financial, regulatory and business experience; knowledge of the banking and financial services industries; familiarity with the operations of public companies and ability to read and understand financial statements; familiarity with the Company's market area and participation in and ties to local businesses and local civic, charitable and religious organizations; personal and professional integrity, honesty and reputation; ability to represent the best interests of the shareholders of the Company and the best interests of the institution; ability to devote sufficient time and energy to the performance of his or her duties; independence; current equity holdings in the Company; and any other factors the Nominating and Corporate Governance Committee deems relevant, including age, diversity, size of the Board of Directors and regulatory disclosure obligations. In its consideration of diversity, the Nominating and Corporate Governance Committee seeks to create a Board that is strong in its collective knowledge and that has a diverse set of skills and experience with respect to management and leadership, vision and strategy, accounting and finance, business operations and judgment, industry knowledge and corporate governance.

In addition, prior to nominating an existing director for re-election to the Board of Directors, the Nominating and Corporate Governance Committee will consider and review an existing director's Board and Committee attendance and performance; length of Board service; experience, skills and contributions that the existing director brings to the Board; and independence.

***Director Nomination Process.*** The process that the Nominating and Corporate Governance Committee follows when it identifies and evaluates individuals to be nominated for election to the Board of Directors is as follows:

For purposes of identifying nominees for the Board of Directors, the Nominating and Corporate Governance Committee relies on personal contacts of the committee members and other members of the Board of Directors, as well as their knowledge of members of the communities served by the Bank. The Nominating and Corporate Governance Committee also will consider director candidates recommended by shareholders in accordance with the policy and procedures set forth below. The Nominating and Corporate Governance Committee has not previously used an independent search firm to identify nominees.

In evaluating potential nominees, the Nominating and Corporate Governance Committee determines whether the candidate is eligible and qualified for service on the Board of Directors by evaluating the candidate under the selection criteria set forth above. In addition, the Nominating and Corporate Governance Committee will conduct a check of the individual's background and interview the candidate to further assess the qualities of the prospective nominees and the contributions he or she would make to the Board.

***Consideration of Recommendations by Shareholders.*** It is the policy of the Nominating and Corporate Governance Committee to consider director candidates recommended by shareholders who appear to be qualified to serve on the Company's Board of Directors. The Nominating and Corporate Governance Committee may choose not to consider an unsolicited recommendation if no vacancy exists on the Board of Directors and the Nominating and Corporate Governance Committee does not perceive a need to increase the size of the Board of Directors. In order to avoid the unnecessary use of the Nominating and Corporate Governance Committee's resources, the Nominating and Corporate Governance Committee will consider only those director candidates recommended in accordance with the procedures set forth below.

***Procedures to be Followed by Shareholders.*** To submit a recommendation of a director candidate to the Nominating and Corporate Governance Committee, a shareholder should submit the following information in writing, addressed to the Chairman of the Nominating and Corporate Governance Committee, care of the Corporate Secretary, at the main office of the Company:

1. The name of the person recommended as a director candidate;
2. All information relating to such person that is required to be disclosed in solicitations of proxies for election of directors pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended;
3. The written consent of the person being recommended as a director candidate to being named in the proxy statement as a nominee and to serving as a director if elected;

4. As to the shareholder making the recommendation, the name and address, as they appear on the Company's books, of such shareholder; provided, however, that if the shareholder is not a registered holder of the Company's common stock, the shareholder should submit his or her name and address along with a current written statement from the record holder of the shares that reflects ownership of the Company's common stock; and

5. A statement disclosing whether such shareholder is acting with or on behalf of any other person and, if applicable, the identity of such person.

In order for a director candidate to be considered for nomination at the Company's annual meeting of shareholders, the recommendation must be received by the Nominating and Corporate Governance Committee at least 120 calendar days prior to the date the Company's proxy statement was released to shareholders in connection with the previous year's annual meeting, advanced by one year.

### **Board Leadership Structure and Risk Oversight**

The positions of Chairman of the Board and Chief Executive Officer of the Company are each held by Jon Kranov. The Chairman of the Board has no greater nor lesser vote on matters considered by the Board than any other director, and the Chairman does not vote on any related party transaction. All directors of the Company, including the Chairman, are bound by fiduciary obligations, imposed by law, to serve the best interests of the shareholders. The Board's decision regarding how to structure its leadership is based on its familiarity and comfort with the Chief Executive Officer and its belief in the potential efficiencies of having the Chief Executive Officer also serve in the role of Chairman of the Board.

A fundamental part of the Company's risk management is not only understanding the risks the Company faces and what steps management is taking to manage those risks, but also understanding what level of risk is appropriate for the Company. The full Board of Directors' involvement in helping to set the Company's business strategy is an important aspect of its assessment of management's tolerance for risk and its determination of the appropriate level of risk for the Company. While the Board of Directors has the ultimate oversight responsibility for the risk management process, various committees of the Board also have responsibility for risk management. In particular, the Audit Committee focuses on financial risk by providing oversight of the quality and integrity of the Company's financial reporting and internal controls, as well as the Company's compliance with legal and regulatory requirements. The Company's Compensation Committee reviews the Company's and the Bank's compensation policies and practices to help ensure there is a direct relationship between pay levels and corporate performance and return to shareholders.

### Attendance at the Annual Meeting

The Board of Directors encourages directors to attend the annual meeting of shareholders. All six directors attended the Company's annual meeting of shareholders in 2013.

### Directors' Compensation

The following table sets forth the fees earned for fiscal year 2013 and either paid in cash or deferred at the election of the director by non-employee directors for their service on our Board of Directors during 2013.

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)	Option Awards	All Other Compensation (\$)	Total (\$)
James A. Ferrero	16,800	—	—	—	16,800
Keith F. Johnson	16,800	—	—	—	16,800
Arthur C. Mueller	16,800	—	—	—	16,800
Daniel J. Reynolds	16,800	—	—	—	16,800
John M. Armstrong	16,800	—	—	—	16,800

All non-employee directors of Ottawa Savings Bank were paid a monthly retainer in the amount of \$1,050 for their service on Ottawa Savings Bank's Board of Directors. All non-employee directors of the Company were paid a quarterly retainer in the amount of \$1,050 for their service on the Company's Board of Directors. Directors do not receive fees for service on Board committees. Directors do not receive any compensation for their service on the Board of Directors of the MHC.





**Stock Ownership**

The following table provides information as of October 21, 2014 about the persons known to the Company to be the beneficial owners of more than 5% of the Company's outstanding common stock. A person may be considered to beneficially own any shares of common stock over which he or she has, directly or indirectly, sole or shared voting or investment power.

<u>Name and Address</u>	<b>Number of Shares Owned</b>	<b>Percent of Common Stock Outstanding (1)</b>
Ottawa Savings Bancorp MHC		
925 LaSalle Street	1,223,701	57.8%
Ottawa, Illinois 61350		
Tyndall Capital Partners, LP		
599 Lexington Avenue		
Suite 4100	129,237 (2)	6.1%
New York, New York 10022		

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- (1) Based on 2,117,979 shares of Company common stock outstanding and entitled to vote as of October 21, 2014. Based exclusively on a Schedule 13G/A filed with the Securities and Exchange Commission on February 14, 2013. Tyndall Partners, L.P. ("Tyndall") owns 91,172 shares and Tyndall Institutional Partners, L.P. owns 38,065 shares.
- (2) Tyndall Capital Partners, L.P. is the general partner of Tyndall and Tyndall Institutional Partners, L.P. and possesses the sole power to vote and the sole power to direct the disposition of all shares held by Tyndall and Tyndall Institutional Partners, L.P.

The following table provides information as of October 21, 2014 about the shares of Ottawa Savings Bancorp common stock that may be considered to be beneficially owned by each director or nominee for director of the Company, by those named executive officers of the Company listed in the *Summary Compensation Table* and all directors and executive officers of the Company as a group. A person may be considered to beneficially own any shares of common stock over which he or she has, directly or indirectly, sole or shared voting or investment power. Unless otherwise indicated, none of the shares listed are pledged as security and each of the listed individuals has sole voting and investment power with respect to the shares shown.

