

UNITED STATES OF AMERICA
BEFORE THE
BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON, D.C.

In the Matter of

SMALL BUSINESS BANK
Lenexa, Kansas

Docket No. 26-039-PCA-SM

Prompt Corrective Action
Directive Issued Upon Consent
Pursuant to Section 38 of the
Federal Deposit Insurance Act, as
Amended

WHEREAS, the Board of Governors of the Federal Reserve System (the “Board of Governors”) has determined that, as of June 18, 2026, Small Business Bank, Lenexa, Kansas (the “Bank”), a state-chartered bank that is a member of the Federal Reserve System, is significantly undercapitalized, as defined in section 208.43(b)(4) of Regulation H of the Board of Governors (12 C.F.R. § 208.43(b)(4)), for purposes of section 38 of the Federal Deposit Insurance Act, as amended (the “FDI Act”) (12 U.S.C. § 1831*o*);

WHEREAS, the actions in this Prompt Corrective Action Directive (the “Directive”) are necessary to carry out the purposes of section 38 of the FDI Act; and

WHEREAS, the board of directors of the Bank, at a duly constituted meeting, adopted a resolution authorizing and directing the undersigned to enter into this Directive on behalf of the Bank, and consenting to compliance with each and every provision of this Directive by the Bank.

NOW THEREFORE, pursuant to section 38 of the FDI Act and section 208.45 of Regulation H of the Board of Governors (12 C.F.R. § 208.45), the Board of Governors immediately directs that:

1. The Bank shall no later than 30 days of the effective date of this Directive (or such additional time as the Board of Governors may permit) in conjunction with any company that controls the Bank:

(a) increase the Bank's equity through the sale of shares or contributions to surplus in an amount sufficient to make the Bank adequately capitalized as defined in section 208.43(b)(2) of Regulation H of the Board of Governors (12 C.F.R. § 208.43(b)(2));

(b) enter into and close a contract to be acquired by a depository institution holding company or combine with another insured depository institution, closing under which contract is conditioned only on the receipt of necessary regulatory approvals, the continued accuracy of customary representations and warranties, and the performance of customary pre-closing covenants; or

(c) take other necessary measures to make the Bank adequately capitalized.

2. The Bank shall comply fully with the provisions of section 38(d)(1) of the FDI Act (12 U.S.C. § 1831o(d)(1)) restricting the making of any capital distributions, including, but not limited to, the payment of dividends.

3. (a) The Bank shall not, without the prior written approval of the Federal Reserve Bank of Kansas City (the "Reserve Bank") and the concurrence of the Director of the Division of Supervision and Regulation of the Board of Governors, and the fulfillment of one of the requirements set forth in paragraph 1, solicit and accept new deposit accounts or renew any time deposit bearing an interest rate that exceeds the prevailing effective rates on deposits of comparable amounts and maturities in the region where the Bank is located.

(b) Within 30 days of this Directive, the Bank shall submit an acceptable plan and timetable to the Reserve Bank for conforming the rates of interest paid on all existing non-time

deposit accounts to the prevailing effective rates on deposits of comparable amounts in the region where the Bank is located. The plan shall detail the current composition of the applicable deposits by rate and provide a specific date for conforming all deposit rates to the statutory restriction.

4. (a) The Bank shall comply fully with the provisions of section 38(f)(2)(B)(i) of the FDI Act (12 U.S.C. § 1831o(f)(2)(B)(i)) requiring that all transactions between the Bank and any affiliate comply with section 23A of the Federal Reserve Act (12 U.S.C. § 371c).

(b) For the purposes of this Directive, the terms (i) “transaction” shall include, but not be limited to, the transfer, sale or purchase of any asset, including cash, or the direct or indirect payment of any expense or obligation of, the payment of a management or service fee of any nature to, or any extension of credit to an affiliate; (ii) “extension of credit” shall be defined as set forth in section 215.3 of Regulation O of the Board of Governors (12 C.F.R. § 215.3); and (iii) “affiliate” shall be defined as set forth in subparagraph (b)(1) of section 23A of the Federal Reserve Act (12 U.S.C. § 371c(b)(1)) and section 223.2 of Regulation W of the Board of Governors (12 C.F.R. § 223.2).

5. The Bank shall comply fully with the provisions of section 38(f)(4)(A)(i) and (ii) of the FDI Act (12 U.S.C. § 1831o(f)(4)(A)(i) and (ii)) restricting the payment of bonuses to senior executive officers and increases in compensation of such officers.

6. The Bank shall comply fully with the provisions of section 38(e)(3) and (4) of the FDI Act (12 U.S.C. § 1831o(e)(3) and (4)) restricting asset growth, acquisitions, branching, and new lines of business.

7. Thirty days after the date of this Directive and monthly thereafter, the Bank shall submit to the Reserve Bank written progress reports detailing the steps taken to comply with this Directive.

8. All communications regarding this Directive shall be sent to:

- (a) Mr. Ryan L. Harwell
Vice President
Federal Reserve Bank of Kansas City
1 Memorial Drive
Kansas City, Missouri 64198
- (b) Dr. Philip B. Eastep
Chairman
Small Business Bank
13423 West 92nd Street
Lenexa, Kansas 66215

9. The provisions of this Directive shall be binding upon the Bank and its institution-affiliated parties, as defined in section 3(u) of the FDI Act (12 U.S.C. § 1813(u)), in their capacities as such, and their successors and assigns.

10. Each provision of this Directive shall remain effective and enforceable until stayed, modified, terminated or suspended in writing by the Board of Governors.

11. The provisions of this Directive shall not bar, estop or otherwise prevent the Board of Governors, the Reserve Bank, or any other federal or state department or agency from taking any other action affecting the Bank or any of its current or former institution-affiliated parties and their successors or assigns.

12. (a) The Directive does not supersede the Cease and Desist Order by and between the Bank and the Board of Governors, dated November 13, 2024, or the Cease and Desist Order by and among Gardner Bancshares, Inc., the Bank, and the Board of Governors, dated September 1, 2023.

(b) Notwithstanding any provision of this Directive, the Bank shall comply with any other supervisory action issued by the Board of Governors, the Reserve Bank, the Kansas Office of the State Bank Commissioner, or the FDIC.

13. As set forth in section 263.205 of the Board of Governors' Rules of Practice for Hearings (12 C.F.R. § 263.205), this Directive is enforceable by the Board of Governors under section 8 of the FDI Act (12 U.S.C. § 1818).

By order of the Board of Governors of the Federal Reserve System, effective 29th this day of June, 2026.

SMALL BUSINESS BANK

BOARD OF GOVERNORS OF THE
FEDERAL RESERVE SYSTEM

By: /s/ Phillip B. Eastep
Dr. Phillip B. Eastep
Chairman of the Board

By: /s/ Michele Taylor Fennell
Michele Taylor Fennell
Associate Secretary of the Board