FRB Order No. 2026-28
November 9, 2026

FEDERAL RESERVE SYSTEM

Mutual Federal Bancorp, MHC
Chicago, Illinois

MFB Bancorp, Inc.
Chicago, Illinois

Order Approving the Conversion from Mutual to Stock Form and the Formation of a Savings and Loan Holding Company

Mutual Federal Bancorp, MHC ("MFB MHC"), the parent mutual savings and loan holding company ("SLHC") of Mutual Federal Bancorp, Inc. ("Mid-Tier"), an SLHC, and Mutual Federal Bank ("MF Bank"), a federal savings association, all of Chicago, Illinois, has requested the Board's approval to convert from mutual to stock form, pursuant to section 10(o) of the Home Owners' Loan Act ("HOLA"), as implemented by subpart E of the Board's Regulation MM.[1] Following the conversion, MFB MHC and Mid-Tier would cease to exist, and MF Bank would become a wholly owned subsidiary of MFB Bancorp, Inc. ("MFB Bancorp"), Chicago, Illinois, a newly formed Delaware corporation, which has requested the Board's approval to become an SLHC by acquiring MF Bank, pursuant to section 10(e) of HOLA.[2]

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (91 *Federal Register* 60379 (September 23, 2026)), in accordance with the Board's Rules of Procedure.[3] The time for submitting comments has expired, and the Board received one adverse comment on the proposal.

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[1] 12 U.S.C.1467a(*o*); 12 CFR part 239, subpart E.

[2] 12 U.S.C. § 1467(e).

[3] 12 CFR 262.3(i).

The Board has considered the proposal and comment received in light of the factors set forth in sections 10(e) and (o) of HOLA.

MFB MHC, with consolidated assets of approximately $96.6 million, is the 3,552nd largest insured depository organization in the United States.[4] MFB MHC controls approximately $63.5 million in consolidated deposits, which represent less than 1 percent of the total amount of deposits of insured depository institutions in the United States.[5] MFB MHC controls MF Bank, which operates only in Illinois. MFB MHC is the 314th largest insured depository organization in Illinois, controlling deposits of approximately $63.5 million, which represent less than 1 percent of the total deposits of insured depository institutions in that state.[6]

On consummation of the proposal, MFB Bancorp would have total assets of approximately $107.1 million.[7] MFB Bancorp would control deposits of approximately $63.5 million, which represent less than 1 percent of the total amount of deposits of insured depository institutions in the United States. MFB Bancorp would remain the 314th largest insured depository organization in Illinois, controlling deposits of approximately $63.5 million, which would represent less than 1 percent of the total deposits of insured depository institutions in that state.

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[4] Consolidated asset and national ranking data are as of June 30, 2026, unless otherwise noted.

[5] Consolidated national deposit and market share data are as of June 30, 2026, unless otherwise noted. In this context, insured depository institutions include commercial banks, savings associations, and savings banks.

[6] State deposit and market share data are as of June 30, 2025.

[7] Consolidated asset data in this paragraph are based on actual and pro forma information provided by MFB MHC and MFB Bancorp. The data take into account the conversion of MFB MHC; the share exchange of the Mid-Tier shareholders; and issuance of MFB Bancorp shares, assuming the midpoint scenario for the share offering related to the proposed conversion.

***Conversion from Mutual to Stock Form***

MFB MHC must seek the Board's prior approval before converting from mutual to stock form.[8] Under subpart E of Regulation MM, the Board reviews specific information in acting on applications by mutual holding companies to convert from mutual to stock form, including the plan of conversion, the appraisal and pricing materials, and any public comments.[9] The Board also considers the compliance record of the depository institution and the business plan to determine how the conversion would affect the convenience and needs of its communities.[10]

The Board may approve an application for conversion only if (i) the conversion complies with the mutual holding company conversion provisions in subpart E of the Board's Regulation MM, (ii) the institution would meet all applicable regulatory capital requirements after the conversion,[11] and (iii) the conversion would not result in a taxable reorganization under the Internal Revenue Code of 1986, as amended.[12]

The Board has considered all these factors and, as described below, has determined that all considerations are consistent with approval of the conversion application. The review was conducted in light of all the facts of record, including examination records and other supervisory information concerning the institutions, publicly reported and other financial information, and information provided by MFB MHC and MFB Bancorp.