Name	Number of Shares Owned (Excluding Options) (1)	Number of Shares That May be Acquired Within 60 Days by Exercising Options	Percent of Common Stock Outstanding (2)	%
<i>Directors:</i>				
John M. Armstrong	3,810	—	*	%
James A. Ferrero	20,180 (3)	5,451	1.21	
Keith Johnson	19,180 (4)	5,451	1.16	
Jon Kranov	35,651	23,765	2.81	
Arthur C. Mueller	12,180	5,451	*	
Daniel J. Reynolds	24,680 (5)	5,451	1.42	
<i>Executive Officers Who Are Not Directors:</i>				
Philip Devermann	16,429	17,443	1.60	
Marc N. Kingry	8,792	5,232	*	
All directors and executive officers as a group (8 persons)	140,902	68,244	9.87	

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\* Represents less than 1% of the Company's outstanding shares.

(1) This column includes the following:

<u>Name</u>	<b>Shares of Restricted Stock Awards Held in Trust</b>	<b>Shares Allocated Under the Ottawa Savings Bank ESOP</b>	<b>Shares Held in Trust in the Ottawa Savings Bank 401(k) Plan</b>
John M. Armstrong	—	—	—
Philip Devermann	—	5,341	10,194
James A. Ferrero	—	—	—
Keith Johnson	—	—	—
Marc N. Kingry	3,141	1,657	—
Jon Kranov	1,398	6,535	5,373
Arthur C. Mueller	—	—	—
Daniel J. Reynolds	—	—	—

(2)Based on 2,117,979 shares of Company common stock outstanding and entitled to vote as of October 21, 2014.

(3)Includes 500 shares of which Mr. Ferrero may be deemed the beneficial owner as the trustee of his daughter's trust.

(4)Includes 17,000 shares pledged as security for a loan with an unrelated financial institution.

(5)Includes 8,500 shares held by Mr. Reynolds' spouse.

**Selected Historical Consolidated Financial Information****for Ottawa Savings Bancorp, Inc.**

The following is selected consolidated financial information for Ottawa Savings Bancorp, Inc. at or for the six months ended June 30, 2014 and 2013 and the years ended December 31, 2013 and 2012. The financial information at and for the six-month periods ended June 30, 2014 and 2013 is unaudited but in the opinion of management reflects all adjustments, consisting of normal recurring adjustments, which are necessary to present fairly the results for such periods. The results of operations for the six months ended June 30, 2014 are not necessarily indicative of the results of operation for the year ending December 31, 2014 or for any other period.

	<b>Six Months Ended</b>		<b>Year Ended</b>	
	<b>June 30,</b>	<b>2013</b>	<b>December 31,</b>	<b>2012</b>
	<b>2014</b>	<b>2013</b>	<b>2013</b>	<b>2012</b>
	<b>(Unaudited)</b>			
(In thousands, except per share data)				
<b>Statement of Financial Condition:</b>				
Assets	\$165,896	\$176,969	\$170,610	\$179,046
Cash and cash equivalents	3,750	5,733	6,606	10,788
Investment securities	35,297	35,868	34,547	28,864
Loans receivable, net	110,077	115,885	110,673	121,945
Deposits	140,130	152,600	145,769	155,075
Total shareholders' equity	22,226	21,023	21,486	21,046
<b>Operating Data:</b>				
Interest income	\$3,274	\$3,619	\$6,952	\$7,919
Interest expense	507	809	1,452	2,169
Net interest income	2,767	2,810	5,500	5,749
Provision for loan losses	470	550	875	1,912
Net interest income after provision for loan losses	2,297	2,260	4,625	3,838
Other income	241	380	659	642
Other expenses	1,913	1,908	3,815	3,536
Income before taxes	625	732	1,469	944
Income tax expense	193	266	540	270
Net income	\$432	\$466	\$929	\$674
<b>Per Share Data:</b>				
Earnings per share, basic	\$0.21	\$0.22	\$0.45	\$0.33
Earnings per share, diluted	\$0.21	\$0.22	\$0.45	\$0.32
Dividends per share	-	-	-	-



	Six Months Ended		Year Ended	
	June 30, 2014	2013	2013	December 31, 2012
<b>Selected Financial Ratios and Other Data</b>				
<b>Performance Ratios:</b>				
Return on average assets	0.25 %	0.25 %	0.53 %	0.37 %
Return on average equity	1.97	2.20	4.38	3.23
Interest rate spread (1)	3.53	3.38	3.38	3.36
Efficiency ratio (2)	63.60	59.81	61.94	55.31
<b>Asset Quality Ratios:</b>				
Nonperforming assets to total assets	3.84	3.85	3.80	4.26
Nonperforming loans to total loans	5.00	5.01	5.10	5.04
Allowance for loan losses to nonperforming loans	52.18	64.13	49.49	53.46
Allowance for loan losses to total loans	2.61	3.21	2.52	2.69
<b>Capital Ratios:</b>				
Risk-based capital (to risk-weighted assets) (3)	20.99	18.77	20.79	18.19
Tier 1 risk-based capital (to risk-weighted assets) (3)	19.72	17.49	19.52	16.92
Core capital (to adjusted assets) (3)	12.17	10.48	11.32	10.30
Equity to total assets	13.40	11.88	12.59	11.75
Tangible capital (to tangible assets)	12.17	10.48	11.32	10.30
<b>Other Data</b>				
Number of full service offices	1	1	1	1
Full-time equivalent employees	23	22	22	22

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(1) Represents the difference between the weighted average yield on average interest-earning assets and the weighted average cost of interest-bearing liabilities.

(2) Represents other expenses divided by the sum of net interest income and other income.

(3) Ratios are for Ottawa Savings Bank FSB.

### Selected Historical Financial Information for Twin Oaks Savings Bank

The following is selected financial information for Twin Oaks at or for the three months ended June 30, 2014 and 2013 and fiscal years ended March 31, 2014 and 2013. The information at March 31, 2014 is derived from the audited financial statements of Twin Oaks, and the financial information at June 30, 2014 is derived from the unaudited financial statements of Twin Oaks, copies of which are included beginning on page F-1 of this proxy statement. The financial information at and for the three-month periods ended June 30, 2014 and 2013 and at and for the first year ended March 31, 2013 are unaudited but in the opinion of management reflects all adjustments, consisting only of normal recurring adjustments, which are necessary to present fairly the results for such periods. The results of operations for the three months ended June 30, 2014 are not necessarily indicative of the results of operation for the year ending March 31, 2015 or for any other period.

	Three Months Ended		Year Ended	
	June 30, 2014 (Unaudited)	2013 (Unaudited)	March 31, 2014 (Unaudited)	2013 (Unaudited)
(In thousands)				
<b>Statement of Financial Condition:</b>				
Assets	\$66,694	\$71,138	\$67,948	\$73,290
Cash and cash equivalents	3,701	4,781	2,426	5,861
Loans, net	30,255	31,767	30,083	32,085
Securities and investment certificates of deposit	29,882	31,956	32,641	33,177
Deposits	53,652	57,406	55,426	58,302
Borrowings	5,389	6,219	5,208	7,230
Members' equity	6,845	6,869	6,661	7,185
<b>Operating Data:</b>				
Total interest and dividend income	\$580	\$544	\$2,216	\$2,481
Total interest expense	129	156	605	735
Net interest income	451	388	1,611	1,746
Provision for loan losses	53	(10 )	874	249
Net interest income after provision for loan losses	398	398	737	1,497
Other income	91	58	230	431
Other expense	613	427	1,671	1,637
Income (loss) before taxes	(124 )	29	(704 )	291
Income tax expense (benefit)	(82 )	2	(400 )	24
Net income (loss)	\$(42 )	\$27	\$(304 )	\$267





	Three Months Ended June 30, 2014		Year Ended March 31, 2014	
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**Selected Financial Ratios and Other Data Performance Ratios:**

