OFFERING CIRCULAR

PRIMARY BANK
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The date of this Offering Circular is January 27, 2020.

1,333,334 SHARES OF COMMON STOCK

Primary Bank (the "**Bank**", "**we**", "**us**" or "**our**") is a New Hampshire banking corporation. Our common stock is quoted on an electronic inter-dealer quotation system under the symbol "**PRMY**". Quotes may be obtained at https://www.otcmarkets.com/stock/PRMY/quote. Our website address is https://www.primarybanknh.com. We are offering, on the terms stated in this Offering Circular (the "**Offering**"), to sell up to 1,333,334 shares of our common stock, par value $0.01 per share (the "**Shares**") at the price of $15.00 per share. See "Securities Being Offered" on page 54 for a description of the Shares. Our Offering will commence on the date of this Offering Circular and we are offering our Shares on a best efforts basis.

All subscription funds ("**Subscription Payments**") will be deposited in a segregated account established at the Bank (the "**Subscription Account**"). There will be no third-party escrow agent and the Bank will not pay interest on any Subscription Funds. We plan to conduct an initial closing at 5:00 p.m. on February 21, 2020 (the "**Initial Closing Date**"),but will not close our Offering until we have received subscriptions for the purchase of 1,000,000 Shares (the "**Minimum Number**") and we receive Subscription Payments totaling $15,000,000 (the "**Subscription Release Condition**"). We may conduct an earlier initial closing if we satisfy the Subscription Release Condition before the Initial Closing Date. Thereafter, we may conduct additional closings until the final closing date of December 31, 2020 (the "**Expiration Date**"). We will hold all Subscription Payments in the Subscription Account until the earlier of the Expiration Date, the date of any initial or subsequent closing permitted by this Offering where the Subscription Payments are accepted, or the date on which we notify you that your Subscription Payment is rejected in whole or in part. If we do not satisfy the Subscription Release Condition by the Expiration Date, the Offering will not close and we will promptly return all Subscription Payments to all subscribers. If we notify you that we have rejected your Subscription Payment in whole or in part, we will promptly return to you that portion of the Subscription Payment that was rejected. Your offer to purchase Shares will not be accepted unless you agree to purchase at least 100 shares ($1,500), but we reserve the right, in our sole discretion, to accept smaller investments.

See "Risk Factors" starting on page 6 for information about risks you should consider before buying Shares.

	Price to Public	Proceeds to issuer (1)	Proceeds to other persons
Per Share Minimum:	$15.00	$15.00	n/a
Total Minimum:	$15,000,000	$15,000,000.00	n/a
Per Share Maximum:	$15.00	$15.00	n/a
Total Maximum:	$20,000,010.00	$20,000,010.00	n/a

(1) Proceeds are prior to payment of expenses of the Offering, estimated to be $75,000.

The United States Securities and Exchange Commission does not pass upon the merits of or give its approval to any securities offered or the terms of the offering, nor does it pass upon the accuracy or completeness of any offering circular or other solicitation materials. These securities are offered pursuant to an exemption from registration with the Commission; however, the Commission has not made an independent determination that the securities offered are exempt from registration.

The Shares are not deposits or other obligations of any bank or savings association and are not insured or guaranteed by the Federal Deposit Insurance Corporation, the Deposit Insurance Fund or any other governmental entity and are subject to investment risk, including the possible loss of principal.

The Shares have not been approved or disapproved by the New Hampshire Banking Department, the Federal Deposit Insurance Corporation, the Federal Reserve Board, the Securities and Exchange Commission or any state securities regulator, nor have such entities passed upon the adequacy or accuracy of this Offering Circular. Any representation to the contrary is a criminal offense.

You should rely only on the information contained in this Offering Circular. We have not authorized anyone to provide you with different or additional information. If anyone provides you with different or additional information, you should not rely on it. We are not making an offer to sell the Shares in any jurisdiction where the offer or sale is not permitted or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

It is important for you to read and consider all of the information contained in this Offering Circular before making your investment decision to purchase shares of our common stock in this Offering.

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OFFERING CIRCULAR SUMMARY

*This summary highlights information contained elsewhere in this Offering Circular and does not contain all of the information that you should consider in making your investment decision. Before investing in our common stock, you should carefully read this entire Offering Circular, including our financial statements and the related notes and the information set forth under the headings "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations," in each case included elsewhere in this Offering Circular. For convenience, references in this Offering Circular to "**we**," "**us**," "**our**," or the "**Bank**" mean Primary Bank.*

Our Bank

Primary Bank is a New Hampshire banking corporation. The Bank was established in 2015. The Bank presently operates two branches located in Bedford and Manchester, New Hampshire; plans to open a third branch in Derry in February 2020; and has an Operations Center located in Bedford, New Hampshire. The directors and management of our Bank are focused on providing traditional community banking services, emphasizing the establishment of personalized long-term financial relationships with individuals and small businesses who value the availability of working with experienced, local decision makers. The President and Chief Executive Officer of the Bank is William E. Stone.

Our services and products consist primarily of taking deposits from, and making loans to, our target customers within our target markets. We provide a broad selection of commercial and retail banking products, including commercial and industrial loans and commercial real estate loans. We also offer a wide range of checking, savings and other banking products and services to our customers, including credit cards, debit cards, 24-hour ATM access, Internet banking and bill payment services, as well as mobile banking with the ability to make remote deposits. In addition to our traditional banking activities, our Bank offers lock box services for small businesses.

