

**Bank Mutual Corporation
Compensation Committee Charter
(as amended and restated November 6, 2006)**

The Board of Directors of Bank Mutual Corporation (the "Company") hereby constitutes and establishes this restated charter for its Compensation Committee. The Compensation Committee shall have the authority, responsibilities and specific duties as described below.

Authority and Responsibility

The Compensation Committee is granted the authority to review and determine executive compensation at the Company, to recommend compensation programs to the Board of Directors, and to administer the Company's stock option and similar plans. All Company employees are directed to cooperate in the process of determining compensation as may be required by the Committee. The Committee is empowered to retain persons having special competence, such as counsel, auditors or other advisors, as necessary to assist the Committee in fulfilling its responsibility. The Compensation Committee is to assist the Board of Directors in fulfilling its fiduciary responsibilities as to compensation policies and plans. It is to be the Board's principal agent for evaluating compensation matters and determining executive compensation levels, although the institution of new or amended compensation plans and programs shall remain subject to the approval of the entire Board of Directors.

The Compensation Committee shall evaluate compensation matters in accordance with the compensation philosophy and standards determined by the Committee, subject to the direction of the Board of Directors. Unless otherwise determined by the Board of Directors, the general philosophy of the Company's executive compensation program is to offer key executive compensation that is competitive in the market place and also based on the Company's performance and the employee's individual contribution and performance. The Company's executive compensation policies are intended to motivate and reward executives for long-term strategic management and the enhancement of shareholder value through cash payments and equity incentives. The executive compensation objectives of the Company are to attract and retain highly-qualified managers through competitive salary and benefit programs, encourage extraordinary effort on the part of management through well-designed incentive opportunities and contribute to the short- and long-term interests of the Company's shareholders.

Specific Duties

In addition to any other role which the Board of Directors may from time to time assign, the Compensation Committee is to:

1. Review and determine to the Board of Directors the Company's general compensation policies and philosophies for executive officers and other employees.
2. Review and determine the annual salary, bonus and other benefits, direct or indirect, of the Company's executive officers, and review and evaluate employment agreements with Company executives.

3. Grant stock options and restricted stock awards under the Company's employee stock option, equity and management recognition plans, grant benefits under other stock benefit plans, and act as the committee which administer such plans.
4. Review and recommend possible new executive compensation plans and programs; review on a periodic basis the operation of the Company's executive compensation plans and programs to determine whether they are properly coordinated, establish and periodically review policies for the administration of those executive compensation plans and programs; and modify, or recommend the modification of, any executive compensation programs or plans that yield payments and benefits that are not reasonably related to the Company's compensation policies and philosophies.
5. Establish and periodically review policies and plans in the area of retirement benefits, management "fringe benefits" and other perquisites.
6. Consult with the Company's chief executive officer, and other appropriate executive officers, in determining appropriate overall compensation levels and policies for the attracting, retaining and motivating management talent.
7. Report on executive compensation to the Company's shareholders in the annual meeting proxy statement, and review drafts of the Company's public disclosure documents (including the Compensation Committee proxy statement report and Compensation Discussion and Analysis) describing compensation.
8. Review and recommend to the Board of Directors, the compensation of directors.
9. Recommend to the Board of Directors any appropriate extensions or changes in the duties of the Committee.
10. Apprise the Board of Directors, through minutes and special presentations as necessary, of significant developments in the course of performing the above duties.

Administrative Matters

Membership

The Compensation Committee shall be comprised of three or more directors, all of which shall be independent directors. For this purpose, "independent director" shall mean a person who is an "independent director" under applicable Nasdaq Global Select Stock Market or successor rules, and shall to the extent possible further exclude: (1) any person not qualifying as an "outside director" determined pursuant to Section 162m of the Internal Revenue Code and the regulations thereunder; (2) any person not qualifying as a "non-employee director" under Rule 16b-3 promulgated by the Securities and Exchange Commission; or (3) any other individual having a relationship that, in the opinion of the Board of Directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. One of the members shall be appointed Committee Chairman.

Meetings

The Compensation Committee is to meet at least twice per year, and as many other times as it deems necessary to permit the Committee to adequately perform its responsibilities hereunder. The Chairman may call a meeting at any time he or she believes is necessary or appropriate.

Attendance

At least a majority of the members of the Compensation Committee are to be present at all meetings. As necessary or desirable, the Chairman may request that members of management be present at meetings of the Committee; however, the chief executive officer shall not be present during the deliberations concerning or the voting upon that officer's compensation.

Minutes

Minutes of each meeting are to be prepared and sent to Committee members and Company directors who are not members of the Committee. If the Secretary of the Company has not taken the minutes, they should be sent to him or her for permanent filing.