Return on average assets	(0.06 )%	0.05 %	(0.45 )%	0.36 %
Return on average members' equity	(0.64 )	0.43	(4.57 )	3.71
Net interest rate spread (1)	2.99	2.67	2.95	2.60
Efficiency ratio (2)	113.10	90.33	90.77	75.20

**Asset Quality Ratios:**

Nonperforming assets to total assets	2.83	1.68	0.99	1.42
Nonperforming loans to gross loans	5.91	2.45	2.08	2.91
Allowance for loan losses to total nonperforming loans	80.85	82.77	228.05	109.54
Allowance for loan losses to gross loans outstanding	4.78	2.03	4.74	3.19

**Regulatory Capital Ratios:**

Total risk-based capital (to risk-weighted assets)	22.06	22.57	22.70	22.13
Tier 1 core capital (to risk-weighted assets)	20.77	21.31	21.41	20.94
Core capital (to adjusted assets)	9.68	9.51	9.64	9.40
Equity to total assets at end of period	10.26	9.66	9.80	9.80

**Other Data:**

Number of full-service offices	2	2	2	2
Full-time equivalent employees	16	16	16	16

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(1) Represents the difference between the weighted average yield on average interest-earning assets and the weighted average cost of interest-bearing liabilities.

(2) Represents other expenses divided by the sum of net interest income and other income.

**Summary Selected Pro Forma Combined Data**

The following table shows selected financial information on a pro forma combined basis giving effect to the merger as if the merger had become effective on the date presented, in the case of balance sheet information, and at the beginning of the period presented, in the case of income statement information. The pro forma information reflects the acquisition method of accounting.

We anticipate that the merger will provide the combined company with financial benefits that include reduced operating expenses and the opportunity to earn more revenue. The pro forma information, while helpful in illustrating the financial characteristics of the new company under one set of assumptions, does not reflect these benefits and, accordingly, does not attempt to predict or suggest future results. It also does not necessarily reflect what the historical results of the new company would have been had our companies been combined during this period.

Because we have a December 31 fiscal year end and Twin Oaks has a March 31 fiscal year end, Twin Oaks' historical information has been adjusted to correspond to our fiscal year end. You should read this summary pro forma information in conjunction with the information under "*Pro Forma Financial Information*" beginning on page 39.

**For  
the Six Months  
Ended  
June  
30,  
2014**

**For the  
Year  
Ended  
December  
31, 2013**

**(In thousands)**

**Pro forma combined income statement data:**

Interest and dividend income	\$4,433	\$ 9,209
Interest expense	658	1,887
Net interest and dividend income	3,775	7,322
Provision for loan losses	1,042	1,230
Net interest and dividend income after provision for loan losses	2,733	6,092
Non-interest income	354	852
Non-interest expense	3,045	5,543
Income before income tax expense (benefit)	42	1,401
Income tax expense (benefit)	(102 )	399
Net income	\$144	\$ 1,002

**At June 30,  
2014  
(In  
thousands)**

**Pro forma combined balance sheet data:**

Total assets	\$ 232,658
Investment and mortgage-backed securities	66,413
Loans receivable, net	140,407
Deposits	193,782
FHLB advances and other borrowings	5,261
Total shareholders' equity	28,746

## **Proposal 1 — Issuance of Additional Shares of Our**

### **Common Stock Pursuant to the Merger**

*The following discussion of the merger is qualified by reference to the merger agreement, which is attached to this proxy statement as Appendix A. You should read the entire merger agreement carefully. It is the legal document that governs the merger. All information contained in this proxy statement with respect to Twin Oaks Savings Bank has been supplied by Twin Oaks Savings Bank for inclusion herein and has not been independently verified by us.*

### **The Parties to the Merger**

*Ottawa Savings Bancorp, Inc.*

*Ottawa Savings Bank FSB*

*Ottawa Savings Bancorp MHC*

Ottawa Savings Bancorp became the federally chartered stock holding company for Ottawa Savings Bank in connection with the conversion of Ottawa Savings Bank from the mutual to stock form and the reorganization of Ottawa Savings Bank into a mutual holding company structure on July 11, 2005. In connection with the reorganization, Ottawa Savings Bancorp MHC was organized and became the majority holder of Ottawa Savings Bancorp's outstanding common stock. As federally chartered savings and loan holding companies, Ottawa Savings Bancorp and Ottawa Savings Bancorp MHC are regulated by the Federal Reserve Board. Since their formation, Ottawa Savings Bancorp's and Ottawa Savings Bancorp MHC's principal activities have been to direct and coordinate the business of Ottawa Savings Bank. At June 30, 2014, we had total assets of \$165.9 million, total deposits of \$140.1 million and total shareholders' equity of \$22.2 million.

Ottawa Savings Bank, a federally chartered stock savings bank located in Ottawa, Illinois, was originally chartered in 1871. Ottawa Savings Bank is regulated by the Office of the Comptroller of the Currency and its deposits are insured by the Federal Deposit Insurance Corporation up to applicable limits. Ottawa Savings Bank is a community bank serving LaSalle County, Illinois through its main office in Ottawa, Illinois. Ottawa Savings Bank is the oldest savings institution in the State of Illinois.

*Twin Oaks Savings Bank*

Twin Oaks, which was founded in 1890, is headquartered in Marseilles, Illinois. It is an Illinois chartered mutual savings bank and serves LaSalle and Grundy Counties in Illinois through its main office and a branch office located in Morris, Illinois. Twin Oaks is regulated by the Federal Deposit Insurance Corporation and its deposits are insured by the Federal Deposit Insurance Corporation up to applicable limits. At June 30, 2014, Twin Oaks Savings Bank had total assets of \$66.7 million, total deposits of \$53.7 million and capital of \$6.8 million.

### **Form of the Merger**

The merger agreement provides for the merger of Twin Oaks with and into Ottawa Savings Bank. Ottawa Savings Bank will be the surviving institution of the merger. The merger agreement provides that we may change the structure utilized to combine with Twin Oaks, provided that any change cannot jeopardize receipt of any required regulatory approval in such a manner as to delay the consummation of the merger beyond December 31, 2014, adversely affect the rights of the depositors or members of Twin Oaks or change the benefits or other arrangements that the merger agreement provides will be made to or on behalf of Twin Oaks' directors, officers and employees.

## **We Will Issue Additional Shares to Ottawa Savings Bancorp MHC**

At the effective time of the merger, we will issue shares to Ottawa Savings Bancorp MHC to preserve the interests of the Twin Oaks Savings Bank members that are being transferred to Ottawa Savings Bancorp MHC in the merger. The issuance of these shares to Ottawa Savings Bancorp MHC will increase its ownership interest in Ottawa Savings Bancorp relative to that of other shareholders. Ottawa Savings Bancorp MHC currently owns 57.8% of our outstanding common stock. As part of the merger, we will issue additional shares of our common stock to Ottawa Savings Bancorp MHC in an amount equal to the quotient obtained by dividing the appraised value of Twin Oaks by the Ottawa Savings Bancorp common stock market price per share rounded to the nearest whole number of shares. Twin Oaks Savings Bank's independent appraiser, FinPro, has determined that the estimated pro forma market value of Twin Oaks Savings Bank was \$6.5 million as of June 6, 2014. Keller and Company's stock valuation of Ottawa Savings Bancorp states that as of June 6, 2014, the price per share of our common stock was \$9.00. Based on a \$9.00 stock valuation of Ottawa Savings Bancorp common stock and an estimated pro forma market value of Twin Oaks of \$6.5 million, we would issue 722,223 shares of common stock to Ottawa Savings Bancorp MHC in connection with the merger. As a result of the issuance of the 722,223 shares in connection with the merger, Ottawa Savings Bancorp MHC's ownership interest in Ottawa Savings Bancorp will increase from 57.8% to 68.5%. The Twin Oaks appraisal and our stock valuation will be updated as a date within 20 days of the completion of the merger. Such updates could result in a change in the appraised value of Twin Oaks and/or the stock valuation of Ottawa Savings Bancorp, which could change the number of our shares to be issued to Ottawa Savings Bancorp MHC.

## **Impact of the Issuance of Additional Shares to Ottawa Savings Bancorp MHC**

The issuance of the 722,223 shares of Ottawa Savings Bancorp to Ottawa Savings Bancorp MHC in connection with the merger will dilute public shareholders' current aggregate ownership interest in Ottawa Savings Bancorp by approximately 10.73%. The dilutive impact of the stock issuance to Ottawa Savings Bancorp MHC will result in a corresponding decrease in public shareholders' existing voting rights with respect to Ottawa Savings Bancorp and will negatively impact certain metrics, such as earnings per share and book value per share, upon which the performance of public companies is frequently measured. Specifically, as a result of the merger, our earnings per share and book value per share will be initially diluted by 5% and 3.5%, respectively. However, as set forth in greater detail below, our Board of Directors believes that the issuance of the additional shares to Ottawa Savings Bancorp MHC in connection with the merger is in the best interests of shareholders because, among other things, (1) of the complementary nature of the businesses and market areas of Ottawa Savings Bank and Twin Oaks, as well as our ability to increase our presence in Twin Oaks' market area through the Twin Oaks' branches we will acquire in the merger; (2) the opportunities for decreasing operating expenses for the combined company; (3) of the Board of Directors' assessment that we would be better able to serve the convenience and needs of Ottawa Savings Bank's customers and communities by becoming a larger institution better suited for competing against regional financial institutions in our market area; and (4) the merger is expected to be accretive to earnings and is expected to provide Ottawa Savings Bank with an enhanced opportunity to leverage its current lending activities in Twin Oaks' market area. For a detailed description of the potential benefits of the issuance of additional shares to Ottawa Savings Bancorp MHC to current Ottawa Savings Bancorp shareholders, see "*—Recommendation of Our Board; Our Reasons for the Merger and Issuance of the Shares.*"

**Recommendation by Twin Oaks' Board of Directors**

Although no consideration will be paid by Ottawa Savings Bancorp in connection with the proposed merger, the Board of Directors of Twin Oaks has determined that the merger is in the best interests of Twin Oaks and its members. In reaching this conclusion, the Board of Directors of Twin Oaks considered, among other things: (1) Twin Oaks' business, financial condition, results of operations and prospects, including its limited growth opportunities, risks to profitability and the associated business risks of remaining a small mutual savings institution in a highly competitive environment; (2) that a merger with Ottawa Savings Bank will create a stronger and larger savings institution that will be better positioned to serve the convenience and needs of Twin Oaks' customers and local community; (3) the expected impact of the merger on Twin Oaks' business, employees, customers and communities and the expectation that Ottawa Savings Bank will continue to provide the highest quality service to current Twin Oaks' customers; (4) Ottawa Savings Bank's operating philosophy, including its offering of financial products that Twin Oaks' customers have traditionally enjoyed with the same emphasis on personal service that Twin Oaks has always offered; (5) the fact that Ottawa Savings Bank does not expect to close any Twin Oaks location or relocate any Twin Oaks employee in connection with the merger; (6) the treatment of Twin Oaks' members following the completion of the merger; and (7) the likelihood that the proposed merger will be consummated.

### **Twin Oaks Deposit Accounts and Loans After the Merger**

Each of Twin Oaks Savings Bank's borrowers and each holder of a deposit account in Twin Oaks as of the effective time of the merger will have the same rights and privileges in Ottawa Savings Bank as if such borrowing and/or deposit account, respectively, had been established at Ottawa Savings Bank, and all deposit accounts established at Twin Oaks prior to the effective time of the merger shall confer on a depositor the same rights and privileges in Ottawa Savings Bank as if such deposit account had been established at Ottawa Savings Bank on the date established at Twin Oaks.

All loans of Twin Oaks Savings Bank will retain the same status that they had prior to the merger. The amount, interest rate, maturity and security for each loan will remain as they were contractually fixed prior to the merger.

All deposit accounts in Twin Oaks Savings Bank will continue to be insured up to the applicable limits by the Federal Deposit Insurance Corporation in the same manner as such deposit accounts were insured immediately before the merger.

### **Twin Oaks Members Will Become Members of Ottawa Savings Bancorp MHC**

As a federally chartered mutual holding company, Ottawa Savings Bancorp MHC does not have authorized capital stock and, therefore, has no shareholders. The merger will result in the depositors and borrowers of Twin Oaks at the effective time of the merger becoming members of Ottawa Savings Bancorp MHC as long as they continue to maintain a deposit or borrower account with Ottawa Savings Bank. Former Twin Oaks members will be entitled to vote on all questions requiring action by the members of Ottawa Savings Bancorp MHC including, without limitation, the election of directors of Ottawa Savings Bancorp MHC. As a result of the merger, and the establishment of Twin Oaks members as members of Ottawa Savings Bank MHC, the current members of Ottawa Savings Bancorp MHC will have their voting interests in Ottawa Savings Bancorp MHC diluted by approximately 26%.

Ottawa Savings Bancorp MHC's charter does not currently provide borrowers of Ottawa Savings Bank with member rights. Twin Oaks' charter provides borrowers with members rights. Specifically, Twin Oaks borrowers are entitled to cast one vote on all questions requiring action by members. As described below, Twin Oaks borrowers also would have subscription rights if Ottawa Savings Bancorp MHC undertakes a second-step conversion. To comply with applicable law, we have agreed to vote on a proposal to amend Ottawa Savings Bancorp MHC's charter to include Twin Oaks borrowers as members of Ottawa Savings Bancorp MHC as of the closing of the merger.





### **Twin Oaks Members Will Have Subscription Rights if a Second-Step Conversion Occurs**

In the future, Ottawa Savings Bancorp MHC may convert from the mutual to capital stock form, in a transaction commonly known as a “second-step” conversion. Under current Federal Reserve Board regulations, a second-step conversion requires the approval of a majority of the shares of our common stock, other than shares owned by Ottawa Savings Bancorp MHC, and a majority of the total votes eligible to be cast by members of Ottawa Savings Bancorp MHC. In a second-step conversion, members of Ottawa Savings Bancorp MHC at such time would have subscription rights to purchase shares of the converted Ottawa Savings Bancorp MHC on a priority basis. Our shareholders would be entitled to exchange their shares of common stock for shares of the converted Ottawa Savings Bancorp MHC. It is expected that our public shareholders would own the same percentage of the resulting entity as they owned immediately prior to the second-step conversion. Our Board of Directors has no current plan to undertake a “second-step conversion” transaction.

### **Material Federal Income Tax Consequences of the Merger**

This discussion is based on the Internal Revenue Code of 1986, as amended, Treasury regulations, administrative rulings and judicial decisions, all as in effect as of the date of this proxy statement and all of which are subject to change (possibly with retroactive effect) and to differing interpretations. Tax considerations under state, local and foreign laws are not addressed in this document.

Based upon facts and representations and assumptions regarding factual matters that were provided by Ottawa Savings Bancorp MHC, Ottawa Savings Bancorp, Ottawa Savings Bank and by Twin Oaks, Kilpatrick Townsend & Stockton LLP has opined with respect to the material federal income tax consequences of the merger that: (1) the merger will be treated for federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code, and (2) Ottawa Savings Bank and Twin Oaks will each be a party to that reorganization within the meaning of Section 368(b) of the Internal Revenue Code.

None of Ottawa Savings Bancorp MHC, Ottawa Savings Bancorp, Ottawa Savings Bank and Twin Oaks has requested or will request a ruling from the Internal Revenue Service as to any of the tax effects to Ottawa Savings Bancorp’s shareholders or Twin Oaks’ members of the transactions discussed in this proxy statement.