As of December 31, 2019, we had total assets of $299.2 million, total loans of $233.6 million, net of our allowance for loan losses, total deposits of $267.5 million and stockholders' equity of $29.4 million. For the years ended December 31, 2018 and December 31, 2017, we reported net income (loss) available to common stockholders of $1.4 million and ($0.67) million, respectively, resulting in earnings per common share of $0.47 and ($0.22), respectively.

Our Opportunity

The consolidation of banks and other financial institutions in New Hampshire in the 1990s and 2000s resulted in several large national and super-regional banks entering or expanding into our target markets through the acquisition of local banks. We believe this consolidation left a void in our target markets for banks focused on small business and individual customers.

Our Business Strategy

Our overall business strategy is to be southern New Hampshire's community bank of choice for our target customers. We will continue to capitalize on our competitive strengths to distinguish us from other banking alternatives in southern New Hampshire. Through this business strategy, we intend to grow profitability and build shareholder value. Our specific business strategies are as follows:

- ***Focus on Small Businesses and Individuals.*** Bank consolidation in New Hampshire resulted in several large national and super-regional banks entering or expanding into New Hampshire through the acquisition of local banks. This consolidation left a void for community banks focused on small businesses and individuals in our State. We remain focused on this specific group of customers. We believe that these targeted customers seek a relationship-oriented banking experience that is increasingly difficult to find in large banks. The personal attention from our local staff, combined with our use of technology, allows us to offer our customers tailored solutions that fit their evolving needs.

- ***Retain and Recruit Highly Competent Personnel.*** To complement our experienced management team, we have recruited, and will continue to recruit, skilled bankers with extensive credit and relationship management capabilities and knowledge of our target markets. With full recognition that we operate in a highly regulated industry, we will continue to foster an entrepreneurial and non-bureaucratic culture that promotes a high energy environment for all employees. Additionally, we will provide competitive short and long-term compensation opportunities, including stock options for our key employees. These compensation plans are aligned with shareholder expectations and are subject to senior management and board oversight.

- ***Maintain Local Decision-Making and Accountability.*** We believe that we have a competitive advantage over large national and super-regional banks to win business by providing superior credit services with experienced, knowledgeable bankers, local decision-making capabilities and prompt decisions. Our operating model allows for clear lines of internal communication and local decision making such that we are able to give our customers and prospects insightful solutions to their banking needs and prompt responses to their requests for advice and assistance.

- ***Grow Organically.*** We are focused on continued organic growth through our existing footprint and business lines. The market regions in which we currently operate provide abundant opportunities to grow our customer base and expand our current market share. We plan to follow our community-focused, relationship-driven customer strategy to increase loans and deposits through our existing locations. Additionally, we intend to add experienced bankers to grow in our current markets and expand into new markets.

Our Competition

We face strong competition in the attraction of deposits and commercial loans. Our most direct competition for deposits and commercial loans comes from other commercial banks and thrifts as well as credit unions located in our primary market areas. We compete for deposits principally by offering depositors a wide variety of savings programs, a market rate of return, and other related services. We do not rely upon any individual, group or entity for a material portion of our deposits. Our competition for commercial real estate loans comes from mortgage banking companies, thrift institutions and commercial banks. We compete for loan originations primarily through the interest rates and loan fees we charge and the efficiency and quality of services we provide borrowers, real estate brokers and builders. Our competition for loans varies from time to time depending upon the general availability of lendable funds and credit, general and local economic conditions, current interest rate levels, volatility in the mortgage markets and other factors which are not readily predictable. We currently have six (6) commercial lenders on staff who call on current and potential business customers and are available on business days and by appointment to service the commercial lending market.

Our Offering

The following summary contains basic information about our Offering and our Shares and is not intended to be complete. It does not contain all the information that may be important to you. For a more complete understanding of our Shares, please see the section of this Offering Circular entitled "Securities Being Offered."

Shares Offered by Us:	**1,333,334** shares of our common stock, $0.01 par value per share.
Shares to be outstanding after this Offering:	**4,381,370** shares if all Shares offered are sold.
Use of Proceeds:	We plan to use the net proceeds from our Offering for general corporate purposes, including to increase capital to support new loan originations, higher lending limits, and expected future growth and profitability. However, we currently have capital well in excess of all applicable regulatory requirements. See "**Use of Proceeds**" on page 21 for additional information on the planned use of proceeds.
Dividend Policy:	We have not previously paid cash dividends on our common stock, and the Board of Directors presently has no intention to commence the payment of cash dividends. Our ability to pay cash dividends in the future will depend upon the earnings of the Bank, its financial condition, and its need for funds.
Minimum Investment:	100 shares ($1,500), subject to our sole right to permit smaller investments.
How to Invest:	Send us your executed Subscription Agreement, Trust Agreement where applicable and IRS Form W-9, along with your check made payable to "Primary Bank" or wire transfer to the Bank in an amount equal the aggregate subscription price for the Shares prior to the Initial Closing Date, which is expected to be no later than

February 21, 2020 assuming that we have received Subscription Payments for the Minimum Number of Shares by that date but could be sooner if Subscription Payments for the Minimum Number of Shares have been received prior to that date. There will be no third-party escrow agent and the Bank will not pay interest on any Subscription Funds. The Bank will hold all Subscription Payments in a segregated Subscription Account at the Bank until the earlier of the Expiration Date, the date of any initial or subsequent closing permitted by this Offering where the Subscription Payments are accepted, or the date on which we notify you that your Subscription Payment is rejected in whole or in part.

If we do not receive Subscription Payments for the Minimum Number of Shares by the Expiration Date, the Offering will not close and the Bank will promptly return all Subscription Payments to all subscribers. If we notify you that we have rejected your Subscription Payment in whole or in part, we will promptly return to you that portion of the Subscription Payment that was rejected. We reserve the right, in our sole discretion, to conduct one or more additional closings after we conduct our initial closing, and to continue to do so until our Offering Expiration Date of December 31, 2020. See "How to submit Subscription Payments" starting on page 19 for additional information on how to invest, where to send completed Subscription Agreements, and how to submit subscription payments.

Risk Factors:

Investing in our Shares involves risks. You should carefully consider the information under "**Risk Factors**" starting on the next page before making a decision to invest in our common stock. Significant risk factors include, but are not limited to, the following:

- Credit risk;
- Interest rate risk;
- Increases in operating expenses;
- Operational risk, including risks related to cyber-security;
- Liquidity and funding risks;
- Legal, accounting and compliance risks;
- Fluctuation in the price of our common stock;
- No planned dividend payments on our common stock;
- The Bank's shareholders, including those persons who purchase Shares in this Offering, are not entitled to any anti-dilution protection under the Bank's Articles of Agreement or Bylaws, or as a matter of contract, or otherwise, which means that your percentage ownership can be diluted at any time;
- The Bank's shareholders, including those persons who purchase Shares in this Offering, have no right under the Bank's Articles of Agreement or Bylaws, or as a matter of contract, or otherwise, to purchase Bank stock in any future offering; and
- Your delivery to the Bank of a Subscription Agreement and subscription deposit (by check or wire transfer) does not guarantee that you will receive any Shares in this Offering. The Bank reserves the right to reject your subscription in whole or in part, in which case, all or part of your subscription deposit will be returned without interest.

RISK FACTORS

There are risks inherent to our business. The material risks and uncertainties that management believes affect us are described below. You should carefully consider the risks described below along with all of the other information contained in this Offering Circular, including our financial statements and the related notes, before deciding whether to purchase our common stock.

The risks and uncertainties described below are not the only ones facing us. Additional risks and uncertainties that management is not aware of or focused on or that management currently deems immaterial may also impair our business operations. This Offering Circular is qualified in its entirety by these risk factors. If any of the following risks actually occur, our financial condition and results of operations could be materially and adversely affected. As a result, the trading price of our common stock could decline, and you may lose all or part of your investment in our common stock.

Caution Regarding Forward Looking Statements

Some of the information in this Offering Circular, including the risk factors listed below, contains or incorporates by reference certain forward-looking statements about our financial condition, results of operations and business that are based on our current and future expectations. You can find many of these statements by looking for words such as "may," "will," "should," "expects," "plans," "anticipates," "believes," "estimates," "predicts," "potential," or "continue," or the negative of such terms and other comparable terminology. Such statements reflect our current views with respect to future events and are subject to risks and uncertainties, including the risk factors summarized below that could cause actual results to differ materially from those contemplated in such forward-looking statements. See "**Cautionary Note Regarding Forward-Looking Statements**" on page 17 for a more thorough discussion regarding forward-looking statements.

Risks Related to Our Business

Our success depends significantly on our management team, and the loss of our senior executive officers or other key employees and our inability to recruit or retain suitable replacements could adversely affect our business, results of operations and growth prospects.

Our success depends significantly on the continued service and skills of our existing senior executive management team. The implementation of our business and growth strategies also depends significantly on our ability to retain employees with experience and business relationships within their respective market areas. Our officers may terminate their employment with us at any time, and we could have difficulty replacing such officers with persons who are experienced in the specialized aspects of our business or who have ties to the communities within our market areas. The loss of any of our key personnel could therefore have an adverse impact on our business and growth.

Our business concentration in New Hampshire imposes risks and may magnify the adverse effects and consequences to us resulting from any regional or local economic downturn affecting New Hampshire and its border-states.

The loans in our real estate loan portfolio are secured primarily by properties and collateral located in southern New Hampshire. Likewise, the loans in our loan portfolio were made primarily to borrowers who live and/or conduct business in southern New Hampshire. This geographic concentration imposes risks from lack of geographic diversification. The economic conditions in New Hampshire and its bordering states affect our business, financial condition, results of operations, and future prospects, where adverse economic developments, among other things, could affect the volume of loan originations, increase the level of nonperforming assets, increase the rate of foreclosure losses on loans and reduce the value of our loans and loan servicing portfolio. Any regional or local economic downturn that affects New Hampshire, its bordering states, or existing or prospective borrowers or property values in such areas, may affect us and our profitability more significantly and more adversely than our competitors whose operations are less geographically concentrated.

Our small to medium-sized business customers may have fewer financial resources than larger entities to weather a downturn in the economy, which may impair a borrower's ability to repay a loan, and such impairment could adversely affect our results of operations and financial condition.

We focus our business development and marketing strategy primarily to serve the banking and financial services needs of small to medium-sized businesses. These small to medium-sized businesses generally have fewer financial resources in terms of capital or borrowing capacity than larger entities. If general economic conditions negatively impact any of our existing market areas, small to medium-sized businesses may be adversely affected, and our results of operations and financial condition may be negatively affected.

New lines of business or new products and services may subject us to additional risks. A failure to successfully manage these risks may have a material adverse effect on our business.

From time to time, we may implement new lines of business, offer new products and services within existing lines of business or shift focus on our asset mix. There are substantial risks and uncertainties associated with these efforts, particularly in instances where the markets are not fully developed. In developing and marketing new lines of business and/or new products and services and/or shifting focus of asset mix, we may invest significant time and resources. Initial timetables for the introduction and development of new lines of business and/or new products or services may not be achieved and price and profitability targets may not prove feasible. External factors, such as compliance with regulations, competitive alternatives, and shifting market preferences, may also impact the successful implementation of a new line of business or a new product or service. Furthermore, any new line of business and/or new product or service could have a significant impact on the effectiveness of our system of internal controls. Failure to successfully manage these risks in the development and implementation of new lines of business or new products or services could have a material adverse effect on our business, results of operations and financial condition.

If we do not effectively manage our asset quality and credit risk, we would experience loan losses which could have a material adverse effect on our financial condition and results of operation.

Making any loan involves risk, including risks inherent in dealing with individual borrowers, risks of nonpayment, risks resulting from uncertainties as to the future value of collateral and cash flows available to service debt, and risks resulting from changes in economic and market conditions. Our credit risk approval and monitoring procedures may fail to identify or reduce these credit risks, and they cannot completely eliminate all credit risks related to our loan portfolio. If the overall economic climate in the United States, generally, or our market areas, specifically, experience material disruption, our borrowers may experience difficulties in repaying their loans, the collateral we hold may decrease in value or become illiquid, and the level of nonperforming loans, charge-offs and delinquencies could rise and require additional provisions for loan losses, which would cause our net income and return on equity to decrease.

Because a significant portion of our loan portfolio is comprised of real estate loans, negative changes in the economy affecting real estate values and liquidity could impair the value of collateral securing our real estate loans and result in loan losses.

As of December 31, 2019, approximately 75.9% of our loan portfolio was comprised of loans with real estate as primary collateral. As a result, adverse developments affecting real estate values in our market areas could increase the credit risk associated with our real estate loan portfolio. Even though the real estate market in southern New Hampshire has been more stable than real estate markets in other parts of the country, the market value of real estate can fluctuate significantly in a short period of time as a result of market conditions in the area in which the real estate is located. Adverse changes affecting real estate values and the liquidity of real estate in one or more of our markets could increase the credit risk associated with our loan portfolio and could result in losses that would adversely affect credit quality, financial condition, and results of operation. Negative changes in the economy affecting real estate values and liquidity in our market areas could significantly impair the value of property pledged as collateral on loans and affect our ability to sell the collateral upon foreclosure without a loss or additional losses. Collateral may have to be sold for less than the outstanding balance of the loan, which could result in additional expenses being charged against such loans. Such declines, additional expenses, and losses could have a material adverse impact on our business, results of operations and growth prospects. If real estate values decline in any of our markets, it is also more likely that we would be required to increase our allowance for loan losses, which could adversely affect our financial condition, results of operations and cash flows.

Our allowance for loan losses may prove to be insufficient to absorb potential losses in our loan portfolio, which may adversely affect our business, financial condition and results of operations.

We establish our allowance for loan losses and maintain it at a level considered adequate by management to absorb probable loan losses based on our analysis of our portfolio and market environment. The allowance for loan losses represents our estimate of probable losses in the portfolio at each balance sheet date and is based upon relevant information available to us. The allowance contains provisions for probable losses that have been identified relating to specific borrowing relationships, as well as probable losses inherent in the loan portfolio and credit undertakings that are not specifically identified. Additions to the allowance for loan losses, which are charged to earnings through the provision for loan losses, are determined based on a variety of factors, including an analysis of the loan portfolio, historical loss experience and an evaluation of current economic conditions in our market areas. The actual amount of loan losses is affected by changes in economic, operating and other conditions within our markets, as well as changes in the financial condition, cash flows, and operations of our borrowers, all of which are beyond our control, and such losses may exceed current estimates.

As of December 31, 2019, our allowance for loan losses as a percentage of total loans was approximately 1.21%. We may be required to take additional provisions for loan losses in the future to further supplement the allowance for loan losses, either due to management's decision to do so or requirements by our banking regulators. In addition, bank regulatory agencies will periodically review our allowance for loan losses and the value attributed to nonaccrual loans or to real estate acquired through foreclosure. Such regulatory agencies may require us to recognize future charge-offs. These adjustments may adversely affect our business, financial condition and results of operations.

A lack of liquidity could adversely affect our operations and jeopardize our business, financial condition, and results of operations.

Liquidity is essential to our business. We rely on our ability to generate deposits and effectively manage the repayment and maturity schedules of our loans and investment securities, respectively, to ensure that we have adequate liquidity to fund our operations. An inability to raise funds through deposits, borrowings, the sale of our investment securities, Federal Home Loan Bank advances, the sale of loans, and other sources could have a substantial negative effect on our liquidity. Our most important source of funds consists of deposits. Deposit balances can decrease when customers perceive alternative investments as providing a better risk/return tradeoff. If customers move money out of bank deposits and into other investments, we would lose a relatively low-cost source of funds, increasing our funding costs and reducing our net interest income and net income.

Other primary sources of funds consist of cash flows from operations. We also may borrow funds from third-party lenders, such as other financial institutions. Our access to funding sources in amounts adequate to finance or capitalize our activities, or on terms that are acceptable to us, could be impaired by factors that affect us directly or the financial services industry or economy in general, such as disruptions in the financial markets or negative views and expectations about the prospects for the financial services industry.

Any decline in available funding could adversely impact our ability to originate loans, meet our expenses, pay dividends to our shareholders, or to fulfill obligations such as repaying our borrowings or meeting deposit withdrawal demands, any of which could have a material adverse impact on our liquidity, business, financial condition and results of operations.

We may need to raise additional capital in the future, and if we fail to maintain sufficient capital, whether due to losses, an inability to raise additional capital or otherwise, our financial condition, liquidity and results of operations, as well as our ability to maintain regulatory compliance, would be adversely affected.

We face significant capital and other regulatory requirements as a financial institution. We may need to raise additional capital in the future to provide us with sufficient capital resources and liquidity to meet our commitments and business needs, which could include the possibility of financing acquisitions. In addition, the Bank must meet certain regulatory capital requirements and maintain sufficient liquidity. Our ability to raise additional capital depends on conditions in the capital markets, economic conditions and a number of other factors, including investor perceptions regarding the banking industry, market conditions and governmental activities, and on our financial condition and performance. Accordingly, we cannot assure you that we will be able to raise additional capital if needed or on terms acceptable to us. If we fail to maintain capital to meet regulatory requirements, our financial condition, liquidity and results of operations would be materially and adversely affected.

Interest rate shifts may reduce net interest income and otherwise negatively impact our financial condition and results of operations.

The majority of our banking assets are monetary in nature and subject to risk from changes in interest rates. Like most financial institutions, our earnings are significantly dependent on our net interest income, the principal component of our earnings, which is the difference between interest earned by us from our interest-earning assets, such as loans and investment securities, and interest paid by us on our interest-bearing liabilities, such as deposits and borrowings. We expect that we will periodically experience "gaps" in the interest rate sensitivities of our assets and liabilities, meaning that either our interest-bearing liabilities will be more sensitive to changes in market interest rates than our interest-earning assets, or vice versa. In either event, if market interest rates should move contrary to our position, this "gap" will negatively impact our earnings. The impact on earnings is more adverse when the slope of the yield curve flattens, that is, when short-term interest rates increase more than long-term interest rates or when long-term interest rates decrease more than short-term interest rates. Many factors impact interest rates, including governmental monetary policies, inflation, recession, changes in unemployment, the money supply, and international disorder and instability in domestic and foreign financial markets.

Interest rate increases often result in larger payment requirements for our borrowers, which increases the potential for default. At the same time, the marketability of the property securing a loan may be adversely affected by any reduced demand resulting from higher interest rates. In a declining interest rate environment, there may be an increase in prepayments on loans as borrowers refinance their loans at lower rates.

Changes in interest rates also can affect the value of loans, securities and other assets. An increase in interest rates that adversely affects the ability of borrowers to pay the principal or interest on loans may lead to an increase in nonperforming assets and a reduction of income recognized, which could have a material adverse effect on our results of operations and cash flows. Further, when we place a loan in nonaccrual status, we reverse any accrued but unpaid interest receivable, which decreases interest income. At the same time, we continue to have a cost to service the loan, which is reflected as interest expense, without any interest income to offset the associated funding expense. Thus, an increase in the amount of nonperforming assets would have an adverse impact on net interest income.

If short-term interest rates remain at their historically low levels for a prolonged period, and assuming longer term interest rates fall further, we could experience net interest margin compression as our interest earning assets would continue to reprice downward while our interest-bearing liability rates could fail to decline in tandem. Such an occurrence would have a material adverse effect on our net interest income and our results of operations.

We face strong competition from financial services companies and other companies that offer banking services, which could harm our business.

We conduct our operations primarily in southern New Hampshire. Many of our competitors offer the same services or a wider variety of services within our market areas. These competitors include banks with nationwide operations, regional banks and other community banks. We also face competition from many other types of financial institutions, including savings and loan institutions, finance companies, brokerage firms, insurance companies, credit unions, mortgage banks and other financial intermediaries. In addition, a number of out-of-state financial intermediaries have opened production offices, or otherwise solicit deposits, in our market areas. Increased competition in our markets may result in reduced loans and deposits, as well as reduced net interest margin and profitability. Ultimately, we may not be able to compete successfully against current and future competitors. If we are unable to attract and retain banking customers, we may be unable to continue to grow our loan and deposit portfolios, and our business, financial condition and results of operations may be adversely affected.

We have a continuing need for technological change, and we may not have the resources to effectively implement new technology, or we may experience operational challenges when implementing new technology.

The financial services industry is undergoing rapid technological changes with frequent introductions of new technology-driven products and services. In addition to better serving customers, the effective use of technology increases efficiency and enables financial institutions to reduce costs. Our future success will depend in part upon our ability to address the needs of our customers by using technology to provide products and services that will satisfy customer demands for convenience as well as to create additional efficiencies in our operations as we continue to grow and expand our market area. We may experience operational challenges as we implement these new technology enhancements or products, which could result in us not fully realizing the anticipated benefits from such new technology or require us to incur significant costs to remedy any such challenges in a timely manner.

Many of our larger competitors have substantially greater resources to invest in technological improvements. As a result, they may be able to offer additional or superior products to those that we will be able to provide, which would put us at a competitive disadvantage. Accordingly, we may not be able to effectively implement new technology-driven products and services or be successful in marketing such products and services to our customers.

System failure or breaches of our network security could subject us to increased operating costs as well as litigation and other liabilities.

The computer systems and network infrastructure we use could be vulnerable to unforeseen problems. Our operations are dependent upon our ability to protect our computer equipment against damage from physical theft, fire, power loss, telecommunications failure or a similar catastrophic event, as well as from security breaches, denial of service attacks, viruses, worms and other disruptive problems caused by hackers. Any damage or failure that causes breakdowns or disruptions in our customer relationship management, general ledger, deposit, loan and other systems could damage our reputation, result in a loss of customer business, subject us to additional regulatory scrutiny, or expose us to civil litigation and possible financial liability, any of which could have a material adverse effect on us. Computer break-ins, phishing and other disruptions could also jeopardize the security of information stored in and transmitted through our computer systems and network infrastructure, which may result in significant liability to us and may cause existing and potential customers to refrain from doing business with us. In addition, advances in computer capabilities could result in a compromise or breach of the systems we and our third-party service providers use to encrypt and protect customer transaction data. A failure of such security measures could have a material adverse effect on our financial condition and results of operations.

Our operations could be interrupted if our third-party service providers experience difficulty, terminate their services or fail to comply with banking regulations.

We depend on a number of relationships with third-party service providers. Specifically, we receive core systems processing, essential web hosting and other Internet systems, deposit processing and other processing services from third-party service providers. If these third-party service providers experience difficulties, or terminate their services, and we are unable to replace them with other service providers, particularly on a timely basis, our operations could be interrupted. If an interruption were to continue for a significant period of time, our business, financial condition and results of operations could be adversely affected, perhaps materially. Even if we are able to replace third party service providers, it may be at a higher cost to us, which could adversely affect our business, financial condition and results of operations.

We are subject to certain operational risks, including, but not limited to, customer or employee fraud and data processing system failures and errors.

Employee errors and employee and customer misconduct could subject us to financial losses or regulatory sanctions and seriously harm our reputation. Misconduct by our employees could include hiding unauthorized activities from us, improper or unauthorized activities on behalf of our customers or improper use of confidential information. It is not always possible to prevent employee errors and misconduct, and the precautions we take to prevent and detect this activity may not be effective in all cases. Employee errors could also subject us to financial claims for negligence.

We maintain a system of internal controls and insurance coverage to mitigate against operational risks, including data processing system failures and errors and customer or employee fraud. If our internal controls fail to prevent or detect an occurrence, or if any resulting loss is not insured or exceeds applicable insurance limits, it could have a material adverse effect on our business, financial condition and results of operations.

In addition, we rely heavily upon information supplied by third parties, including the information contained in credit bureau reports, property appraisals, title information, equipment pricing and valuation and employment and income documentation, in deciding which loans we will originate, as well as the terms of those loans. If any of the information upon which we rely is misrepresented, either fraudulently or inadvertently, and the misrepresentation is not detected prior to asset funding, the value of the asset may be significantly lower than expected, or we may fund a loan that we would not have funded or on terms we would not have extended. Whether a misrepresentation is made by the applicant or another third party, we generally bear the risk of loss associated with the misrepresentation. A loan subject to a material misrepresentation is typically unsellable or subject to repurchase if it is sold prior to detection of the misrepresentation. The sources of the misrepresentations are often difficult to locate, and it is often difficult to recover any of the monetary losses we may suffer.

We could be subject to environmental risks and associated costs on our foreclosed real estate assets, which could materially and adversely affect us.

A significant portion of our loan portfolio is comprised of loans collateralized by real estate. There is a risk that hazardous or toxic waste could be discovered on the properties that secure our loans. If we acquire such properties as a result of foreclosure, we could be held responsible for the cost of cleaning up or removing this waste, and this cost could exceed the value of the underlying properties and materially and adversely affect us.

Risks Related to an Investment in our Common Stock

There may be a significant delay between the time you send us your subscription funds and the time that your subscription is accepted and our Shares are issued, or the time that your funds are returned to you if your subscription is not accepted in whole or in part.

All Subscription Payments will be deposited in a Subscription Account established at the Bank. The Subscription Account is a segregated account at the Bank. Subscription Payments deposited in the Subscription Account will not earn interest. We will hold all Subscription Payments in the Subscription Account until the Offering Expiration Date on December 31, 2020 if we have not satisfied the Subscription Release Condition before that date. We do not anticipate rejecting any Subscription Payments prior to our initial closing and may elect not to reject any Subscription Payments prior to the Offering Expiration Date. It is possible that we will not conduct an initial closing until the Offering Expiration Date, and in such event, it is likely that no Subscription Payments will be accepted or rejected prior to the Offering Expiration Date. Consequently, Subscription Payments may be held by the Bank until the Offering Expiration Date. No portion of any Subscription Payment held in the Subscription Account by the Bank will be FDIC insured. The Bank historically has not paid cash dividends and does not presently intend to do so. However, if Shares are issued to you subsequent to any dividend record date, you will not receive the dividends, if any, payable on such dividend payment date because the Shares will not have been issued on the record date for such dividends.

The Purchase Price of $15.00 per share was determined in the sole discretion of the Board of Directors.

The purchase price for our Shares was determined by our Board of Directors, based upon various factors, including the per share book value of our common stock as of November 2019, the trading history of our common stock, our operating history and our prospects for further earnings, our current performance, and the offering prices used by other community banks who have raised capital through the sale of their common stock. No fairness opinion was issued to us or to our Board of Directors by any other person in connection with the pricing of our Shares.

Our management intends to use the proceeds of this Offering for the purposes identified in this Offering Circular, but we cannot guaranty that the use of such proceeds for those purposes will benefit investors.

We plan to use the net proceeds from our Offering for corporate purposes. There can be no guaranty that our use of the net proceeds from this Offering for those planned purposes will serve to increase our profitability or market value or yield a favorable return to investors.

An active trading market for our common stock may not develop, and you may not be able to sell your common stock at or above your purchase price.

Prior to this Offering there has been a limited market for our common stock in the over-the-counter marketplace. An active trading market for shares of our common stock may never develop or be sustained following this Offering. If an active trading market does not develop, you may have difficulty selling your shares of common stock at an attractive price, or at all. The purchase price for our common stock was determined by our Board of Directors and may not be indicative of prices that will prevail in the open market following your purchase. Consequently, you may not be able to sell your common stock at or above your purchase price or at any other price or at the time that you would like to sell. An inactive market may also impair our ability to raise capital by selling our common stock and may impair our ability to expand our business by using our common stock as consideration. See “Market Price of our Common Stock” on page 56 for additional information.

The price of our common stock could be volatile following your purchase and our stock price may fall below the purchase price at the time you desire to sell your shares of our common stock, in which case, you would incur a loss on your investment.

The market price of our common stock following your purchase may be volatile and could be subject to wide fluctuations in price in response to various factors, some of which are beyond our control. These factors include, among other things:

- actual or anticipated variations in our quarterly and annual results of operations;
- recommendations or lack thereof by securities analysts;
- failure to meet market predictions of our earnings;
- operating and stock price performance of other companies that investors deem comparable to us;
- news reports relating to trends, concerns and other issues in the financial services industry, including the failures of other financial institutions in the recent economic downturn;
- perceptions in the marketplace regarding us and/or our competitors;
- new technology used, or services offered, by competitors; and
- changes in government regulations.

In addition, if the market for stocks in our industry, or the stock market in general, experiences a loss of investor confidence, the trading price of our common stock could decline for reasons unrelated to our business, financial condition or results of operations. If any of the foregoing occurs, it could cause our stock price to fall and may expose us to lawsuits that, even if unsuccessful, could be costly to defend and a distraction to management.

We are not required to file reports with the Securities and Exchange Commission. If equity research analysts do not publish research or reports about our business, or if they do publish such reports but issue unfavorable commentary, the price and trading volume of our common stock could decline.

We are not required to file reports with the Securities and Exchange Commission (the "**SEC**"). Consequently, after you purchase our common stock we will have no obligation to provide you or other investors with reports about our business and publicly available information concerning our business will be limited to the information that is made public by the Bank's regulators, such as quarterly call reports; or as a condition of having our shares quoted on an electronic inter-dealer quotation system. While we intend to continue furnishing the information and reports that we currently make available through these means, there can be no assurance that we will continue to do so. The trading market for our common stock could be affected by whether and to what extent equity research analysts publish research or reports about us and our business. As of the date of this Agreement, no equity analyst publishes such research and reports about us and our business, and we are not aware of any equity research analysts who plans to publish such research or reports in the future. We cannot predict at this time whether any research analysts will elect, at any point in the future, to cover us and our common stock or whether they will elect to publish research and reports on us. If any equity analysts who elect to cover us and publish research reports about our common stock, issue unfavorable commentary or cease publishing reports about us, the price of our stock could decline.

If any analysts who may elect to cover us issue unfavorable commentary, our stock price could decline rapidly. If any analysts elect to cover us and then cease coverage of us after the date, if any, on which they elect to commence such coverage, we could lose visibility in the market, which in turn could cause our common stock price or trading volume to decline and our common stock to be less liquid.

Future equity issuances could result in dilution, which could cause our common stock price to decline.

We are generally not restricted from issuing additional shares of our common stock up to the 10,000,000 shares authorized in our Articles of Agreement. We may issue additional shares of our common stock in the future pursuant to current or future employee stock option plans or in connection with future acquisitions or financings. If we choose to raise capital by selling shares of our common stock or securities convertible into common stock for any reason, the issuance would have a dilutive effect on the holders of our common stock and could have a material negative effect on the market price of our common stock.

Future sales of our common stock could depress the market price of our common stock.

Sales of a substantial number of shares of our common stock in the public market following your purchase of our common stock, or the perception that large sales could occur, could cause the market price of our common stock to decline or limit our future ability to raise capital through an offering of equity securities. After completion of the sale of all Shares offered by this Offering, there will be 4,381,370 shares of our common stock outstanding. All of the shares of common stock sold in this Offering will be freely tradable without restriction or further registration under the federal securities laws unless purchased by our "affiliates" within the meaning of Rule 144 under the Securities Act, which shares will be subject to the resale limitations of Rule 144. Our directors, executive officers, employees, and their respective family members and other affiliates, are required, under our "blackout policy," not to offer to sell, or otherwise dispose of any shares of our common stock during the term of this Offering and a period of 90 days following the termination of this Offering.

An investment in our common stock is not an insured deposit and is not guaranteed by the Federal Deposit Insurance Corporation ("FDIC"), so you could lose some or all of your investment.

An investment in our common stock is not a bank deposit and, therefore, is not insured against loss or guaranteed by the FDIC, any other deposit insurance fund or by any other public or private entity. An investment in our common stock is inherently risky for the reasons described herein. As a result, if you acquire our common stock, you could lose some or all of your investment.

Risks Related to the Business Environment and Our Industry

Legislative and regulatory actions taken now or in the future may increase our costs and impact our business, governance structure, financial condition or results of operations.

