

WLOW FINANCIAL BANCORP, INC.

CORPORATE GOVERNANCE GUIDELINES

Board Approved: 11/28/06

BOARD COMPOSITION

1. Separation of Chairman and President/CEO

The positions of Chairman of the Board and President/Chief Executive Officer are to be held by separate individuals and the position of Chairman of the Board is to be held by an independent director as defined below.

2. Size of Board

The Board will consist of 7 to 17 directors as dictated by the Company's bylaws. The Board will periodically review the size of the Board.

3. Mix of Independent and Management Directors

All directors, other than the current President/CEO, should be independent directors as defined below. However, exceptions can occur as a result of mergers and acquisitions or the retirement of a President/CEO.

4. Board definition of Independence for non-employee Directors

The Company defines an "independent" director in accordance with the Nasdaq National Market listing standards. However, the Board has a responsibility as it relates to each independent director to determine that no relationships exist, which in the opinion of the Board, would compromise the exercise of his or her independent judgment in fulfilling his or her responsibilities as a director.

5. Board Membership Criteria

The Nominating and Corporate Governance Committee shall have the responsibility to develop and recommend criteria for the selection of potential directors to serve on the Board, including, but not limited to diversity, age, technical skills, industry knowledge and experience, financial experience (including expertise that could qualify a director as a "financial expert" as that term is defined by the rules of the SEC), local or community ties, time availability, and minimum individual qualifications, including character, judgment, familiarity with the Company's business and industry, independence of thought, and an ability to work collegially.

6. Nomination of New Directors

The Board is responsible for approval of the nominating slate for consideration by the shareholders at the Annual Meeting. The Nominating and Corporate Governance Committee is responsible for the screening process.

7. Term Limits

The Board does not limit the number of terms as a director. While limits could ensure fresh ideas and viewpoints, the Board believes there is a disadvantage of losing the contribution of directors who over time have developed increasing insight into the Company and its operations.

8. Board Compensation

The compensation of the independent directors will be a combination of cash and equity based compensation. Management directors will not be paid for Board service; however, they may be salaried employees of the Company.

Directors are not permitted to receive consulting, advisory, or any other compensatory fees from the Company.

The Compensation Committee will report annually to the Board as to the trends and developments in director compensation, and recommend to the Board the form, amount, and terms of director and committee membership compensation.

9. Code of Conduct and Ethics Policy

The Board will review annually the Company's Code of Conduct and Ethics Policy to ensure that the terms are appropriate and comply with applicable laws, regulations, and listing standards.

The Nominating and Corporate Governance Committee will consider any corporate governance issues that arise from time to time including requests for waivers from the Company's Code of Conduct and Ethics Policy and make appropriate recommendations to the Board.

BOARD RESPONSIBILITIES

The primary responsibilities of the Board of Directors are the oversight and counseling to the management of the Company in the interest and for the benefit of the Company's shareholders. These responsibilities include, but are not limited to, the following:

- the selection, evaluation of performance, and approval of compensation for the President/CEO and other executive management personnel
- leadership development and succession planning for the President/CEO and other executive management personnel
- the quarterly review of the Company's long-term strategic plan
- the review and, where appropriate, approval of the Company's financial objectives and operating plans
- the oversight of the processes required for maintaining the integrity of the Company regarding its financial statements and other public disclosures
- risk management, including development of the appropriate contingency plan

Directors are expected to act at all times in accordance with the Company's Code of Conduct and Ethics Policy.

Directors will forward all inquiries from shareholders, analysts, and the like to the President/CEO or their designee.

BOARD MEETINGS

1. Scheduling, Agenda, Responsibilities, and Access

Regular Board meetings are scheduled monthly on the 4th Tuesday of month. In addition to these regularly scheduled meetings, additional meetings may be scheduled upon appropriate notice at any time to address specific needs of the Company. The Board may also take action by unanimous written consent, as provided in the Company's bylaws.

The President/CEO, with the input of the Chairman of the Board, is responsible for drafting the agenda each month and distributing it in advance of the meeting. Directors may propose additional items to be placed on the agenda by notifying the President/CEO prior to the meeting date.

Directors are expected to prepare, attend, and participate in all Board and applicable Committee meetings, including attendance at the Annual Meeting of Shareholders. Each Director is expected to ensure that other commitments, including other board service does not interfere with his or her service as a director. The Board reserves the right to approve other directorships of its directors.

Directors, in carrying out their board and committee responsibilities, shall have access to the officers and employees of the Company.

2. Materials

Materials that are integral to a better understanding of agenda items will be distributed prior to the board meeting date. By sending materials in advance, board meetings can be better utilized for discussion and decision-making.

3. Independent Directors' Meetings

The Board's policy is to have separate meeting time for executive sessions of the independent directors as required by the Nasdaq National Market listing. These sessions will be held in connection with the scheduled board meetings.

4. Orientation and Continuing Education

The Chairman of the Board and the President/CEO, or his or her designee, are responsible for providing orientation for new directors designed to familiarize them with the Company's business, strategies, and challenges.

The Board encourages its directors to pursue continuing education, which may include both in-house and third party presentations that address legal, financial, regulatory, and industry specific topics.

BOARD COMMITTEES

1. Number of Committees

The current committees are Audit, Compensation, Nominating and Corporate Governance, and Finance. There will, on occasion, be times that the Board may want to form a new committee or disband a current committee, excluding Audit, depending upon circumstances. The Audit, Compensation, and Nominating and Corporate Governance Committees shall be comprised solely of independent directors.

Each committee will have a written charter, approved by the Board, describing the Committee's general authority and responsibilities. Each committee will perform an annual review of its charter and recommend to the Board any changes.

Each committee, with full committee approval, will have the authority to retain independent legal, accounting, financial, and any other advisors necessary to undertake its responsibilities without the approval of the full Board or management.

Each committee will report to the Board its activities either with a board presentation or a copy of the Committee's meeting minutes.

2. Assignment of Committee Members

The Nominating and Corporate Governance Committee, in conjunction with the Chair, is responsible for recommending to the Board the appointment of Committee members and Committee Chairmen. Committee assignments are to be reviewed annually.

3. Committee Meetings and Agenda

The Committee Chairman will determine the frequency of the Committee meetings and develop the Committee's agenda. Directors who are not assigned to a committee are welcome to attend such committee meetings without compensation.

BOARD AND MANAGEMENT REVIEWS

1. Evaluation of President/CEO

The independent directors, in conjunction with the review and recommendation of the Compensation Committee, will perform an annual evaluation of the President/CEO.

2. Evaluation of Executive Management

The Board, in conjunction with the review and recommendation of the Compensation Committee, will oversee an annual evaluation of executive management.

3. Succession Planning

The President/CEO will review succession planning and management development with the Board on an annual basis.

4. Formal Evaluation of the Board

The Chairman of the Board will manage the Board's process for annual Director self-assessment and evaluation of the Board.

BOARD AND MANAGEMENT OWNERSHIP

Directors and executive management are encouraged to be stockholders having a value as determined from time to time by the Board.