### **Recommendation of Our Board; Our Reasons for the Merger and Issuance of the Shares**

**Our Board of Directors has unanimously approved the merger agreement and recommends that you vote “FOR” the approval of the proposal to issue additional shares of our common stock to Ottawa Savings Bancorp MHC in connection with the merger.**

Our Board of Directors has determined that the merger and the merger agreement are in the best interests of Ottawa and Ottawa Savings Bancorp’s shareholders. In reaching its determination to issue additional shares of our common stock to Ottawa Savings Bancorp MHC and to approve and adopt the merger agreement and the transactions contemplated by the merger agreement, our Board of Directors reviewed with our legal advisors the terms and conditions of the merger and our obligations under the merger agreement, and considered a number of factors, from a short-term and long-term perspective, including without limitation, the following:

*No Consideration being Paid to Twin Oaks’ Members.* Pursuant to the merger agreement, we are required to issue to Ottawa Savings Bancorp MHC a number of shares equal to the fair market value of Twin Oaks, as determined by an independent appraisal, divided by the per share market value of Ottawa Savings Bancorp, as determined by an independent stock valuation; however, we will not be required to pay any consideration directly to any affiliated party, including Twin Oaks’ members, in the merger. Although they will not receive consideration in connection with the merger, members of Twin Oaks will become members of Ottawa Savings Bancorp MHC following the consummation of the merger and will be entitled to subscription rights if Ottawa Savings Bancorp MHC undertakes a second-step conversion.

*Due Diligence Review.* Information concerning the businesses, earnings, operations, financial condition and prospects of Ottawa and Twin Oaks, both individually and as a combined entity. Ottawa's Boards took into account the results of our due diligence review of Twin Oaks.

*Complementary Markets.* The complementary nature of the businesses and market areas of Ottawa Savings Bank and Twin Oaks, as well as our ability to increase our presence in Twin Oaks' market area through the Twin Oaks' branches we will acquire in the merger.

*Continuity of Management.* That our management team immediately before the merger will remain intact following the merger, with the addition of Twin Oaks' President Craig Hepner being added as Ottawa Savings Bancorp's and Ottawa Savings Bank's Chief Operating Officer, and that Ottawa Savings Bancorp MHC, Ottawa Savings Bancorp and Ottawa Savings Bank's Boards of Directors will be increased to accommodate the addition of the three members of Twin Oaks' Board of Directors.

*Cost Savings.* The opportunities for decreasing operating expenses for the combined company, including savings of approximately \$180,000 annually after the first year.

*Current Environment.* The current and prospective economic, competitive and regulatory environment facing Ottawa Savings Bancorp, Ottawa Savings Bank, Twin Oaks and the financial services industry.

*Termination Fee.* The \$250,000 or \$122,500 termination fees to which we would be entitled under certain circumstances and that we might be required to pay Twin Oaks a termination fee of \$122,500 if the merger agreement is terminated under certain circumstances.

*More Competitive.* The Board of Directors' assessment that we would be better able to serve the convenience and needs of Ottawa Savings Bank's customers and communities by becoming a larger institution better suited for competing against regional financial institutions in our market area.

*Accretive to Earnings.* That the merger is expected to be accretive to earnings and is expected to provide Ottawa Savings Bank with an enhanced opportunity to leverage its current lending activities in Twin Oaks' market area, and that the business and financial advantages contemplated in connection with the merger will likely be achieved within a reasonable time frame.

*Likelihood of Consummation.* The likelihood that the proposed merger would receive the required approvals.

*Intended to Receive Tax-Free Treatment.* That the merger is intended to be tax-free reorganization for U.S. federal income tax purposes for Ottawa and Twin Oaks.

*Twin Oaks' CRA Rating.* The “satisfactory” Community Reinvestment Act rating at the most recent examination of Twin Oaks.

The discussion of the information and factors considered by Ottawa’s Boards of Directors is not intended to be exhaustive, but includes all material factors considered by our Board of Directors. In reaching their determination to approve and recommend the merger agreement, including the issuance of additional shares to Ottawa Savings Bancorp MHC, the Boards of Directors did not assign any specific or relative weights to any of the foregoing factors, and individual directors may have weighed factors differently.

### **Twin Oaks Appraisal**

The Twin Oaks appraisal was prepared by FinPro. FinPro has been in the business of financial consulting for the bank and thrift industries for 27 years and its services include the appraisal and valuation of bank and thrift institutions and their securities in connection with corporate transactions. FinPro has knowledge of and experience with the bank and thrift market and financial organizations operating in that market. The Twin Oaks appraisal was prepared in accordance with the OCC appraisal guidelines for institutions that are converting from the mutual to stock form and are selling their stock to the public.

Although Twin Oaks is not conducting a mutual to stock conversion and simultaneous stock offering in connection with the merger, the Twin Oaks appraisal considered, among other factors, the pro forma impact of an assumed offering of common stock equaling \$6.5 million, the estimated market value of Twin Oaks as of June 6, 2014. In preparing the appraisal, FinPro reviewed Twin Oaks’ financial statements for the fiscal years ended **March 31, 2014 and 2013**. FinPro compared Twin Oaks’ financial performance with selected publicly traded thrift institutions. The Twin Oaks appraisal applied three primary methodologies: the pro forma price-to-book value approach applied to both reported book value and tangible book value; the pro forma price-to-earnings approach applied to reported and core earnings; and the pro forma price-to-assets approach. The market value ratios applied in the three methodologies were based upon the current market valuations of the peer group companies identified by FinPro, subject to adjustments applied by FinPro to account for differences between Twin Oaks and the peer group.

FinPro also considered the following factors, among others, in determining the appraised value of Twin Oaks:

the present results and financial condition of Twin Oaks and the projected results and financial condition of Twin Oaks;

the economic and demographic conditions in Twin Oaks' existing market area;

certain historical, financial and other information relating to Twin Oaks;

a comparative evaluation of the operating and financial characteristics of Twin Oaks with those of its peer group of similarly situated publicly traded savings institutions;

a review of recently completed standard conversion offerings; and

the impact of the assumed offering proceeds on Twin Oaks' equity capital and earnings potential.

The Twin Oaks appraisal states that as of June 6, 2014, the estimated pro forma market value of Twin Oaks is \$6.5 million. Based on the stock valuation of Ottawa Savings Bancorp common stock equal to \$9.00 per share as of June 6, 2014, Ottawa Bancorp would be required to issue 722,223 shares of common stock to Ottawa Savings Bancorp MHC at this appraisal value of Twin Oaks and stock valuation of Ottawa Savings Bancorp. These shares would represent approximately 25% of outstanding Ottawa Savings Bancorp common stock.

The following table presents a summary of selected pricing ratios for Twin Oaks and our peer group companies identified by FinPro. These ratios are based on Twin Oaks' earnings for the 12 months ended March 31, 2014 and its book value as of March 31, 2014. Compared to the median pricing of the peer group, the pro forma pricing ratios indicated a discount of 35.69% on a price-to-book value basis and a discount of 37.71% on a price-to-tangible book value basis. The pricing ratios result from Twin Oaks' significantly smaller balance sheet size, balance sheet composition, weaker asset quality condition and weaker profitability than the companies in the peer group on a pro forma basis. The earnings multiples are "NM," or "not meaningful," given the fact that net income for the 12 months ended March 31, 2014 was negative.

	<b>Price Relative to</b>		<b>Book</b>	<b>Tangible</b>	<b>Assets</b>
	<b>Earnings</b>	<b>Core Earnings</b>		<b>Book</b>	
The Bank (at midpoint) Full Conversion	NM	NM	55.40 %	55.96 %	8.90 %
Comparable Group Median	17.64	18.40	86.15 %	89.84 %	12.02 %
(Discount) Premium	NA	NA	-35.69 %	-37.71 %	-25.96 %

FinPro's appraisal does not constitute an endorsement of the merger or a recommendation to any shareholder as to how such shareholder should vote at the annual meeting. The valuation is necessarily based upon estimates and projections of a number of matters, all of which are subject to change from time to time.

Copies of the appraisal of FinPro are available for inspection at our main office.

### **Ottawa Stock Valuation**

Due to the low trading volume of our common stock, we retained Keller and Company to provide an independent valuation of the market value our common stock. This valuation, together with Twin Oaks' appraised value, serves as the basis for calculating the number of shares of common stock to be issued to Ottawa Savings Bancorp MHC in connection with the merger. Keller and Company performs a similar process each year for us as required by our employee stock ownership plan trustee.

