

**AMB**  
**FINANCIAL CORP.**

March 29, 2011

Dear Fellow Stockholder:

On behalf of the Board of Directors and management of AMB Financial Corp., we cordially invite you to attend the 2011 annual meeting of stockholders. The annual meeting will be held at 10:30 a.m. central time on Wednesday, April 27, 2011 at our main office located at 8230 Hohman Avenue, Munster, Indiana 46321.

In addition to the election of two directors, stockholders are also being asked to ratify the appointment of Cobitz, VandenBerg & Fennessy as our independent auditors. The Board of Directors unanimously recommends that you vote **FOR** the election of the nominees for director and the ratification of the appointment of Cobitz, VandenBerg & Fennessy.

We encourage you to attend the meeting in person. Whether or not you attend the meeting, **please read the enclosed proxy statement and then complete, sign and date the enclosed proxy card and return it in the postage prepaid envelope provided as promptly as possible.** This will save us the additional expense of soliciting proxies and will ensure that your shares are represented. Please note that you may vote in person at the meeting even if you have previously returned the proxy.

Thank you for your attention to this important matter.

Sincerely,



MICHAEL MELLON

*President and Chief Executive Officer*

**AMB**  
**FINANCIAL CORP.**  
8230 Hohman Avenue  
Munster, Indiana 46321  
(219) 836-5870

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**  
To be Held on April 27, 2011

Notice is hereby given that the 2011 annual meeting of stockholders of AMB Financial Corp. will be held at our main office located at 8230 Hohman Avenue, Munster, Indiana, at 10:30 a.m., Central Time, on Wednesday, April 27, 2011.

A proxy card and a proxy statement for the meeting are enclosed.

The annual meeting is for the purpose of considering and acting upon:

- Proposal I.      The election of two directors of AMB Financial Corp., each with a term of three years;
- Proposal II.     The ratification of the appointment of Cobitz, VandenBerg & Fennessy as the independent auditors for AMB Financial Corp. for the year ending December 31, 2011; and

such other matters as may properly come before the annual meeting, or any adjournments or postponements thereof. We are not aware of any other business to come before the annual meeting.

Any action may be taken on any one of the foregoing proposals at the annual meeting on the date specified above, or on any date or dates to which the annual meeting may be adjourned or postponed. Stockholders of record at the close of business on March 18, 2011 are the stockholders entitled to vote at the annual meeting and any adjournments or postponements thereof.

You are requested to complete and sign the enclosed form of proxy, which is solicited on behalf of the Board of Directors, and to mail it promptly in the enclosed envelope. Your proxy will not be used if you attend and vote at the annual meeting in person.

BY ORDER OF THE BOARD OF DIRECTORS



Michael Mellon  
*President and Chief Executive Officer*

Munster, Indiana  
March 29, 2011

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**IMPORTANT: The prompt return of proxies will save us the expense of further requests for proxies to ensure a quorum at the annual meeting. A self-addressed envelope is enclosed for your convenience. No postage is required if mailed within the United States.**

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## PROXY STATEMENT

# AMB

**FINANCIAL CORP.**  
8230 Hohman Avenue  
Munster, Indiana 46321  
(219) 836-5870

## ANNUAL MEETING OF STOCKHOLDERS

April 27, 2011

The Board of Directors is using this proxy statement to solicit proxies from the holders of AMB Financial Corp. common stock for use at our 2011 annual meeting of stockholders. We are first mailing this proxy statement and the enclosed form of proxy to our stockholders on or about March 29, 2011.

Since we terminated the registration of our shares under Section 12(g) of the Securities Exchange Act of 1934 (the "Exchange Act") effective December 29, 2008, this proxy statement is not intended to comply with the disclosure requirements applicable to proxy statements of companies with shares registered under the Exchange Act.

Certain of the information provided herein relates to our wholly owned subsidiary, American Savings, FSB, which we refer to as American Savings or the Bank.

