

# **FEDERAL DEPOSIT INSURANCE CORPORATION**

RE: Primary Bank  
(In Organization)  
Bedford, Hillsborough County, New Hampshire

Application for Federal Deposit Insurance

## **STATEMENT**

Pursuant to the provisions of Section 5 of the Federal Deposit Insurance Act (“FDI Act”) (12 U.S.C. § 1815), the Federal Deposit Insurance Corporation (“FDIC”) received an Interagency Charter and Federal Deposit Insurance Application on behalf of Primary Bank, a proposed new community bank that will be located in Bedford, New Hampshire (“Bank”). The application is intended to establish a newly-chartered state nonmember commercial bank and trust company. The organizers concurrently applied to the State of New Hampshire Banking Department (“Department”) for a state bank charter, and received conditional approval on February 13, 2015, from the Department to form a de novo commercial bank and trust company to be known as Primary Bank.

Notice of the Federal deposit insurance application, in a form approved by the FDIC, was published pursuant to the FDI Act on October 31, 2014.

The organizers have not established a bank holding company. The opening capital of the Bank will be realized from a public offering of a minimum of 2,500,000 shares of common stock, and a maximum of 4,000,000 shares, at a price of \$10.00 per share.

The Bank’s Business Plan is for a community bank that provides banking services in Bedford and the surrounding communities of Amherst, Goffstown, Litchfield, Londonderry, Manchester, Merrimack, and New Boston, all of which are located in Hillsborough County. The majority of deposits and loans are expected to originate from within a 10-mile radius around Bedford, which is located about five miles southwest of the city of Manchester, New Hampshire.

The Bank will operate in the local market offering traditional products and services, serving the needs of small- to mid-sized companies, the owners, customers, and employees. The Bank will be managed by an experienced management team, including a diversified and knowledgeable Board of Directors who live within and have strong ties to the local community.

The Bank will operate with sufficient capital and managerial resources to accomplish the strategies and goals in the Business Plan. The Bank will be capitalized with an amount sufficient to achieve and maintain a Tier 1 capital-to-assets leverage ratio, as defined in the capital regulations of the FDIC, of not less than eight percent (8.00%) throughout the Bank’s first seven years of operation. Moderate growth is projected, and future earnings prospects appear attainable. The Bank’s plans appear to satisfy the convenience and needs of the

community. Corporate powers to be exercised are consistent with purposes of the FDI Act, and no undue risk to the Deposit Insurance Fund is evident.

Accordingly, based upon a careful evaluation of all available facts and information, and in consideration of the factors of Section 6 of the FDI Act, the New York Regional Director, pursuant to delegated authority, has concluded that approval of the application is warranted, subject to certain prudential conditions.

**REGIONAL DIRECTOR  
DIVISION OF RISK MANAGEMENT SUPERVISION  
FEDERAL DEPOSIT INSURANCE CORPORATION**

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### ORDER

The undersigned, acting on behalf of the Board of Directors of the Federal Deposit Insurance Corporation ("FDIC") pursuant to delegated authority, has fully considered all available facts and information relevant to the factors of Section 6 of the Federal Deposit Insurance Act and relating to the application for Federal deposit insurance with membership in the Deposit Insurance Fund for Primary Bank ("Bank"), a proposed new state nonmember bank to be located at 209 Route 101, Bedford, Hillsborough County, New Hampshire, 03110, and has concluded that the application should be approved.

Accordingly, it is hereby ORDERED, for the reasons set forth in the attached Statement, that the application submitted by the Bank for Federal deposit insurance be, and the same hereby is, approved, subject to the following conditions:

1. That beginning paid-in capital funds of not less than \$25,000,000 be provided (initial capital).
2. That the initial capital is sufficient to maintain a Tier 1 capital-to-assets leverage ratio (as defined in the capital regulations of the FDIC) of not less than eight percent (8.00%) throughout the first three years of operation.
3. That, in years four through seven, the institution will maintain a Tier 1 capital-to-assets leverage ratio (as defined in the capital regulations of the FDIC) of not less than eight percent (8.00%).
4. That an adequate allowance for loan and lease losses ("ALLL") be provided from the date insurance is effective.
5. That the Bank must operate within the parameters of the Business Plan submitted to the FDIC. During the first seven years of operation, the Bank must obtain prior written nonobjection from the FDIC's New York Regional Director of any proposed major deviation or material change from the submitted Business Plan, before implementation of such major deviation or material change.