Keller and Company is a financial advisory and appraisal firm with experience in financial institution stock valuations. Keller and Company has been in the business of providing appraisal and stock valuation services to the bank and thrift industry for many years and its services include the valuation of the securities of financial institutions and their holding companies in connection with mergers, acquisitions and other securities transactions. Keller and Company has knowledge of and experience with Ottawa Savings Bank and thrift market and financial organizations operating in that market. Keller and Company also reviewed the negotiated terms of the merger agreement.

The Keller and Company stock valuation prepared for us indicates a total value of \$19,062,000 or \$9.00 a share, as of June 6, 2014, and is based on 2,117,979 shares outstanding. In preparing the stock valuation for our common stock, Keller and Company reviewed the following:

Ottawa Savings Bancorp's audited financial statements for the fiscal years ended December 31, 2011, 2012 and 2013;

Ottawa Savings Bancorp's unaudited financial statements for the three months ended March 31, 2014; and



Ottawa Savings Bank's quarterly Call Reports for the periods ended March 31, 2013, June 30, 2013, September 30, 2013, December 31, 2013 and March 31, 2014.

Keller and Company also considered the following factors, among others, in determining the per share price of Ottawa Savings Bancorp common stock:

the market condition for securities in general and for publicly traded thrift stocks in particular;

the economic and demographic characteristics of Ottawa Savings Bancorp's primary market and an analysis of that market area relative to Illinois and the United States;

the condition and performance of Ottawa Savings Bancorp compared to the condition and performance of the thrift industry and selected publicly traded thrifts and thrift holding companies, *i.e.*, the comparable group; and

historical, financial and other information related to Ottawa Savings Bancorp.

The selection of an appropriate group of similar publicly traded thrifts or thrift holding companies, including mutual holding companies, is integral to Keller and Company's valuation of Ottawa Savings Bancorp. Keller and Company evaluates parameters relating to the candidates' balance sheet strength, financial performance and asset quality characteristics. The ten comparable group members share the following characteristics, among others:

location within the Midwest, North Central, Northeast, or Southeast regions of the United States;

membership on one of the three major U.S. stock exchanges, *i.e.*, New York Stock Exchange (NYSE), American Stock Exchange (AMEX), or the NASDAQ Stock Market (NASDAQ);

total assets of less than \$1.4 billion;

core return on average assets of less than 1.15; and

Core return on average equity of less than 12.00.

Keller and Company's financial analysis focuses on financial condition, earnings performance, and pertinent industry ratios. Then, to determine fair value, market value adjustments are made based upon a comparison with the

comparable group. Adjustment considerations include, among others, earnings performance, financial condition, market area, dividends, liquidity/limited marketability of the stock, and assessment of management strengths and weaknesses.

Under normal stock market conditions, the price to book value ratio is the method most frequently used for determining the fair market value of common stock for thrift institutions. Also, as earnings have improved, increasing emphasis has been placed on the price to earnings valuation method. Keller and Company has employed both methods to determine the per share price of Ottawa Savings Bancorp common stock. In addition, a third valuation method, the price to net assets method, has been used to provide additional analytical and correlative perspective.

The Ottawa Savings Bancorp valuation indicates a total value of \$19,062,000 or \$9.00 a share, as of June 6, 2014, and is based on 2,117,979 shares outstanding. The valuation represents a price to book ratio of 87.49% and a price to core earnings multiple of 21.25 times earnings. The price to book ratio is moderately below the comparable group at 101.56%, and the price to core earnings multiple is similar to the comparable group at 20.63 times earnings.

The ten comparable group institutions, along with their price to book ratios and price to core earnings multiples, follow:

<b><u>Institution</u></b>	<b>Price/Book Ratio (%)</b>	<b>Price/Core Earnings (x)</b>
First Capital, Inc.	102.41	10.81
First Clover Leaf Financial Corp.	90.41	22.83
IF Bancorp, Inc.	90.74	20.98
Jacksonville Bancorp, Inc.	90.75	13.91
Kentucky First Federal Bancorp (MHC)	109.15	31.67
Lake Shore Bancorp, Inc. (MHC)	107.85	19.52
Madison County Financial, Inc.	91.13	19.89
Pulaski Financial Corp.	121.38	18.43
River Valley Bancorp	127.62	9.90
Wolverine Bancorp, Inc.	84.14	38.34
Average	101.56	% 20.63x

Keller and Company's stock valuation does not constitute an endorsement of the merger or a recommendation to any shareholder as to how such shareholder should vote at the annual meeting. The valuation is necessarily based upon estimates and projections of a number of matters, all of which are subject to change from time to time.

Copies of the stock valuation report of Keller and Company are available for inspection at our main office.

### **Certain of Our Obligations in Connection with the Merger**

In the merger agreement, we agreed to take certain actions with regard to Twin Oaks' directors and officers.

*Appoint Three Twin Oaks Board Members to Ottawa Savings Bancorp's, Ottawa Savings Bancorp MHC's and Ottawa Savings Bank FSB's Board of Directors.* Upon completion of the merger, Ottawa will appoint three members

of Twin Oaks' Board of Directors, Craig M. Hepner, Thomas Adler and William Kuiper, to the Boards of Directors of Ottawa Savings Bancorp, Ottawa Savings Bancorp MHC and Ottawa Savings Bank. Messrs. Hepner, Adler and Kuiper will each be appointed to a different class of the three classes of directors for each of Ottawa Savings Bancorp MHC, Ottawa Savings Bancorp and Ottawa Savings Bank.

***Offer of Employment to Craig M. Hepner.*** Ottawa Savings Bancorp and Ottawa Savings Bank have agreed that on the closing date of the merger, it will offer Mr. Hepner employment as the Chief Operating Officer of Ottawa Savings Bancorp and Ottawa Savings Bank.

***Indemnify Twin Oaks Savings Bank Directors and Officers Against Claims.*** For a period of six years, we have agreed to indemnify and hold harmless each present and former Twin Oaks director and officer from liability and expenses arising out of matters existing or occurring at or before the consummation of the merger to the fullest extent allowed under federal law and Twin Oaks' charter and bylaws. We will advance any related costs to each of these persons as they are incurred. We also will also maintain a policy of directors' and officers' liability insurance coverage for the benefit of Twin Oaks' directors and officers for three years following consummation of the merger, subject to certain limitations on the amount of premiums to be paid.

### **Approvals Needed to Complete the Merger**

In addition to the requisite approvals of our shareholders and the Twin Oaks members, completion of the merger and the transactions contemplated by the merger agreement are subject to the prior approval of the Federal Reserve Board. In reviewing applications, the Federal Reserve Board must consider, among other factors, the financial and managerial resources and future prospects of the existing and resulting institutions and the convenience and needs of the communities to be served. In addition, the Federal Reserve Board may not approve a transaction if it will result in a monopoly or otherwise be anti-competitive.

Under the Community Reinvestment Act of 1977, the Federal Reserve Board must take into account the record of performance of Ottawa Savings Bank and Twin Oaks in meeting the credit needs of the entire community served by each institution, including low and moderate income neighborhoods. As part of the review process, bank regulatory agencies frequently receive comments and protests from community groups and others. Ottawa Savings Bank and Twin Oaks each received a “satisfactory” rating in their last respective Community Reinvestment Act examinations.

In addition, a period of 15 to 30 days must expire following approval by the Federal Reserve Board within which period the United States Department of Justice may file objections to the merger under the federal anti-trust laws. While we believe that the likelihood of such action by the Department of Justice is remote in this case, there can be no assurance that the Department of Justice will not initiate proceedings to block the merger. If such proceeding is instituted or challenge is made, we cannot ensure a favorable result.