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[8] 12 U.S.C. § 1467a(*o*); 12 CFR 239.55.

[9] *See* 12 CFR part 239, subpart E.

[10] 12 CFR 239.55(g)(3). See the "*Convenience and Needs Considerations*" section *infra* for additional discussion of convenience and needs considerations.

[11] See the "*Financial, Managerial, and Other Supervisory Considerations*" section *infra* for additional discussion of financial considerations.

[12] *See* 12 CFR 239.55(g)(1).

***Competitive Considerations***

Section 10(e)(2) of HOLA prohibits the Board from approving a proposal that would result in a monopoly or that would be in furtherance of any combination or conspiracy to monopolize, or to attempt to monopolize, the savings and loan business in any part of the United States.[13] HOLA also prohibits the Board from approving a proposal if the proposal would substantially lessen competition, tend to create a monopoly, or in any other manner restrain trade in any section of the country, unless the anticompetitive effects of the proposal are clearly outweighed in the public interest by the probable effect of the proposal in meeting the convenience and needs of the community to be served.[14]

MFB Bancorp is a newly formed company that does not control any depository institutions. MFB Bancorp would control only MF Bank following MFB MHC's conversion from mutual to stock form, and the proposal does not involve a merger or acquisition that would result in a monopoly or elimination of a competitor in any relevant market. The U.S. Department of Justice conducted a review of the potential competitive effects of the proposal and has advised the Board that it did not conclude that the proposal would have a significantly adverse effect on competition. In addition, the appropriate banking agencies have been afforded an opportunity to comment and have not objected to the proposal.

Based on all the facts of record, the Board concludes that consummation of the proposal would not have a significantly adverse effect on competition or on the concentration of resources in any relevant banking market. Accordingly, the Board determines that competitive considerations are consistent with approval.

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[13] 12 U.S.C. § 1467a(e)(2)(A); *see also* 12 CFR 238.15(a)(1).

[14] 12 U.S.C. § 1467a(e)(2)(B); *see also* 12 CFR 238.15(a)(2).

***Financial, Managerial, and Other Supervisory Considerations***

In reviewing a proposal under HOLA, the Board considers the financial and managerial resources and the future prospects of the institutions involved.[15] In its evaluation of financial factors, the Board reviews information regarding the financial condition of the organizations involved on both parent-only and consolidated bases, as well as information regarding the financial condition of the subsidiary depository institutions and the organizations' significant nonbanking operations. In this evaluation, the Board considers a variety of public and supervisory information regarding capital adequacy, asset quality, liquidity, and earnings performance, as well as any public comments on the proposal. The Board evaluates the financial condition of the resulting organization, including its capital position, asset quality, liquidity, earnings prospects, and the impact of the proposed funding of the transaction. The Board also considers the ability of the organization to absorb the costs of the proposal and to complete the proposed integration of operations of the institutions effectively. In assessing financial factors, the Board considers capital adequacy to be especially important. The Board considers the future prospects of the organizations involved in light of their financial and managerial resources and the proposed business plan.

MFB MHC, Mid-Tier, and MF Bank are well capitalized, and the resulting organization would remain so upon consummation of the proposal. The proposed transaction is a mutual-to-stock conversion resulting in a new SLHC that would acquire MF Bank.[16] The capital, asset quality, earnings, and liquidity of MFB MHC, Mid-Tier, and MF Bank are consistent with approval, and MFB MHC, MFB Bancorp, and MF

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[15] 12 U.S.C. § 1467a(e)(2).