### **Time and Place of the Annual Meeting; Matters to be Considered**

Our annual meeting will be held as follows:

**Date:** April 27, 2011  
**Time:** 10:30 a.m., Central Time  
**Place:** Main office of AMB Financial Corp.  
8230 Hohman Avenue  
Munster, Indiana 46321

At the annual meeting, stockholders are being asked to consider and vote upon the following proposals:

- the election of two directors, each with a term of three years;
- the ratification of the appointment of Cobitz, VandenBerg & Fennessy as our independent auditors for the year ending December 31, 2011; and

any other matters that may properly come before the annual meeting. As of the date of this proxy statement, we are not aware of any other business to be presented for consideration at the annual meeting.

### **Voting Rights of Stockholders; Required Vote for Approval**

Only holders of record of our common stock on March 18, 2011 are entitled to notice of and to vote at the annual meeting. You are entitled to one vote for each share of our common stock you own as of the record date. On March 18, 2011 there were 981,638 shares of our common stock outstanding and entitled to vote at the annual meeting.

Directors are elected by a plurality of the votes present in person or represented by proxy at the annual meeting and entitled to vote on the election of directors. The ratification of the appointment of Cobitz, VandenBerg & Fennessy as our independent auditors requires the approval of a majority of the shares voting on the matter. Proxies marked to abstain with respect to a proposal other than the election of directors have the same effect as votes against the proposal. Broker non-votes have no effect on the vote. One-third of the shares of our common stock, present in person or represented by proxy, shall constitute a quorum for purposes of the annual meeting. Abstentions and broker non-votes are counted for purposes of determining a quorum.

**The Board of Directors unanimously recommends that you vote “FOR” the election of each of the Board of Directors’ nominees and “FOR” the proposal to ratify Cobitz, Vandenberg & Fennessy as our independent auditors for the year ending December 31, 2011.**

### **Voting of Proxies; Revocability of Proxies; Proxy Solicitation Costs**

Proxies are solicited to provide all stockholders of record on the voting record date an opportunity to vote on matters scheduled for the annual meeting and described in these materials. Shares of our common stock can only be voted if the record stockholder is present in person at the annual meeting or by proxy. To ensure your representation at the annual meeting, we recommend you vote by proxy even if you plan to attend the annual meeting. You can always change your vote at the annual meeting if you are a record holder or have appropriate authorization from the record holder.

Voting instructions are included on your proxy card. Shares of our common stock represented by properly executed proxies will be voted by the individuals named in such proxy in accordance with the stockholder’s instructions. Where properly executed proxies are returned to us with no specific instruction as to how to vote at the annual meeting, the persons named in the proxy will vote the shares “FOR” the election of each of the Board of Directors’ nominees and “FOR” the ratification of the appointment of Cobitz, Vandenberg & Fennessy as our independent auditors for the year ending December 31, 2011. Should any other matters be properly presented at the annual meeting for action, the persons named in the enclosed proxy and acting thereunder will have the discretion to vote on these matters in accordance with their best judgment.

You may receive more than one proxy card depending on how your shares are held. For example, you may hold some of your shares individually, some jointly with your spouse and some in trust for your children in which case you will receive three separate proxy cards to vote.

You may revoke your proxy before it is voted by: (i) submitting a new proxy with a later date relating to the same shares and delivering it to our Secretary; (ii) notifying our Secretary in writing before the annual meeting that you have revoked your proxy; or (iii) voting in person at the annual meeting. Any written notice must be delivered to Denise L. Knapp, Secretary of AMB Financial Corp. at 8230 Hohman Avenue, Munster, Indiana 46321.

If you plan to attend the annual meeting and wish to vote in person, we will give you a ballot at the annual meeting. However, if your shares are held in the name of your broker, bank or other nominee, you must bring appropriate documents from the nominee indicating that you were the beneficial owner of our common stock and authorizing you to vote the shares on March 18, 2011, the record date for voting at the annual meeting, and stating the number of shares held by the nominee on your behalf.