6. That, within 60 days before the end of the third year of operation, the Bank must submit to the FDIC's New York Regional Office pro forma financial statements and a business plan for operating years four through seven.
7. That the Bank must notify the FDIC's New York Regional Director of any plans to establish a loan production office 60 days before opening the facility.
8. That prior to the Bank's opening, full disclosure must be made to all proposed directors and stockholders of the Bank of the facts concerning the interest of any insider in any transactions being effected or contemplated, including the identity of the parties to the transaction and the terms and costs involved. An "insider" is a person who: (i) is or is proposed to be a director, officer, or incorporator of the Bank; (ii) is a shareholder who directly or indirectly controls ten percent (10.00%) or more of any class of the Bank's outstanding voting stock; or (iii) is an associate or related interest of any such person.
9. That any changes in the Bank's proposed management or proposed ownership of ten percent (10.00%) or more of the Bank's stock, including new acquisitions of or subscriptions to ten percent (10.00%) or more of the stock, must be approved by the FDIC prior to the Bank's opening.
10. That, with respect to any proposed Bank director or senior executive officer for whom background checks have not been completed, the Bank must take such action as required by the FDIC's New York Regional Director, if the FDIC objects to any such person based on information obtained during the background check.
11. That, during the Bank's first seven years of operation, the Bank must obtain the written nonobjection of the FDIC's New York Regional Director prior to the addition of any individual to the board of directors or the employment of any individual as a senior executive officer of the Bank.
12. That, during the Bank's first seven years of operation, the Bank must obtain the written nonobjection of the FDIC's New York Regional Director prior to the implementation of any stock benefit plans, including stock options, stock warrants, or other similar stock-based compensation plans established by the Bank not previously reviewed by the FDIC as part of the application for Federal deposit insurance.
13. That the Bank will obtain an audit of its financial statements by an independent public accountant annually for the first seven years of operation and submit to the FDIC's New York Regional Office: (i) a copy of the audited annual financial statements and the independent auditor's report within 90 days following the end of the Bank's fiscal year; (ii) a copy of any other reports by the independent auditor (including management letters)

within 15 days after receipt by the Bank; and (iii) written notification within 15 days when a change in the depository's institution's independent auditor occurs.

14. That the Bank will develop and implement a Community Reinvestment Act plan appropriate for the Bank's business strategy.
15. That the Bank will adopt an accrual accounting system for maintaining the books of the Bank in accordance with U.S. Generally Accepted Accounting Principles.
16. That, prior to the effective date of Federal deposit insurance, the Bank must obtain adequate fidelity coverage.
17. That Federal deposit insurance will not become effective until the Bank has been granted a charter and has authority to conduct a banking business, and that its establishment and operation as a depository institution has been fully approved by the appropriate Federal and state supervisory authorities.
18. That, until the conditional commitment of the FDIC herein ORDERED becomes effective, the FDIC retains the right to alter, suspend, or withdraw its commitment should any interim development be deemed by the FDIC to warrant such action.
19. That, if Federal deposit insurance has not become effective within one year from the date of this ORDER, or unless, in the meantime, a written request for an extension of time by the Bank has been approved by the FDIC, the consent granted shall expire at the end of this time period on said date.

Dated at New York, New York, this 9<sup>th</sup> day of March, 2015.

**FEDERAL DEPOSIT INSURANCE CORPORATION**

By: \_\_\_\_\_ /S/  
**John F. Vogel**  
**Regional Director**  
Division of Risk Management Supervision