[16] To effect the transaction, MFB MHC would merge with and into Mid-Tier, with Mid-Tier as the surviving entity, and persons holding liquidation rights in MFB MHC would receive liquidation rights in Mid-Tier. Mid-Tier would then merge with and into MFB Bancorp, and liquidation rights in Mid-Tier would be exchanged for an interest in a liquidation account established by MFB Bancorp. MFB Bancorp has the financial resources to effect the proposed transaction.

Bank appear to have adequate resources to absorb the related costs of the proposal. The proposal involves only the transfer of ownership of MF Bank from MFB MHC and Mid-Tier to the newly formed MFB Bancorp following the conversion of MFB MHC from mutual to stock form; therefore, there would be no integration of operations. In addition, the future prospects of the institutions are considered consistent with approval.

The Board also has considered the managerial resources of the organizations involved and the public comments received on the proposal. The Board received one comment objecting to the proposal. The commenter expressed concern that the proposed transaction would not be in the best interest of the depositors and members of MFB MHC and alleged poor stewardship of the institution by the board of directors and management of MFB MHC. The commenter asserted that the mutual-to-stock conversion appears structured primarily to preserve management longevity and to secure management's personal enrichment by hoarding capital and granting stock options, rewards, and extended salaries to management.[17] The commenter alleged that the organization's leadership and board of directors have demonstrated a persistent history of poor strategic execution, an insular corporate structure, and a lack of transparency.[18] Finally, the commenter asserted that the conversion is unlikely to receive approval from the requisite number of Mid-Tier's shareholders, making proceeding with the required regulatory filings a waste of resources and a breach of managerial stewardship.

In response to the comment, MFB MHC asserts that the benefits of the conversion include additional investment opportunities for MFB MHC's members and improved liquidity for MF Bank. MFB MHC also represents that transitioning to a fully stock holding company would allow the institution greater flexibility to access capital

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[17] The commenter argued that none of the strategic plans outlined by the organization in connection with its 2006 minority stock issuance have materialized, suggesting this caused management's interest in the proposal for their benefit.

[18] The commenter alleged that management repeatedly exposed the organization's capital to high-risk, nonviable expansions, including a failed acquisition and a branch that was closed five months after opening.

markets, as compared with the existing mutual holding company structure. MFB MHC further explains that the conversion would support MF Bank's planned growth through the additional capital raised. Regarding transparency, MFB MHC states it plans to engage with minority public shareholders upon issuance of the proxy statement and scheduling of the shareholder vote, consistent with legal requirements. Finally, MFB MHC asserts that the conversion would facilitate the institution's ability to pay dividends to public stockholders. MFB MHC contends that, given these asserted benefits, the conversion is in the best interests of its members, Mid-Tier's shareholders, and MF Bank's customers.

The Board has reviewed the examination records and other supervisory information concerning the institutions, including assessments of their management, risk-management systems, and operations. In addition, the Board has considered information provided by MFB MHC and MFB Bancorp; the Board's supervisory experiences and those of other relevant bank supervisory agencies with the organizations; the organizations' records of compliance with applicable banking, consumer protection, and anti-money-laundering laws; and the public comment on the proposal.

MFB MHC and MF Bank are each considered well managed, as would be MFB Bancorp immediately following the proposed conversion of MFB MHC. The resulting organization's proposed directors and senior executive officers have knowledge of and experience in the banking and financial services sectors, and the proposed risk-management program appears consistent with approval.

The Board also has considered MFB MHC's and MFB Bancorp's plans for implementing the proposal. MFB Bancorp's management would have the experience and resources to operate the resulting organization in a safe and sound manner, and the proposal would not lead to any changes in management or policies at MF Bank.