Additionally, Ottawa Savings Bancorp MHC’s charter does not currently provide borrowers of Ottawa Savings Bank with member rights. Twin Oaks’ charter provides borrowers with members’ rights. To comply with applicable law, we have agreed to vote on a proposal to amend Ottawa Savings Bancorp MHC’s charter to include Twin Oaks borrowers as members of Ottawa Savings Bancorp MHC as of the closing of the merger.

### **Accounting Treatment of the Merger**

The merger will be accounted for under the acquisition method of accounting. Under this method of accounting, Ottawa Savings Bank and Twin Oaks will be treated as one company as of the date of the merger, and we will record the fair value of Twin Oaks’ assets (including intangible assets which arise from either contractual or other legal rights) and liabilities on our consolidated financial statements. The fair value of the shares issued in excess of the fair value of the net assets acquired will be recorded as goodwill if this arises. If any goodwill is recognized, it will not be amortized for financial accounting purposes, but instead will be tested for impairment annually. To the extent goodwill is impaired, its carrying value will be written down to its implied fair value and a charge will be made to earnings. At this time, the projections show a minimal bargain purchase which results from the excess of net assets

acquired by the buyer (which is 100% of the target's net assets measured predominantly at fair value) over the sum of: (a) consideration transferred (measured predominantly at fair value); (b) the fair value of any noncontrolling interest; and (c) the fair value of any previously held equity interest of the buyer. In the rare case in which a gain from a bargain purchase results from the buyer's accounting for a business combination, the buyer must perform a thorough self-review of: (a) the accuracy and completeness of the identifiable assets acquired and liabilities assumed and (b) the appropriateness of the procedures used to measure the individual components within each element of the goodwill calculation and the results of applying those procedures. If a gain from a bargain purchase still exists after the buyer performs this thorough self-review, then the buyer would recognize a gain from a bargain purchase in its income statement and prepare its disclosure explaining why a bargain purchase resulted from the business combination. The gain would be attributed entirely to the buyer (i.e., none of the gain would be attributed to any noncontrolling interest) and it would not be classified as extraordinary on the income statement. However, core deposit and other intangibles recorded by us in connection with the merger will be amortized to expense over their estimated useful lives. Twin Oaks' results of operations will be included in our income statement after completion of the merger.

## **Completion of the Merger**

The closing of the merger will take place on a date designated by us within 30 days following the date on which all of the conditions to the merger contained in the merger agreement are satisfied or waived, unless Ottawa Savings Bancorp and Twin Oaks agree to a later date. See “—*Conditions to Completing the Merger.*” On the closing date, Ottawa Savings Bank will file articles of combination with the OCC to effect the merger. The merger will become effective at the time stated in the articles of combination.

We currently expect to complete the merger in the fourth calendar quarter of 2014. However, neither Ottawa nor Twin Oaks can guarantee when or if the conditions precedent to consummation of the merger will be satisfied.

## **Conditions to Completing the Merger**

The respective obligations of Ottawa and Twin Oaks to effect the merger are subject to the satisfaction or waiver of the conditions specified in the merger agreement, including:

approval of the merger agreement by Twin Oaks’ members;

approval of the issuance of additional shares of our common stock to Ottawa Savings Bancorp MHC;

each party fulfilling their obligations under the merger agreement;

the continued accuracy of their representations and warranties;

obtaining regulatory approval from the Federal Reserve Board and that such approval does not contain a condition or requirement that would so materially affect the economic benefits of the merger that, had the condition been known, we would not have entered into the merger agreement;

the absence of any order, decree, or injunction of a court or agency of competent jurisdiction that would prevent the completion of the merger;

receiving officers' certificates from each other that confirm that each party's representations and warranties are materially true and that the party has performed in all material respects all of its obligations under the merger agreement; and

obtaining all necessary third party consents to the merger.

Our obligation to close is also contingent on the absence of any event or occurrence that would have or will reasonably result in any material adverse effect on Twin Oaks.



We cannot guarantee that all of these conditions will be satisfied or waived.

## **Representations and Warranties**

Each party has made certain customary representations and warranties to the other party with respect to various matters, including its financial statements, capital structure, business, loans, investments, regulatory filings and benefit plans. These representations and warranties must generally remain accurate in all material respects through the completion of the merger. A party can terminate the merger agreement if the other party's representations and warranties are not true and correct and have a material adverse effect on that other party. If the merger is completed, or if the merger agreement is terminated for some unrelated reason, the representations and warranties become void. You can find detailed information concerning these representations and warranties in Article III of the merger agreement located in Appendix A.

## **Cooperation and Conduct of Business; Agreement Not to Solicit Other Proposals**

Each party has agreed, between the signing of the merger agreement and the completion of the merger, to cooperate in completing the merger and to avoid taking any action that would adversely affect or delay its ability to perform its obligations under the merger agreement or to complete the merger. Twin Oaks has also agreed to certain restrictions regarding its business operations pending the completion of the merger, although we have agree to waive these restrictions to the extent that such activities are within the ordinary course of business for Twin Oaks. In addition, Twin Oaks has agreed not to initiate, solicit, encourage or facilitate any acquisition proposal with a third party. An acquisition proposal means any proposal or offer with regard to:

any merger, consolidation, share exchange, business combination, or other similar transaction involving Twin Oaks;

any sale, lease, exchange, mortgage, pledge, transfer or other disposition of 20% or more of Twin Oaks' consolidated assets in a single transaction or series of transactions; or

any public announcement of a proposal, plan or intention to do any of the foregoing or any agreement to engage in any of the foregoing.

Despite the agreement not to solicit other acquisition proposals, the Twin Oaks Board of Directors may generally negotiate or have discussions with, or provide information to, a third party who makes an unsolicited, written, bona fide acquisition proposal, provided that Twin Oaks has entered into a confidentiality agreement with the third party and the Board of Directors determines in good faith:

after consultation with and based upon the advice of its legal counsel, that failing to take such action would constitute a breach of its fiduciary duties under applicable law; and

after consulting with its legal counsel and its financial advisor, that such proposal would be more favorable to the Twin Oaks members than the Ottawa Savings Bank merger, taking into consideration all legal, financial, regulatory and other aspects of the acquisition proposal and the entity making the proposal (*i.e.*, a “superior proposal”).

If Twin Oaks determines that such unsolicited acquisition proposal is a superior proposal, Twin Oaks will have the right to terminate the merger agreement. However, before terminating the merger agreement, Twin Oaks must first provide us with three business days to match or exceed the terms of the superior proposal.

## **Waiver and Amendment**

Any provision in the agreement may be modified at any time by a written agreement between the parties. Additionally, any provision may be waived by the party benefitting from such provision.

## **Terminating the Merger Agreement**

Ottawa Savings Bancorp and Twin Oaks can agree at any time not to complete the merger, even if our shareholders and Twin Oaks' members have approved it. Also, either Ottawa Savings Bancorp or Twin Oaks can decide, without the consent of the other, to terminate the merger agreement:

if the merger is not completed by April 30, 2015, unless the failure to complete the merger by that time is due to the failure of the party seeking to terminate the agreement to perform or observe its obligations set forth in the merger agreement;

if the approval of the shareholders of Ottawa Savings Bancorp or the members of Twin Oaks required for the consummation of the merger is not obtained (provided that the party that seeks to terminate the merger agreement on this basis has complied with its obligations to seek the approval of its shareholders or members as required under the merger agreement);

if a required regulatory approval is denied or a governmental agency issues an order that precludes the consummation of the merger;

if there shall have been a material breach of any representation, warranty, covenant or other obligation of the other party and the breach cannot be, or shall not have been, remedied within thirty days after receipt by such other party of notice in writing specifying the nature of such breach and requesting that it be remedied.

by either party, if the Twin Oaks' Board of Directors does not recommend, or withdraws its recommendation, to its members that such members approve the merger; and

by Twin Oaks, if its Board of Directors authorizes it to enter into an agreement that the Board determines is a superior proposal to the merger agreement with Ottawa (as described above). Twin Oaks must provide Ottawa within three business days to match or exceed such superior proposal.