If you participate in our Employee Stock Ownership Plan (“ESOP”) you will receive a voting instruction form that reflects all shares you may vote under the plan to which the form relates. Under the terms of the ESOP, all shares held in the ESOP are voted by the ESOP trustees, but each participant in the ESOP may direct the trustees how to vote the shares of Company common stock allocated to his or her ESOP account. Unallocated shares of Company common stock held by the ESOP Trust and allocated shares for which no timely voting instructions are received will be voted by the ESOP trustees in the same proportion as shares for which the trustees have received voting instructions, subject to the exercise of their fiduciary duties.

We will pay the cost of soliciting proxies. In addition to this mailing, our directors, officers and employees may also solicit proxies personally, electronically or by telephone. We will also reimburse brokers and other nominees for their reasonable expenses in sending these materials to you and obtaining your voting instructions.

## Voting Securities and Principal Holders Thereof

The following table sets forth as of March 18, 2011, information regarding share ownership of: (i) those persons or entities known by management to beneficially own more than five percent of the common stock; (ii) each of our executive officers; (iii) each member of our Board of Directors; and (iv) all of our directors and executive officers as a group.

The address of each of the beneficial owners, except where otherwise indicated, is the same as our address.

<u>Beneficial Owner</u>	<u>Shares Beneficially Owned at March 18, 2011</u>	<u>Percent of Class</u>
AMB Financial Corp. Employee Stock Ownership Plan 8230 Hohman Avenue Munster, IN 46321 .....	106,623 <sup>(1)</sup>	10.3%
Steven A. Bohn .....	8,621 <sup>(2)</sup>	*
Ronald W. Borto .....	56,306	5.7%
Thomas Corsiglia .....	11,018	1.1%
Louis Green.....	20,792	2.1%
Donald L. Harle.....	32,563	3.3%
Clement B. Knapp, Jr. ....	142,034 <sup>(3)</sup>	14.5%
Michael Mellon.....	49,766 <sup>(4)</sup>	5.0%
Robert Rossa .....	1,901 <sup>(5)</sup>	*
Mohammad Saleem.....	13,784 <sup>(6)</sup>	1.4%
Robert E. Tolley .....	17,865	1.8%
Ginger Watts .....	22,647 <sup>(7)</sup>	2.3%
Todd C. Williams .....	36,628 <sup>(8)</sup>	3.7%
Directors and executive officers, as a group (12 persons).....	413,925 <sup>(9)</sup>	40.7%

\* Less than 1.0%

(1) The amount reported represents shares held by the ESOP, 106,623 shares of which have been allocated to accounts of participants. Pentegra Trust Company, the trustee of the ESOP, may be deemed to beneficially own the shares held by the ESOP, which have not been allocated to accounts of participants. Participants in the ESOP are entitled to instruct the trustee as to the voting of shares allocated to their accounts under the ESOP. Unallocated shares held in the ESOP's suspense account or allocated shares for which no voting instructions are received are voted by the trustee in the same proportion as allocated shares voted by participants.

(2) Includes 1,987 shares allocated under the ESOP.

(3) Includes 38,368 shares beneficially owned by Mrs. Knapp (includes 11,904 shares allocated under the ESOP).

(4) Includes 14,137 shares allocated under the ESOP and presently exercisable options to purchase 15,000 shares pursuant to the Company's stock option plan. Mr. Mellon is the stepson of Clement B. Knapp, Jr.

(5) Includes 1,901 shares allocated under the ESOP.

(6) Includes 8,284 shares allocated under the ESOP and presently exercisable options to purchase 5,000 shares pursuant to the Company's stock option plan.

(7) Includes 10,524 shares allocated under the ESOP and presently exercisable options to purchase 5,000 shares pursuant to the Company's stock option plan.

- (8) Includes 12,864 shares allocated under the ESOP and presently exercisable options to purchase 10,000 shares pursuant to the Company's stock option plan.
- (9) Includes shares held directly, as well as shares held in retirement accounts, shares allocated to the ESOP accounts of certain of the named persons, vested stock options, shares held by certain members of the named individuals' families, or held by trusts of which the named individual is a trustee or substantial beneficiary, with respect to which the named individuals may be deemed to have sole voting and investment power.