Based on all the facts of record, including MFB MHC's, MFB Bancorp's, and MF Bank's supervisory records, managerial and operational resources, and plans for operating the combined organization after consummation, and the public comment received on the proposal, the Board determines that considerations relating to the

financial and managerial resources and the future prospects of the organizations involved in the proposal, as well as the records of effectiveness of the institutions in combatting money-laundering activities, are consistent with approval.

***Convenience and Needs Considerations***

In acting on a proposal under section 10(e) of HOLA, the Board considers the effects of the transaction on the convenience and needs of the communities to be served.[19] In evaluating whether the proposal satisfies the convenience and needs statutory factor, the Board considers the impact that the proposal will or is likely to have on the communities served by the resulting organization. The Board reviews a variety of information to determine whether the relevant institution's records demonstrate a history of helping to meet the needs of their customers and communities. The Board also review's the institution's post-consummation plans and the expected impact of those plans on the communities served by the institution, including on low- and moderate-income ("LMI") individuals and communities. The Board considers whether the relevant institutions are helping to meet the credit needs of the communities they serve and are providing access to banking products and services that meet the needs of customers and communities, including the potential impact of branch closures, consolidations, and relocations on that access. In addition, the Board reviews the records of the relevant depository institutions under the Community Reinvestment Act of 1977 ("CRA").[20] The Board strongly encourages insured depository institutions to help meet the credit needs of the local communities in which they operate, consistent with the institutions' safe and sound operation and their obligations under the CRA.[21]

In addition, the Board considers the institutions' overall compliance records and recent fair lending examinations. Fair lending laws require all lending institutions to provide applicants with equal access to credit, regardless of their race, ethnicity, gender,

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[19] 12 U.S.C. § 1467a(e)(2); 12 CFR 238.15(b)(3).

[20] 12 U.S.C. § 2901 *et seq*.

[21] *See* 12 U.S.C. § 2901(b).

or certain other characteristics. The Board also considers assessments of other relevant supervisors, the supervisory views of examiners, other supervisory information, information provided by the applicant, and public comments on the proposal. The Board also may consider the applicant's business model and intended marketing and outreach, the resulting organization's plans after consummation, and any other information the Board deems relevant.

In assessing the convenience and needs factor in this case, the Board has considered all the facts of record, including reports of examination of the CRA performance of MF Bank, the fair lending and compliance records of the depository institution, the supervisory views of the Office of the Comptroller of the Currency ("OCC") and the Federal Reserve Bank of Chicago, confidential supervisory information, information provided by MFB MHC and MFB Bancorp, and the public comment on the proposal.

*Public Comments on the Proposal*

The Board received one timely adverse comment on the proposal. With respect to convenience and needs considerations, the commenter objected to the proposal and alleged that it would not be in the best interest of depositors because MF Bank had closed a branch in Naperville, Illinois, after only five months of operations.[22]

*Businesses of the Involved Institutions and Response to the Public Comments*

Through MF Bank, MFB MHC offers consumer and commercial banking products and services. Following the proposed conversion of MFB MHC, MFB Bancorp would offer these same products and services through MF Bank. MF Bank's loan products include residential mortgage loans, multi-family and commercial real estate loans, and home equity loans and lines of credit. The bank offers a variety of deposit

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[22] Although the commenter asserted that a branch was closed, MF Bank has operated only one branch. However, MF Bank closed a prior loan production office, located in Naperville, Illinois.

accounts, including certificates of deposit and checking, savings, money market, and individual retirement accounts.

*Record of Performance under the CRA*

In evaluating the CRA performance of the involved institutions, the Board generally considers each institution's most recent CRA evaluation and the supervisory views of the relevant federal supervisor, which in this case is the OCC.[23] In addition, the Board considers information provided by the applicant and any public commenters.

The CRA requires that the appropriate federal financial supervisor for a depository institution prepare a written evaluation of the institution's record of helping to meet the credit needs of its entire community, including LMI neighborhoods.[24] An institution's most recent CRA performance evaluation is a particularly important consideration in the applications process because it represents a detailed, on-site evaluation by the institution's primary federal supervisor of the institution's overall record of lending in its communities.

