

FEDERAL DEPOSIT INSURANCE CORPORATION

WASHINGTON, D.C.

AND

STATE OF INDIANA

DEPARTMENT OF FINANCIAL INSTITUTIONS

INDIANAPOLIS, INDIANA

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In the Matter of )

FARMERS AND MECHANICS FEDERAL )  
SAVINGS BANK )  
BLOOMFIELD, INDIANA )

(STATE CHARTERED )  
INSURED NONMEMBER BANK) )

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CONSENT ORDER

FDIC-25-0142b

The Federal Deposit Insurance Corporation (FDIC) is the appropriate Federal banking agency for Farmers and Mechanics Federal Savings Bank, Bloomfield, Indiana (Bank) under Section 3(q) of the Federal Deposit Insurance Act (FDI Act), 12 U.S.C. § 1813(q). The Indiana Department of Financial Institutions (DFI) is the appropriate state supervisor and chartering agency for the Bank.

Having been advised of its right to a NOTICE OF CHARGES AND OF HEARING detailing the unsafe or unsound banking practices and violations of law or regulation alleged to have been committed by the Bank, and of its right to a hearing on the charges under section 8(b) of the Federal Deposit Insurance Act (Act), 12 U.S.C. § 1818(b), and under Section 28-11-4-1 through Section 28-11-4-12 of the Indiana Code, Ind. Code 28-11-4-1 to 28-11-4-12, regarding hearings before the DFI, and having waived those rights, entered into a STIPULATION AND

CONSENT TO THE ISSUANCE OF A CONSENT ORDER (STIPULATION) with representatives of the FDIC and the DFI, dated April 14, 2026, whereby, solely for the purpose of this proceeding and without admitting or denying the charges of unsafe or unsound banking practices and violations of law or regulation relating to weaknesses in capital, management, earnings, and sensitivity to market risk, the Bank consented to the issuance of a CONSENT ORDER (ORDER) by the FDIC and DFI.

The FDIC and the DFI considered the matter and determined that they had reason to believe the Bank had engaged in unsafe or unsound practices or violations of law or regulation and, therefore, decided to accept the STIPULATION.

Having also determined that the requirements for issuance of an order under 12 U.S.C. § 1818(b) and Ind. Code §§ 28-11-4-1 to 28-11-4-12, have been satisfied, the FDIC and the DFI HEREBY ORDER that the Bank, its institution-affiliated parties, as that term is defined in 12 U.S.C. § 1813(u), and its successors and assigns, take affirmative action as follows:

MANAGEMENT

1. (a) During the life of this ORDER, the Bank shall have and retain qualified management. Management shall be provided the necessary written authority to implement the provisions of this ORDER. The qualifications of management shall be assessed on its ability to:

- (i) Comply with the requirements of this ORDER;
- (ii) Operate the Bank in a safe and sound manner;
- (iii) Comply with applicable laws, rules, and regulations; and
- (iv) Restore all aspects of the Bank to a safe and sound condition.

(b) During the life of this ORDER, prior to the addition of any individual to the Bank's board of directors (Board) or the employment of any individual as a senior executive

officer, the Bank shall request and obtain the Regional Director of the Chicago Regional Office of the FDIC's (Regional Director) and DFI's written approval. For purposes of this ORDER, "senior executive officer" is defined as in 12 U.S.C. § 1831(i), and 12 C.F.R. § 303.101(b).

### CAPITAL

2. (a) As of the effective date of this ORDER, the Bank shall have and maintain its level of Tier 1 capital as a percentage of its total assets (capital ratio) at a minimum of eight and one-half percent (8.5%) percent and its level of qualifying total capital as a percentage of risk-weighted assets (total risk based capital ratio) at a minimum of twelve (12%) percent. For purposes of this ORDER, Tier 1 capital, qualifying total capital, total assets, and risk-weighted assets shall be calculated in accordance with Part 325 of the FDIC Rules and Regulations (Part 325), 12 C.F.R. Part 325.

