

BAYLAKE BANKSHARES, INC. and BAYLAKE NATIONAL BANK

CHARTER

COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS

Purposes

The primary purpose of the Compensation Committee (the "Committee") is to discharge the responsibilities of the Board of Directors (the "Board") relating to all executive officers, employees and director compensation, including equity-based and incentive compensation, of both Baylake Bankshares, Inc. and Baylake National Bank (collectively the "Company"). The Committee shall be responsible for evaluating and analyzing compensation and related compensation plans and making recommendations to the Board.

Composition

The members of the Committee shall be appointed by the Board and shall consist of no less than two (2) members of the Board. Each Committee member shall be an "independent" director as defined by applicable law. The rules and regulations of the Securities and Exchange Commission (Rule 16b-3), the Internal Revenue Code (Section 162(m)) and NASDAQ Marketplace Rule 5605(d)(2)(A) shall provide guidance as to what constitutes independence. The Chairman of the Committee shall be appointed from among its members by the Board.

Any member appointed by the Board may be removed by the Board by majority vote whenever, in its judgment, the best interests of the Committee and the Company will be served thereby.

Members may resign from the Committee upon written resignation being duly submitted to and approved by the Board.

Reporting Procedures and Records

The Committee will report regularly to the Board (i) following meetings of the Committee, (ii) with respect to such matters as are relevant to the Committee's discharge of its responsibilities, (iii) to obtain necessary ratification of actions taken by the Committee, and (iv) with respect to such recommendations as the Committee may deem appropriate. The report to the Board may take the form of an oral or written report by the Committee's Chairperson or any other member of the Committee designated by the Committee to make such report.

The Committee will maintain minutes or other records of meetings and activities of the Committee.

Meetings and Delegation

The Committee shall meet no less than twice per year to review executive and director compensation as well as equity-based grants and plans, and incentive compensation plans for executives, employees and directors of the Company. The Committee may meet at such other times during the year as may be necessary to carry out the purposes outlined in this Charter. The Chairman may call additional meetings, if and when required. Actions by the Committee may be taken via unanimous consent which may be delivered in verbal, written or electronic format.

The Committee may request any officer or employee of the Company or any other person to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee. For a portion or all of each of its meetings, the Committee shall meet in executive session without the CEO of Baylake Bankshares, Inc. or the CEO of Baylake National Bank present or any other employees as the Committee deems appropriate.

The Committee shall have the power to delegate its authority and duties to subcommittees, individual members of the Committee, or officers of the Company, as the Committee determines appropriate in accordance with applicable laws and regulations.

Responsibilities and Duties

In furtherance of its purposes, the Committee shall have the following responsibilities and duties:

1. The Committee shall review and reassess annually the adequacy of this Committee charter and recommend any changes.
2. The Committee shall evaluate the overall executive compensation philosophy of the Company, at least annually, and shall take such action as the Committee deems necessary or appropriate with respect to policies, plans and programs related to executive officer and director compensation. The Committee shall assure that compensation and benefits are fair and equitable for all executive officers of the Company and, more specifically, assure that executive compensation is fair and motivating to assure retention and recruitment of highly qualified executives to manage the Company in the best interest of its shareholders.
3. The Committee shall evaluate, at least annually, the performance of the Chief Executive Officers and the Company in light of the corporate goals and objectives reviewed and approved by the Committee and will ensure that the CEOs evaluate and review with the Committee the performance of the other executive officers for the purpose of making executive compensation recommendations to the Committee based on such evaluations. The Committee will establish the base pay, incentive and bonus plan awards (including awards under all equity-based plans), and other benefits, direct and indirect, of the CEOs. In this capacity, the Committee shall have the sole authority to hire and terminate any compensation consultants to be used to assist in the evaluation of the CEOs' compensation, including the authority to approve the compensation consultants' fees and other retention terms. The CEOs may not be present during voting or deliberations on his or her compensation.
4. In determining the annual and long-term incentive components of the compensation of the

CEOs, the Committee will consider various evaluation criteria, including the Company's performance, the performance of the executive officers, the achievement of specific performance goals and objectives, the peer group companies to which the Company compares itself for compensation purposes, the value of similar incentive awards to CEOs and Presidents at peer group companies, compensation survey data selected by the compensation consultants retained by the committee or from other sources, and the awards granted to the Company's CEOs.

5. The Committee shall adopt, approve, and/or ratify awards under incentive compensation and equity-based plans, including amendments to the awards made under any such plans, and review and monitor awards under such plans as deemed appropriate.
6. The Committee shall make recommendations to the Board with respect to establishment, amendment or termination of incentive compensation plans and equity-based plans, including recommendations for submission to shareholders when required. As part of its review of such compensation plans, the Committee shall ensure the plans do not incept unnecessary and excessive risks that would threaten the value of the Company.
7. The Committee shall review and recommend to the Board any contracts or other transactions with the executive officers, including consulting arrangements, employment contracts and severance or termination agreements.
8. The Committee shall review and approve any Compensation Committee Report which may be included in the Company's annual proxy statement and/or to primary regulator(s) as may be required by applicable rules and regulations.
9. The Committee may, in its sole discretion, retain or obtain the advice of a compensation consultant, legal counsel or other advisor.
10. The Committee shall be directly responsible for the appointment, compensation and oversight of the work of any compensation consultant, legal counsel and other advisor retained by the Committee.
11. The Company must provide for appropriate funding, as determined by the Committee, for payment of reasonable compensation to a compensation consultant, legal counsel or any other advisor retained by the Committee.
12. The Committee may select, or receive advice from a compensation consultant, legal counsel or other adviser to the Committee, other than in-house counsel, only after taking into consideration the following factors:
 - The provision of other services to the Company by the person that employs the compensation consultant, legal counsel or other adviser.
 - The amount of fees received from the Company by the person that employs the compensation consultant, legal counsel or other adviser, as a percentage of the total revenue of the person that employs the compensation consultant, legal counsel or other adviser.
 - The policies and procedures of the person that employs the compensation consultant, legal counsel or other adviser that are designed to prevent conflicts of interest.

- Any business or personal relationship of the compensation consultant, legal counsel or other adviser with a member of the Committee.
- Any stock of the Company owned by the compensation consultant, legal counsel or other advisor.
- Any business or personal relationship of the compensation consultant, legal counsel, other adviser or the person employing the adviser with an Executive Officer of the Company.

The foregoing list of duties is not all inclusive, and the Committee may perform additional functions as may be necessary or appropriate for the performance of its duties consistent with this Charter, as otherwise requested by the Board, or as required by applicable law or regulation.

February 19, 2019