In general, federal financial supervisors apply a lending test ("Lending Test") to evaluate the performance of a small institution, such as MF Bank, in helping to meet the credit needs of the communities it serves. The Lending Test specifically evaluates an institution's lending-related activities to determine whether the institution is helping to meet the credit needs of individuals and geographies of all income levels. As part of the Lending Test, examiners review and analyze an institution's data reported under the Home Mortgage Disclosure Act of 1975 ("HMDA"),[25] in addition to other reports generated by the institution, to assess an institution's lending activities with respect to borrowers and geographies of different income levels. The institution's lending performance is evaluated based on the institution's (1) loan-to-deposit ratio and, as

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[23] *See* Interagency Questions and Answers Regarding Community Reinvestment, 81 *Federal Register* 48506, 48548 (July 25, 2016).

[24] 12 U.S.C. § 2906.

[25] 12 U.S.C. 2801 *et seq*.

appropriate, other lending-related activities, such as loan originations for sale to the secondary markets, community development loans, or qualified investments; (2) percentage of loans and, as appropriate, other lending-related activities located in the bank's assessment areas ("AAs"); (3) record of lending to, and, as appropriate, engaging in other lending-related activities for, borrowers of different income levels and businesses and farms of different sizes; (4) geographic distribution of loans; and (5) record of taking action, if warranted, in response to written complaints about the institution's performance in helping to meet credit needs in the bank's AAs.

*CRA Performance of MF Bank*

MF Bank was assigned an overall rating of "Satisfactory" at its most recent CRA performance evaluation by the OCC, as of July 31, 2023 ("MF Bank Evaluation").[26] MF Bank received a "Satisfactory" rating for the Lending Test.[27]

With respect to the Lending Test, examiners found that MF Bank's loan-to-deposit ratio was more than reasonable and greatly exceeded similarly situated institutions in its AA. Although examiners found that the bank's distribution of loans to moderate-income geographies was poor, examiners also found that the bank's distribution of home mortgage loans to moderate-income borrowers was excellent and noted that the poor geographic dispersion was partially explained by the location of the bank's mortgage banking loan production officers and significant competition surrounding the bank's main branch. Examiners observed that the bank did not receive any CRA-related complaints during the evaluation period.

*Additional Supervisory Views*

In its review of the proposal, the Board consulted with and considered the views of the OCC as the primary federal supervisor of MF Bank. The Board also

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[26] The MF Bank Evaluation was conducted using the Interagency Small Institution CRA Examination Procedures. Examiners reviewed home mortgage loan data for loans originated between January 1, 2019, and December 31, 2021.

[27] The MF Bank Evaluation involved a full-scope review of the bank's activities in the bank's sole AA, which consists of Cook, DuPage, and Will counties, all in Illinois.

considered the results of the most recent consumer compliance examination of MF Bank, which included reviews of the bank's compliance-management program and its compliance with consumer protection laws and regulations, including fair lending.

The Board has taken this information, as well as the CRA performance record of MF Bank, into account in evaluating the proposal, including in considering whether MFB Bancorp has the experience and resources to ensure that the resulting organization would help meet the credit needs of the communities to be served following the proposed transaction.

*Additional Convenience and Needs Considerations*

The Board also considers other potential effects of the proposal on the convenience and needs of the communities to be served. This includes, for example, the resulting organization's business model and intended marketing and outreach and existing and anticipated product and service offerings in the communities to be served by the organization, any additional plans the resulting organization has for meeting the needs of its communities following consummation, and any other information the Board deems relevant. MFB Bancorp represents that, following consummation of the proposal, none of MF Bank's existing products and services would be eliminated. MFB Bancorp further represents that, following consummation of the transaction, MF Bank would be able to expand its lending activity as a result of capital raised in connection with the conversion offering.