(b) Should the Bank be unable to reach the required capital levels, or be unable to maintain those levels at the quarterly calculation in accordance with the Instructions for the Consolidated Reports of Condition and Income (Reporting Period) or any subsequent Reporting Period after the effective date of this Order, the Bank shall develop a written plan to obtain sufficient capital into the Bank to fully meet the capital requirements of the above paragraph within ninety (90) days. A copy of the plan required by this paragraph shall be submitted to, and determined to be acceptable by, the Regional Director and the DFI.

### EARNINGS AND PROFIT PLAN

3. (a) Within ninety (90) days of the effective date of this ORDER, the Bank shall formulate and implement a written profit plan that is consistent with the Bank's loan, investment, and funds management policies and includes goals and strategies for improving and

sustaining the level of profitability of the Bank. The plan shall also identify when the Bank expects to become profitable.

(b) In relation to the written profit plan, the Bank shall develop thresholds to identify when actual performance is considered to have materially deviated from the written profit plan. During each monthly Board meeting following completion of the Plan required by the paragraph above, the Board shall evaluate the Bank's actual performance in relation to the plan and budget, record the results of the evaluation, and note any material deviations along with the actions taken by the Bank to address material deviations in the minutes of the Board meeting at which such evaluation is undertaken.

#### LIQUIDITY PLAN

4. Within ninety (90) days of the effective date of this ORDER, the Bank shall develop, adopt, implement, and adhere to a written liquidity improvement plan (Liquidity Plan). The Liquidity Plan shall identify sources of liquid assets to meet the Bank's contingency funding needs over time horizons of one month, two months, and three months. At a minimum, the Liquidity Plan shall include provisions to fully address the liquidity issues identified in the Report of Examination dated September 8, 2025 (ROE). The Liquidity Plan shall also provide for the production and review of the Contingency Funding Plan Matrix within thirty (30) days of any material liquidity profile changes.

#### INTERNAL CONTROLS OVER FINANCIAL REPORTING

5. Within ninety (90) days from the effective date of this ORDER, the Bank shall develop, adopt, implement, and adhere to a plan to improve controls over financial reporting. The plan required by this paragraph should address weaknesses related to financial reporting cited in the ROE.

### STAFFING ASSESSMENT

6. Within ninety (90) days from the effective date of this ORDER, the Bank shall assess its staffing needs to ensure adequate and appropriate accounting resources are in place at all times. If weaknesses are identified, the Bank shall develop and implement a written plan of action to develop or recruit and hire additional or replacement personnel or external consultants with the requisite ability (Staffing Plan), experience, and other qualifications necessary to ensure accounting compliance. Management shall periodically assess staffing resources based on accounting compliance needs. Furthermore, the Staffing Plan shall be reviewed and approved by the Board.

### CORRECTION OF VIOLATIONS

7. Within ninety (90) days from the effective date of this ORDER, the Bank shall develop a plan to eliminate and/or correct all violations of law, rule, and regulations listed in the ROE, and implement procedures to ensure future compliance with all applicable laws, rules, and regulations.

### PROGRESS REPORTS

8. Within thirty (30) days from the end of each calendar quarter following the effective date of this ORDER, the Bank shall furnish to the Regional Director and the DFI written progress reports signed by each member of the Board, detailing the actions taken to secure compliance with the ORDER and the results thereof.

CLOSING PARAGRAPHS

The effective date of this ORDER shall be the date of its issuance by the FDIC and the DFI. The provisions of this ORDER shall be binding upon the Bank, its institution-affiliated parties, and any successors and assigns thereof.

The provisions of this ORDER shall remain effective and enforceable except to the extent that, and until such time as, any provision has been modified, terminated, suspended, or set aside by the FDIC and the DFI.

Under delegated authority.

Dated: April 15, 2026.

/s/  
Larisa M. Collado  
Deputy Regional Director  
Chicago Regional Office  
Federal Deposit Insurance Corporation

/s/  
Thomas C. Fite  
Director  
Department of Financial Institutions  
State Indiana