

AMB Financial Corp.

Issuance of Preferred Stock Under Small Business Lending Fund. On September 22, 2011, AMB Financial Corp. (the “Company”) entered into a Securities Purchase Agreement with the Secretary of the Treasury, pursuant to which the Company issued 3,858 shares of the Company’s Senior Non-Cumulative Perpetual Preferred Stock, Series C (“Series C Preferred Stock”), having a liquidation value of \$1,000 per share, for a total purchase price of \$3,858,000. The Series C Preferred Stock was issued pursuant to the Small Business Lending Fund (“SBLF”) program, a \$30 billion fund established under the Small Business Jobs Act of 2010 that was created to encourage lending to small businesses by providing capital to qualified community banks.

The Series C Preferred Stock qualifies as Tier 1 capital and is entitled to receive non-cumulative dividends, payable quarterly, on each January 1, April 1, July 1 and October 1, beginning October 1, 2011. The dividend rate, as a percentage of the liquidation amount, can fluctuate on a quarterly basis during the first 10 quarters during which the Series C Preferred Stock is outstanding, based upon changes in the level of “Qualified Small Business Lending” or “QSBL” by the Company’s wholly owned subsidiary, American Savings FSB (the “Bank”). The dividend rate for the initial dividend period (which ends September 30, 2011) is 4.85%. Based upon the current level of the Bank’s QSBL compared to the baseline level calculated under the terms of the Purchase Agreement, the dividend rate for the first full calendar period (which will end on December 31, 2011) is expected to be five percent (5%), subject to confirmation by the Secretary of the Treasury. For the second through ninth calendar quarters, the dividend rate may be adjusted to between one percent (1%) and five percent (5%) per annum based upon the increase in QSBL as compared to the baseline. For the tenth calendar quarter through four and one half years after issuance, the dividend rate will be fixed at between one percent (1%) and seven percent (7%) based upon the level of QSBL compared to the baseline. After four and one half years from the issuance, the dividend rate will increase to nine percent (9%) (including a quarterly lending incentive fee of 0.5%, if the level of QSBL does not exceed the baseline with respect to the ninth calendar quarter dividend period).

In addition, in the event that the Company misses five dividend payments, whether or not consecutive, the holder of the Series C Preferred Stock will have the right, but not the obligation, to appoint a representative as an observer on the Company’s Board of Directors. The right of the holder of the Series C Preferred Stock to appoint a non-voting observer will terminate when full dividends have been timely paid on the Series C Preferred Stock for at least four consecutive dividend periods.

The Series C Preferred Stock may be redeemed at any time at the Company’s option, at a redemption price of 100% of the liquidation amount plus accrued but unpaid dividends to the date of redemption for the current period, subject to the approval of its federal banking regulator.

The terms of the Series C Preferred Stock impose limits on the ability of the Company to pay dividends and repurchase shares of common stock. Under the terms of the Series C Preferred Stock, no repurchases may be effected, and no dividends may be declared or paid on preferred shares ranking pari passu with the Series C Preferred Stock, junior preferred shares, or other junior securities (including common stock) during any quarter in which the Company fails to declare and pay dividends on the Series C Preferred Stock and for the next three quarters following such failure, except that, in any such quarter in which the dividend is paid, dividend payments on shares ranking pari passu may be paid to the extent necessary to avoid any resulting material covenant breach.

Under the terms of the Series C Preferred Stock, the Company may only declare and pay a dividend on the common stock or other stock junior to the Series C Preferred Stock, or repurchase shares of any such class or series of stock, if, after payment of such dividend, the dollar amount of the Company's Tier 1 Capital would be at least 90% of the Signing Date Tier 1 Capital, relating to the Series C Preferred Stock, excluding any subsequent net charge-offs and any redemption of the Series C Preferred Stock.

Redemption of Series A and Series B Preferred Stock. On September 22, 2011, the Company entered into and consummated a repurchase letter agreement with the United States Department of the Treasury ("Treasury"), pursuant to which the Company redeemed, out of the proceeds of the issuance of the Series C Preferred Stock, all 3,674 outstanding shares of its Fixed Rate Cumulative Perpetual Preferred Stock, Series A ("Series A Preferred Stock") and all 184 outstanding shares of its Fixed Rate Cumulative Perpetual Preferred Stock, Series B ("Series B Preferred Stock") for a redemption price of \$3,674,000 and \$184,000 respectively. The Series A and B Preferred Stock was issued in January 2009 to Treasury under the Capital Purchase Program (CPP), a part of the Troubled Asset Relief Program. As a result of the redemption of the Series A and B Preferred Stock, the Company is no longer subject to the Executive Compensation requirements as outlined by the CPP.