*Branch Closures*

Physical branches remain important to many banking organizations' ability to meet the credit needs of the local communities in which they operate. When banking organizations combine, whether through acquisitions, mergers, or consolidations, the combination has the potential to increase or to reduce consumers' and small businesses' access to available credit and other banking services. Although the Board does not have the authority to prohibit a bank from closing a branch, the Board focuses on the impact of expected branch closures, consolidations, and relocations that occur in connection with a proposal on the convenience and needs of the communities to be served by the resulting

institution. In particular, the Board considers the effects of any closures, consolidations, or relocations on LMI communities.

Federal banking law provides a specific mechanism for addressing branch closings, including requiring that a bank provide notice to the public and the appropriate federal supervisory agency before a branch is closed.[28] In addition, the federal banking supervisory agencies evaluate a bank's record of opening and closing branches, particularly branches located in LMI geographies or primarily serving LMI individuals, as part of the CRA examination process.[29]

MFB Bancorp represents that the existing branch of MF Bank would be retained following consummation of the proposal.

*Conclusion on Convenience and Needs Considerations*

The Board has considered all the facts of record, including the record of MF Bank under the CRA, the institutions' records of compliance with fair lending and other consumer protection laws, supervisory information, information provided by MFB MHC and MFB Bancorp, the public comment on the proposal, and other potential effects of the proposal on the convenience and needs of the communities to be served. Based on that review, the Board determines that the convenience and needs factor is consistent with approval.

***Effect of the Transaction on the Savings Association and Insurance Risk to the Deposit Insurance Fund***

In acting on a proposal under section 10(e) of HOLA, the Board considers the likely effect of the transaction on the savings association and on the insurance risk to the Deposit Insurance Fund.[30] As discussed above, the financial and managerial resources and future prospects of the resulting organization are consistent with approval.

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[28] *See* 12 U.S.C. § 1831r-1. The bank also is required to provide reasons and other supporting data for the closure, consistent with the institution's written policy for branch closings.

[29] *See, e.g.*, 12 CFR 228.24(d)(2) (2023).

[30] 12 U.S.C. § 1467a(e)(2).

The Board has considered the likely effect of the transaction on the resultant depository institution and believes that it is consistent with approval. In view of the current resources and capital of MFB MHC and MFB Bancorp; the future prospects of the resulting organization; the significant financial and other resources being devoted to support the resulting organization; the managerial resources of MFB MHC, MFB Bancorp, and MF Bank; and the likely effect of the transaction on the resulting organization, the Board believes that the proposal would not appear likely to have a material impact on the insurance risk to the Deposit Insurance Fund.

***Conclusion***

Based on the foregoing and all the facts of record, the Board determines that the application should be, and hereby is, approved. In reaching its conclusion, the Board has considered all the facts of record in light of the factors that it is required to consider under HOLA and other applicable statutes. The Board's approval is specifically conditioned on compliance by MFB MHC and MFB Bancorp with all the conditions imposed in this order and on any commitments made to the Board in connection with the proposal. The Board's approval also is conditioned on receipt by MFB MHC and MFB Bancorp of all required regulatory approvals. For purposes of this action, the conditions and commitments are deemed to be conditions imposed in writing by the Board in connection with its findings and decision herein and, as such, may be enforced in proceedings under applicable law.[31]

The proposal may not be consummated before the fifteenth calendar day after the effective date of this order or later than three months thereafter, unless such

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[31] *See* 12 U.S.C. § 1818(b)(1).

period is extended for good cause by the Board or the Federal Reserve Bank of Chicago, acting under delegated authority.

By order of the Board of Governors,[32] effective November 9, 2026.

*(signed) Benjamin W. McDonough*

Benjamin W. McDonough
Secretary of the Board

[32] Voting for this action: Chairman Warsh, Vice Chair Jefferson, Vice Chair for Supervision Bowman, and Governors Powell, Waller, Cook, and Barr.