**Termination Fee and Reimbursement of Expenses**

If the merger agreement is terminated because Twin Oaks breaches its covenants related to acquisition proposals from third parties or is otherwise terminated by either party as a consequence of Twin Oaks' receipt of a superior proposal, Twin Oaks will pay Ottawa a termination fee of \$250,000. If the merger agreement is terminated as a result of certain willful or intentional acts or omissions of either party, and, in the case of Twin Oaks, such willful or intentional acts are not related to receipt of an acquisition proposal, such party may be obligated to pay the other party a termination fee of \$122,500. If the merger agreement is terminated by Ottawa because Twin Oaks has experienced a material adverse effect, as such term is identified in the merger agreement, that is identified by the preparation of Twin Oaks' audited financial statements, then Twin Oaks will pay Ottawa a termination fee equal to the reasonable expenses Ottawa has incurred in connection with the preparation of the merger agreement and any actions relating thereto or as a result thereof, up to a maximum of \$122,500.

## **Pro Forma Financial Information**

The following unaudited pro forma consolidated condensed combined balance sheet as of June 30, 2014 and unaudited pro forma consolidated condensed combined statement of operations for the six months ended June 30, 2014 and for the year ended December 31, 2013 give effect to the pending merger, accounted for as an acquisition.

Because Ottawa has a December 31 fiscal year end and Twin Oaks has a March 31 fiscal year end, Twin Oaks' historical information has been adjusted to correspond to our fiscal year end.

The unaudited pro forma consolidated condensed combined financial information is based on the historical consolidated financial statements of Ottawa and Twin Oaks under the assumptions and adjustments set forth in the accompanying notes. The unaudited pro forma consolidated condensed combined balance sheet gives effect to the merger as if the merger had been consummated at the end of the period presented. The unaudited pro forma consolidated condensed combined statement of operations for the six months ended June 30, 2014 give effect to the merger as if the merger had been consummated on January 1, 2014. The unaudited pro forma consolidated condensed combined statement of operations for the year ended December 31, 2013 give effect to the merger as if the merger had been consummated on January 1, 2013. The unaudited pro forma consolidated condensed combined financial statements do not give effect to the anticipated cost savings in connection with the merger.

You should read the unaudited pro forma consolidated condensed combined financial statements in conjunction with the historical consolidated financial statements of Ottawa and Twin Oaks, including the respective notes to those statements. The pro forma information is intended for informational purposes only and is not necessarily indicative of the combined financial position or the results of operations in the future or of the combined financial position or the results of operations which would have been realized had the merger been consummated during the periods or as of the dates for which the pro forma information is presented.

**Ottawa Savings Bancorp, Inc.****and Twin Oaks Savings Bank****Unaudited Pro Forma Consolidated Condensed****Combined Balance Sheet as of June 30, 2014****(In thousands)**

	<b>Historical</b>			<b>Pro</b>
	<b>Ottawa</b>	<b>Twin Oaks</b>	<b>Pro Forma Adjustments</b>	<b>Forma Combined</b>
<b>ASSETS:</b>				
Cash and cash equivalents	\$5,506	\$3,701	\$ (429)	) \$ 8,778
Securities	36,531	29,882	—	66,413
Loans, net	110,077	30,255	75	140,407
Accrued interest receivable	651	267	—	918
Premises and equipment, net	6,370	1,030	—	7,400
Core deposit intangible	—	—	422	422
Goodwill	—	—	—	—
Other assets	6,761	1,559	—	8,230
Total assets	\$165,896	\$66,694	\$ 68	\$ 232,658
<b>LIABILITIES AND STOCKHOLDERS' EQUITY:</b>				
Deposits	\$140,130	\$53,652	\$ 265	\$ 193,782
FHLB advances	—	5,198	63	5,261
Advance payments by borrowers for taxes and insurance	—	138	—	—
Other liabilities	3,201	861	64	4,264
Total liabilities	143,331	\$59,849	\$ 392	\$ 203,572
<b>Commitments and contingencies:</b> Redeemable common stock held by ESOP	\$339	\$—	\$ —	\$ 339
<b>Stockholders' Equity</b>				
Common stock	22	—	7	29
Additional paid-in capital	8,709	—	6,493	15,202
Retained earnings	15,051	6,515	(6,515)	) 15,051
Bargain purchase gain	—	—	21	21
Unallocated ESOP shares	(280)	) —	—	(280)
Unearned management recognition plan shares	(17)	) —	—	(17)
Accumulated other comprehensive income	292	330	(330)	) 292

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	\$23,777	\$6,845	\$ (324	) \$30,298
Less:				
Treasury stock, at cost	(1,212 )	—	—	(1,212 )
Maximum cash obligation related to ESOP shares	(339 )	—	—	(339 )
Total stockholders' equity	\$22,226	\$6,845	(324	) \$28,746
Total liabilities and stockholders' equity	\$165,896	\$66,694	\$ 68	\$232,658

See Notes to the Unaudited Pro Forma Consolidated Condensed Combined Financial Statements.

**Ottawa Savings Bancorp, Inc.**  
**and Twin Oaks Savings Bank**  
**Unaudited Pro Forma Consolidated Condensed**  
**Combined Statement of Operations**  
**For the Six Months Ended June 30, 2014**  
**(In thousands)**

	<b>Historical</b>			<b>Pro</b>
	<b>Ottawa</b>	<b>Twin</b>	<b>Pro Forma</b>	<b>Forma</b>
		<b>Oaks</b>	<b>Adjustments</b>	<b>Combined</b>
Interest and dividend income:				
Interest and fees on loans	\$2,847	\$752	\$ (20	) \$ 3,579
Investment and mortgage-backed securities	427	427	—	854
Other	—	—	—	—
Total interest and dividend income	\$3,274	\$1,179	\$ (20	) \$ 4,433
Interest expense:				
Deposits and advanced payments by borrowers for taxes and insurance	\$507	\$190	\$ (88	) \$ 609
Federal Home Loan Bank advances	—	84	(35	) 49
Total interest expense	\$507	\$274	\$ (123	) \$ 658
Net interest and dividend income	\$2,767	\$905	\$ 103	\$ 3,775
Provision for loan losses	470	572	—	1,042
Net interest and dividend income after provision for loan losses	\$2,297	\$333	\$ 103	\$ 2,733
Noninterest income:				
Service charges on deposit accounts	\$144	\$50	\$ —	\$ 194
Gain on sales of securities	—	32	—	32
Gain on sales of loans	7	20	—	27
Other income	90	11	—	101
Total noninterest income	\$241	\$113	\$ —	\$ 354
Noninterest expense:				



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Compensation and benefits	\$874	\$539	\$ —	\$ 1,413
Occupancy	260	105	—	365
Deposit insurance premium	69	60	—	129
Legal and professional services	221	160	—	381
Data processing	139	84	—	223
Valuation adjustments and expenses on foreclosed real estate	42	8	—	50
Loss on sale of OREO	—	—	—	—
Loss on sale of repossessed assets	—	—	—	—
Amortization of core deposit intangible	—	—	50	50
Other	308	126	—	434
Total noninterest expense	\$1,913	\$1,082	\$ 50	\$ 3,045
Income before income tax expense	\$625	\$(636 )	\$ 53	\$ 42
Income tax expense	193	(315 )	20	(102 )
Net income	\$432	\$(321 )	\$ 33	\$ 144

See Notes to the Unaudited Pro Forma Consolidated Condensed Combined Financial Statements.

**Ottawa Savings Bancorp, Inc.****and Twin Oaks Savings Bank****Unaudited Pro Forma Consolidated Condensed****Combined Statement of Operations****For the Year Ended December 31, 2013****(In thousands)**

	<b>Historical</b>			<b>Pro</b>
	<b>Ottawa</b>	<b>Twin</b>	<b>Pro Forma</b>	<b>Forma</b>
		<b>Oaks</b>	<b>Adjustments</b>	<b>Combined</b>
Interest and dividend income:				
Interest and fees on loans	\$6,206	\$1,576	\$ (38	) \$ 7,744
Investment and mortgage-backed securities	746	719	—	1,465
Other	—			