## PROPOSAL I - ELECTION OF DIRECTORS

Our Board of Directors is currently comprised of seven members. Each current director is also a director of American Savings FSB, our wholly owned federal savings bank subsidiary. Directors are generally elected to serve for a three-year term or until their respective successors shall have been elected and shall qualify. Approximately one-third of the directors are elected annually.

The following table sets forth certain information regarding the composition of our Board of Directors, including their terms of office and nominees for election as directors. It is intended that the proxies solicited on behalf of the Board of Directors (other than proxies in which the vote is withheld as to one or more nominees) will be voted at the annual meeting for the election of the nominees identified in the following table. If any nominee is unable to serve, the shares represented by all such proxies will be voted for the election of such substitute as the Board of Directors may recommend. At this time, the Board of Directors knows of no reason why any of the nominees might be unable to serve, if elected. There are no arrangements or understandings between any director or nominee and any other person pursuant to which such director or nominee was selected.

Name	Age	Position(s) Held	Director Since <sup>(1)</sup>	Term to Expire
<b><u>NOMINEES</u></b>				
Louis A. Green	68	Director	2008	2011
Robert E. Tolley	73	Director	1987	2011
<b><u>DIRECTORS CONTINUING IN OFFICE</u></b>				
Donald L. Harle	72	Director	1995	2012
Clement B. Knapp, Jr.	69	Chairman of the Board	1970	2012
Ronald W. Borto	63	Director	1986	2013
Thomas Corsiglia	48	Director	2007	2013
Michael Mellon	41	President and Chief Executive Officer	2003	2013

(1) Includes service as a director of American Savings.

### Directors

The business experience of each director and director nominee is set forth below. All directors have held their present positions for at least the past five years, unless otherwise stated.

*Louis A. Green.* Mr. Green retired from the Company effective December 31, 2006. Mr. Green's banking experience includes 5 years with the Public Accounting firm of Ernst & Ernst and 30 years of diversified experience with the Bank including holding positions of CFO and Senior Loan Officer.

*Robert E. Tolley.* Mr. Tolley was President of Calumet Machine and Welding Inc. and RHET Engineering LLC located in Highland, Indiana and is a Project Engineer for Superior Engineering LLC located in Hammond, Indiana. He earned both his B.S.M.E. and M.S.M.E. degrees from Purdue University. Mr. Tolley was also active in several community organizations.

*Clement B. Knapp, Jr.* Mr. Knapp retired as President and Chief Executive Officer of American Savings effective December 8, 2007. He had held such positions since 1977 and had acted in all of such capacities with AMB

Financial since its incorporation in 1993. Mr. Knapp remains as Chairman of the Board. Since joining American Savings in 1968 he served in various capacities and attended many banking schools and seminars. He is a graduate of Georgetown University and Indiana University/Indianapolis Law School. Mr. Knapp is also active in several community organizations. Mr. Knapp is the husband of Denise L. Knapp, Secretary of American Savings and stepfather of Michael Mellon, President and Chief Executive Officer of American Savings.

*Donald L. Harle.* Mr. Harle was the President and Chief Executive Officer of Mid-America Mailers, Inc., a company he co-founded, from 1969 to 2004. He sold the company to Diamond Marketing Solutions in 2004, and he remains an executive of that company. He has been in the direct mail business since he graduated from Indiana University in 1960. He is active in the direct mail professional associations, as well as the American Red Cross, Boy Scouts and the Hammond Chamber of Commerce.

*Ronald W. Borto.* Mr. Borto is a certified public accountant and managing partner for the accounting firm of Borto and Borto located in Schererville, Indiana. He received a B.S. degree in Accounting from Indiana University in 1969. Mr. Borto has also served on the Boards of Directors of Regional Community Mental Association, Crown Point Community Foundation and Youche Country Club.

*Michael Mellon.* Mr. Mellon has served as an executive with American Savings since 1993, most recently promoted to President and Chief Executive Officer effective December 8, 2007. Prior to that he served as Executive Vice President. Mr. Mellon also serves as a Councilman for the Town of Munster as well as a Member of the Indiana Bankers Government Relations Committee. Mr. Mellon received his Masters Degree in Business Administration from Purdue University.

