

Ottawa Savings Bancorp, Inc.

Form PRER14A

October 09, 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.

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1. Title of each class of securities to which transaction applies:

N/A

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1. Amount Previously Paid:

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2. Form, Schedule or Registration Statement No.:

N/A

3. Filing Party:

N/A

4. Date Filed:

N/A

[OTTAWA SAVINGS BANCORP, INC. LOGO]

[MAIL DATE]

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 **[MEETING DATE]** at __: __ .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 a majority of our outstanding shares by our shareholders. 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,

Jon Kranov

President and Chief Executive Officer

[OTTAWA SAVINGS BANCORP, INC. LOGO]

925 LaSalle Street

Ottawa, Illinois 61350

(815) 433-2525

NOTICE OF 2014 ANNUAL MEETING OF SHAREHOLDERS

TIME AND DATE

_:___.m., local time, on [MEETING DATE].

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 [RECORD DATE].

PROXY VOTING

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

Laurie Duffell
Assistant Corporate Secretary

Ottawa, Illinois

[MAIL DATE]

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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APPENDIX Agreement and Plan of Merger, dated as of June 30, 2014, by and among Ottawa Savings Bancorp
A MHC, Ottawa Savings Bancorp, Inc., Ottawa Savings Bank FSB and Twin Oaks Savings Bank

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 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. The Company’s Board of Directors also recommends that you vote “**FOR**” election of each of the nominees for election as director 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 ___ through ___.

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

Answer: In addition to regulatory approvals and the approval of the merger by Twin Oaks' members, company 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 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. 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.

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

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Summary

This summary highlights selected information from this proxy statement and does not contain all 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 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 the Company'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 Bancorp, Inc.

Ottawa Savings Bank FSB

925 LaSalle Street

*Ottawa, Illinois
61350*

(815) 433-2525

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.

Note Regarding Use of Names in This Proxy Statement

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

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 [MEETING DATE] at __: __ .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 [RECORD DATE]. As of the close of business on [RECORD DATE], _____ shares of Ottawa Savings Bancorp common stock were outstanding, including _____ 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 the 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 __)** 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 __)** 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.

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.

**Issuance of Our
Shares to Ottawa
Savings Bancorp
MHC**

(page __)

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 __)

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 __)

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 __ through __.

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

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 ___)**

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 an any acquisition proposal with 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 ___)

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 ___)

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 __)

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 __)

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. 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.

PROXY STATEMENT

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 _____, [MEETING DATE] at _:___ .m., local time. This proxy statement and the enclosed proxy card are being first mailed to shareholders on or about [MAIL DATE].

Important Notice Regarding the Availability of Proxy Materials for the Shareholders Meeting to be held on [MEETING DATE]

The Proxy Statement and Annual Report for the year ended December 31, 2013 are available at <http://www.rdgir.com/ottawa-savings-bancorp-inc>.

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 [RECORD DATE]. 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 nominees. As the beneficial owner, you have the right to direct your broker on how to vote your shares. Your broker, bank or nominees 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 **[RECORD DATE]**, 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 **[RECORD DATE]**, 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 nominees 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 nominees 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 **[RECORD DATE]**. 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 Agreement and Plan of Merger, "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 nominees holding shares for a beneficial owner does not vote on a particular proposal because the broker, bank or other nominees 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 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. In counting votes on the proposal to ratify the appointment of the independent registered public accounting firm, abstentions will have the same effect as a negative vote while 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 in the issuance of additional shares of our common stock, the amendment to Company's charter and 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 in the issuance of additional shares of our common stock, 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 in the issuance of additional shares of our common stock and 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 Agreement and Plan of Merger, "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 nominees that you must follow to have your shares voted. Your broker, bank or other nominees 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 nominees 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 nominees, you

must contact your broker, bank or other nominees.

Participants in the Bank’s 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

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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 Chairman and President;
- (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 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 |

* 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. 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 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 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 of the Board of Directors of the Company 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.

| <i>Name</i> | <i>Fees Earned or Paid in Cash (\$)</i> | <i>Stock Awards (\$)</i> | <i>Option Awards</i> | <i>All Other Compensation (\$)</i> | <i>Total (\$)</i> |
|--------------------|---|----------------------------------|--------------------------|--|-----------------------|
| 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 the Ottawa Savings Bank were paid a monthly retainer in the amount of \$1,050 for their service on the 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 **[RECORD DATE]** 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.

| Name and Address | Number of Shares Owned | Percent of Common Stock Outstanding (1) |
|------------------------------|---------------------------------------|--|
| 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 **[RECORD DATE]**. 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 **[RECORD DATE]** 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) |
|------|--|---|--|
|------|--|---|--|

Directors: