



FIRST OTTAWA BANCSHARES, INC.

Direct Parent Company of The First National Bank of Ottawa

February 15, 2016

Dear Shareholders:

As you are aware, we announced on September 11, 2015 that we had authorized the repurchase of up to 5% of the Company's outstanding common stock and to facilitate that repurchase, we engaged the investment banking firm D.A. Davidson and Company, through their division Crowell, Weedon and Company. We are pleased to report that we have successfully repurchased nearly 5,000 shares as part of that program. We continue to believe that the repurchase of a portion of our outstanding shares will be of benefit to the Company and its remaining shareholders, as well as providing additional liquidity to those shareholders that elect to sell shares.

To supplement that program, the Board has authorized the Company to directly repurchase stock from our shareholders at a price of approximately 95% of our tangible book value as of the most recent quarter end prior to the purchase. Thus, based on our December 31, 2015 tangible book value, the repurchase amount through April 15, 2016 will be set at \$38.00 per share. These purchases would be accomplished on a private basis and paid in cash without any brokers' fees.

We reserve the right to suspend or modify this offer at any time. We remain interested in repurchasing up to 5% of the Company's outstanding shares, as we announced in the initial notice of repurchase.

If now or in the future you decide that you would like to sell all or a portion of your Company stock, you only need to call Cheryl Gage at (815) 434-0044 at the Bank or email her at cgage@firstottawa.com to work out the details. We can also provide you with any publicly available financial or other information about the Company or the Bank that you might like to review in connection with any decision to sell. The Company would be prepared to close any stock purchase as quickly as possible.

We continue to value you as a stockholder. We are hopeful that the forgoing offer will be beneficial to those that wish to sell any portion of their holdings as well as to the remaining shareholders. Please do not hesitate to call me if you have any questions in this regard.

Very truly yours,

Donald J. Harris
First Ottawa Bancshares, Inc.
Chairman, CEO and President

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