*Thomas Corsiglia.* Mr. Corsiglia is President of Hyre Electric, an electrical contracting company located in Highland, Indiana. He serves on the Board of Directors of the Northwest Indiana National Electrical Contractors Association (NECA), and he is a trustee for the NECA and IBEW Local #697 pension, health and money purchase trusts. Mr. Corsiglia volunteers his time for a variety of charitable organizations in the community. He is a graduate of Purdue University Lafayette where he received scholastic honors.

#### **Executive Officers Who Are Not Directors**

The business experience of each executive officer who is not also a director is set forth below.

*Steven A. Bohn.* Mr. Bohn, age 52, joined the Bank as Vice President and Chief Financial Officer in September 2007. Mr. Bohn served as Vice President and Chief Financial Officer of HFS Bank FSB for over 17 years and more recently served as Vice President and Controller of First National Bank of Illinois.

*Denise L. Knapp.* Mrs. Knapp, age 63, was appointed as the Secretary of American Savings in 1987 and of AMB Financial in 1993. She has also served as a loan officer since 1985 and as the Dyer branch manager since 1989. Since joining American Savings in 1975, Mrs. Knapp has served in various capacities and is a member of several executive committees of American Savings. Mrs. Knapp is also active in several charitable organizations in the area. Mrs. Knapp is the wife of Chairman Knapp and mother of President Mellon.

*Robert B. Rossa.* Mr. Rossa, age 62, joined American Savings as Vice President in 2006 and is responsible for Commercial Lending and functions as a loan officer for the Bank. Prior to 2006, Mr. Rossa was employed for 36 years at Bank Calumet. Mr. Rossa held various positions at Bank Calumet initially as a Branch Manager, most recently as a Commercial Loan Officer whose responsibilities included management of a loan portfolio which included Special Assets and litigation.

*Mohammad Saleem.* Mr. Saleem, age 44, joined American Savings in 1998. Mr. Saleem has held a variety of titles within the Bank including Asst. Vice President. Mr. Saleem was appointed Vice President in 2010 and is currently responsible for information technology and is the Company's security officer.

*Ginger Watts.* Mrs. Watts, age 44, joined American Savings in 1993. Mrs. Watts has held a variety of titles within the Bank including Branch Manager and Asst. Vice President. Mrs. Watts was appointed Vice President in 2010 and is currently responsible for regulatory compliance and deposit operations.

*Todd C. Williams.* Mr. Williams, age 44, joined American Savings in 1994. Mr. Williams has held a variety of titles within the Bank including Compliance Officer and Asst. Vice President. Mr. Williams was appointed Vice President in 2004 and is currently responsible for coordinating the Bank's loan origination and operations activities. Mr. Williams received his MBA from Purdue University and is involved in several community and trade organizations.

### **Board of Directors' Meetings and Committees**

Our Board of Directors meets monthly. The Board of Directors met 12 times during the year ended December 31, 2010. During 2010, no director attended fewer than 75% of the aggregate of the total number of Board meetings and the total number of meetings held by the committees of the Board of Directors on which he served. We have standing Audit, Governance/Nominating and Compensation Committees.

### **Procedures for the Nomination of Directors by Shareholders**

*Through the Governance/Nominating Committee.* The Governance/Nominating Committee has adopted procedures for the submission to the committee of director nominees by stockholders. If a determination is made that an additional candidate is needed for the Board, the Governance/Nominating Committee will consider candidates submitted by the Company's stockholders. Stockholders can submit the names of candidates for Director by writing to the Chairman of the Governance/Nominating Committee, at 8230 Hohman Avenue, Munster, Indiana 46321. The Chairman of the Governance/Nominating Committee must receive a submission not less than one hundred twenty (120) days prior to the date of the Company's proxy materials for the preceding year's annual meeting. If the date of the annual meeting is advanced more than thirty (30) days prior to or delayed by more than thirty (30) days after the anniversary of the preceding year's annual meeting, the stockholder's suggestion must be so delivered not later than the close of business on the tenth day following the day on which public announcement of the date of such annual meeting is first made. The submission must include the following information:

- the name and address of the stockholder as they appear on the Company's books, and number of shares of the Company's common stock that are owned beneficially by such stockholder (if the stockholder is not a holder of record, appropriate evidence of the stockholder's ownership will be required);
- the name, address and contact information for the candidate, and the number of shares of common stock of the Company that are owned by the candidate (if the candidate is not a holder of record, appropriate evidence of the stockholder's ownership should be provided);
- a statement of the candidate's business and educational experience;
- such other information regarding the candidate as would be required to be included in the proxy statement pursuant to SEC Regulation 14A;
- a statement detailing any relationship between the candidate and the Company;
- a statement detailing any relationship between the candidate and any customer, supplier or competitor of the Company;
- detailed information about any relationship or understanding between the proposing stockholder and the candidate; and
- a statement that the candidate is willing to be considered and willing to serve as a Director if nominated and elected.

*Direct Stockholders' Nominations.* Director nominations may be made by stockholders under our bylaws. In order to assure that they are effective nominations for directors by stockholders, nominations must be made in writing and delivered to our Secretary at least 70 days prior to the meeting date provided; however, that in the event that less than 80 days' public notice or public disclosure of the date of the meeting is given or made to stockholders, notice to be timely must be so received not later than the close of business on the tenth day following the day on which public notice of the date of the meeting was mailed or public disclosure of the date of the meeting is made.

### **Stockholder Communications with the Board**

A stockholder of the Company who wants to communicate with the Board or with any individual Director can write to the Chairman of the Governance/Nominating Committee, 8230 Hohman Avenue, Munster, Indiana 46321. The letter should indicate that the author is a stockholder and, if shares are not held of record, should include appropriate evidence of stock ownership. Depending on the subject matter, the Chairman will:

- forward the communication to the Director(s) to whom it is addressed;
- attempt to handle the inquiry directly, for example where it is a request for information about the Company or if it is a stock-related matter; or
- not forward the communication if it is primarily commercial in nature, relates to an improper or irrelevant topic, or is unduly hostile, threatening, illegal or otherwise inappropriate.

### **Compensation Committee**

The role of the Compensation Committee is to review annually the compensation levels of the executive officers and directors and recommend compensation changes to the Board of Directors. The Compensation Committee is composed entirely of outside, non-employee directors. It is intended that the executive compensation program will enable us to attract, develop and retain talented executive officers who are capable of maximizing our performance for the benefit of the stockholders. The Compensation Committee has adopted a compensation strategy that seeks to provide competitive, performance-based compensation based in part on the financial and stock performance of AMB Financial Corp. The compensation program has three key elements of total direct compensation: base salary, annual incentive compensation and long-term incentives.

While the compensation committee does not use strict numerical formulas to determine changes in compensation for the chief executive officer, other executive officers and directors, and while it weighs a variety of different factors in its deliberations, it has emphasized and expects to continue to emphasize the profitability and scope of our operations, the experience, expertise and management skills of the executive officers and their roles in our future success, as well as compensation surveys prepared by professional firms to determine compensation paid to executives performing similar duties for similarly sized institutions. While each of the quantitative and non-quantitative factors described above was considered by the compensation committee, such factors were not assigned a specific weight in evaluating the performance of the chief executive officer and other executive officers. Rather, all factors were considered.

*Base Salaries.* Base salary and changes to base salary reflect a variety of factors including the results of the independent review of the competitiveness of the total compensation program, the individual's performance and contribution to our long-term goals, performance targets, our financial performance and other relevant factors.

*Annual Incentives.* Payouts under our annual incentive compensation program are based on the attainment of annual performance objectives. Individual performance payouts are a function of the actual financial performance of the bank as well as the performance of each individual within the organization. Incentive compensation is computed based on the actual performance of each individual who comes to work for the Bank rather than as a computed incentive compensation dollar amount.

In addition, the compensation committee believes that long-term incentives, specifically stock options and stock awards, should be a key component of our executive and director compensation. These incentives strongly align the rewards provided to executives with the value created for stockholders through stock price appreciation.

## Employment Agreements

American Savings has entered into employment agreements with Messrs. Mellon, Bohn, Rossa, Williams, Saleem, and Mrs. Knapp. The employment agreements are designed to assist in maintaining a stable and competent management team. The continued success of American Savings depends, to a significant degree, on the skills and competence of our officers. The employment agreements provide for an initial term, in the case of Mr. Mellon, of three years, in the case of Mr. Bohn, of two years and, in the case of the other recipients, of one year.

## Troubled Asset Relief Program Capital Purchase Program

**Capital Purchase Program.** On January 30, 2009, pursuant to the Troubled Asset Relief Program (“TARP”) Capital Purchase Program (“CPP”), we sold and the United States Department of the Treasury (the “UST”) purchased (a) 3,674 shares of Company Fixed Rate Cumulative Perpetual Preferred Stock, Series A, having a liquidation preference of \$1,000 per shares (the “Series A Preferred Shares”), and (b) a warrant (the “Warrant”) to purchase up to 184 shares of Company Fixed Rate Cumulative Perpetual Preferred Stock, Series B, having a liquidation preference of \$1,000 per shares (the “Series B Preferred Shares”).

The purchase price for the Series A Preferred Shares was \$3,674,000, and the Warrant was exercised in a cashless transaction for nominal consideration. At closing, the Company issued the UST 3,674 Series A Preferred Shares and 184 Series B Preferred Shares. Cumulative dividends on the Series A Preferred Shares will accrue on the liquidation preference at an annual rate of 5% per year for the first five years and at an annual rate of 9% thereafter. Cumulative dividends on the Series B Preferred Shares will accrue on the liquidation preference at an annual rate of 9%.

As part of our acceptance in the CPP, we have agreed to adhere to several compensation restrictions for our senior executive officers (SEOs) during the time in which the UST holds any equity or debt securities of the Company acquired through the CPP. Specifically, at the time of acceptance in the CPP, we agreed to:

- Recover any bonus or incentive compensation paid to an SEO that was based on financial statements or other performance metric criteria deemed materially inaccurate.
- Prohibit any golden parachute payments to our SEOs.
- Limit deductibility of compensation to \$500,000 paid to any SEO.
- Ensure our incentive compensation programs are structured to prevent SEOs from taking inappropriate risks that threaten the value of the institution.

Our SEOs are our principal executive officer, our principal financial officer and our next five most highly compensated officers. At the time that we entered the CPP, our SEOs waived any claim against the United States or the Company for any changes to compensation or benefits that are required to comply with the final regulations issued by the UST with respect to the CPP.

**American Recovery and Reinvestment Act.** On February 17, 2009, the American Recovery and Reinvestment Act of 2009 (the “ARRA”) was enacted. The ARRA imposes certain new executive compensation and corporate expenditure limits on all TARP recipients until the institution has repaid the UST the amount of a CPP investment, which is now permitted under ARRA without penalty and without the need to raise new capital, subject to UST’s consultation with the recipient’s appropriate regulatory agency. The executive compensation standards are somewhat more stringent than those under the CPP.

The new standards include:

- limits on compensation that include incentives for an SEO to take unnecessary and excessive risks that threaten the value of the TARP recipient;
- provision for the recovery of any bonus, retention award, or incentive compensation paid to a SEO or the next twenty most highly compensated employees based on materially inaccurate statements of earnings, revenues, gains, or other criteria;

- prohibition on making any golden parachute payment to a CEO or any of the next five most highly compensated employees;
- prohibition on the payment or accrual of bonus, retention award, or incentive compensation to a CEO or certain highly compensated employees subject to certain exceptions for payments made in the form of restricted stock;
- prohibition on employee compensation plans that would encourage manipulation of earnings reported by the TARP recipient to enhance an employee’s compensation; and
- adoption of an excessive or luxury expenditures policy.

**PROPOSAL II – RATIFICATION OF APPOINTMENT OF INDEPENDENT AUDITORS**

Our independent registered public accounting firm for the year ended December 31, 2010 was Cobitz, VandenBerg & Fennessy. Our Audit Committee has approved the engagement of Cobitz, VandenBerg & Fennessy to be our independent registered public accounting firm for the year ending December 31, 2011, subject to the ratification of the engagement by our stockholders as required by our Bylaws. At the annual meeting, the stockholders will consider and vote on the ratification of the engagement of Cobitz, VandenBerg & Fennessy for the year ending December 31, 2011. A representative of Cobitz, VandenBerg & Fennessy is expected to attend the annual meeting to respond to appropriate questions and to make a statement if he so desires.

Set forth below is certain information concerning aggregate fees billed for professional services rendered by Cobitz, VandenBerg & Fennessy during the year ended December 31, 2009 and the year ended December 31, 2008.

	<u>Year Ended December 31, 2010</u>	<u>Year Ended December 31, 2009</u>
Audit Fees	\$ 52,825	\$ 51,490
Audit-Related Fees	—	—
Tax Fees	\$ 5,500	\$ 5,000
All Other Fees	—	—

*Audit Fees.* The aggregate fees billed to the Company by Cobitz, VandenBerg & Fennessy for professional services rendered for the audit of the Company’s annual financial statements, the review of certain financial statements included in the Company’s Quarterly Reports and services that are normally provided by Cobitz, VandenBerg & Fennessy in connection with statutory and regulatory filings and engagements were \$52,825 for the year ended December 31, 2010 compared to \$51,490 for the year ended December 31, 2009.

*Audit Related Fees.* There were no fees billed to the Company by Cobitz, VandenBerg & Fennessy for assurance and related services rendered by Cobitz, VandenBerg & Fennessy that are reasonably related to the performance of the audit of and review of the financial statements and that are not already reported in “Audit Fees” above during the years ended December 31, 2010 and 2009.

*Tax Fees.* An aggregate of \$5,500 and \$5,000 was billed to the Company by Cobitz, VandenBerg & Fennessy for tax compliance, tax advice and tax planning during each of the years ended December 31, 2010 and 2009, respectively.

*All Other Fees.* There were no fees billed to the Company by Cobitz, VandenBerg & Fennessy for any services other than those described above for the years ended December 31, 2010 and 2009.

The Audit Committee has considered whether the provision of non-audit services is compatible with maintaining the independence of Cobitz, VandenBerg & Fennessy. The Audit Committee concluded that the performance of such services will not affect the independence of Cobitz, VandenBerg & Fennessy in performing its function as independent auditor of the Company.

The Audit Committee preapproves all audit and permissible non-audit services to be provided by the Company's independent auditor.

## **STOCKHOLDER PROPOSALS**

To be considered for presentation at the next annual meeting, proposals must be received by the Company no later than 70 days prior to the anniversary date of the prior year's annual meeting provided that in the event that the date of the annual meeting is advanced by more than 20 days, or delayed by more than 60 days, from the anniversary date of the preceding year's annual meeting, notice by the stockholder to be timely must be so delivered by the close of business on the later of (i) the 70<sup>th</sup> day prior to such annual meeting or (ii) the tenth day following the day on which public announcement of the date of the annual meeting was first made by the Company. A stockholder's notice to the Secretary shall set forth as to each matter such stockholder proposes to bring before the annual meeting (i) a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (ii) the name and address, as they appear on the Company's books, of the stockholder who proposed such business, (iii) the class and number of shares of the Company's capital stock that are beneficially owned by such stockholder and (iv) any material interest of such stockholder in such business.

## **OTHER MATTERS**

The Board of Directors is not aware of any business to come before the annual meeting other than those matters described above in this proxy statement. However, if any other matter should properly come before the annual meeting, it is intended that holders of the proxies will act in accordance with their best judgment.

Munster, Indiana  
March 29, 2011