The Bank is subject to extensive regulation by multiple federal financial regulatory bodies and the New Hampshire Banking Department. These regulations may affect the manner and terms of delivery of our services. If we do not comply with governmental regulations, we may be subject to fines, penalties, lawsuits or material restrictions on our businesses in the jurisdiction where the violation occurred, which may adversely affect our business operations. Changes in these regulations can significantly affect the services that we provide as well as our costs of compliance with such regulations. In addition, adverse publicity and damage to our reputation arising from the failure or perceived failure to comply with legal, regulatory or contractual requirements could affect our ability to attract and retain customers.

Adverse economic conditions in the financial markets during the late 2000s and early 2010s resulted in government regulatory agencies and political bodies placing increased focus and scrutiny on the financial services industry. In particular, in 2010 the U.S. Congress enacted the Dodd-Frank Wall Street Reform and Consumer Protection Act ("**Dodd-Frank Act**") that significantly changed the regulation of financial institutions and the financial services industry. The Dodd-Frank Act and the regulations thereunder affect large and small financial institutions alike, including several provisions that affect how community banks are regulated.

The Dodd-Frank Act, among other things, changed the base for FDIC insurance assessments to a bank's average consolidated total assets minus average tangible equity, rather than upon its deposit base, and permanently raised the current standard deposit insurance limit to $250,000 and expanded the FDIC's authority to raise insurance premiums. The legislation also required the FDIC to raise the ratio of reserves to deposits from 1.15% to 1.35% for deposit insurance purposes by September 30, 2020 and to "offset the effect" of increased assessments on insured depository institutions with assets of less than $10.0 billion. The Dodd-Frank Act established the Bureau of Consumer Financial Protection as an independent entity within the Federal Reserve System, which has broad rulemaking, supervisory and enforcement authority over consumer financial products and services, including deposit products, residential mortgages, home-equity loans and credit cards, and contains provisions on mortgage-related matters, such as steering incentives, determinations as to a borrower's ability to repay and prepayment penalties. The Dodd-Frank Act also included provisions that affect corporate governance and executive compensation at all publicly traded companies and allowed financial institutions to pay interest on business checking accounts.

New proposals for legislation continue to be introduced in Congress that could further affect regulation of the financial services industry, impose restrictions on the operations and general ability of firms within the industry to conduct business consistent with historical practices, including in the areas of compensation, interest rates, financial product offerings and disclosures, and have an effect on bankruptcy proceedings with respect to consumer residential real estate mortgages, among other things. Federal and state regulatory agencies also frequently adopt changes to their regulations or change the manner in which existing regulations are applied. Certain aspects of current or proposed regulatory or legislative changes to laws applicable to the financial industry, if enacted or adopted, may impact the profitability of our business activities, require more oversight or change certain of our business practices, including the ability to offer new products, obtain financing, attract deposits, make loans, and achieve satisfactory interest spreads, and could expose us to additional costs, including increased compliance costs. These changes also may require us to invest significant management attention and resources to make any necessary changes to operations in order to comply and could therefore also materially and adversely affect our business, financial condition and results of operations.

Monetary policies and regulations of the Federal Reserve Board ("FRB") could adversely affect our business, financial condition and results of operations.

In addition to being affected by general economic conditions, our earnings and growth are affected by the policies of the FRB. An important function of the FRB is to regulate the money supply and credit conditions. Among the instruments used by the FRB to implement these objectives are open market operations in U.S. government securities, adjustments of the discount rate and changes in reserve requirements against bank deposits. These instruments are used in varying combinations to influence overall economic growth and the distribution of credit, bank loans, investments and deposits. Their use also affects interest rates charged on loans or paid on deposits.

The monetary policies and regulations of the FRB have had a significant effect on the operating results of commercial banks in the past and are expected to continue to do so in the future. The effects of such policies upon our business, financial condition and results of operations cannot be predicted.

Banking agencies periodically conduct examinations of our business, including compliance with laws and regulations, and our failure to comply with any supervisory actions to which we become subject as a result of such examinations could materially and adversely affect us.

New Hampshire and federal banking agencies periodically conduct examinations of our business, including compliance with laws and regulations. If, as a result of an examination, a New Hampshire or federal banking agency were to determine that the financial condition, capital resources, asset quality, earnings prospects, management, liquidity or other aspects of our operations had become unsatisfactory, or that the Bank or its management was in violation of any law or regulation, such banking agencies may take a number of different remedial actions as they deem appropriate. These actions include the power to enjoin "unsafe or unsound" practices, to require affirmative actions to correct any conditions resulting from any violation or practice, to issue an administrative order that can be judicially enforced, to direct an increase in our capital, to restrict our growth, to assess civil monetary penalties against the Bank, our officers or directors, to remove officers and directors and, if it is concluded that such conditions cannot be corrected or there is an imminent risk of loss to depositors, to terminate our deposit insurance. If we become subject to such regulatory actions, we could be materially and adversely affected.

We may be required to pay higher FDIC deposit insurance assessments in the future, which could materially and adversely affect us.

The deposits of banks are insured by the FDIC through the Deposit Insurance Fund to a maximum of $250,000 per account title. For this protection, a bank must pay quarterly assessments. The FDIC has adopted a risk-based assessment system. Under this system, banks pay insurance premiums at rates based on their risk classification. Banks assigned to higher risk classifications (that is, banks that pose a higher risk of loss to the deposit insurance fund) pay assessments at higher rates than do banks that pose a lower risk. A bank's risk classification is assigned based on its capital levels and the level of supervisory concern the bank poses to the regulators. In addition, the FDIC can impose special assessments in certain instances. The FDIC may terminate its insurance of deposits if it finds that a bank has engaged in unsafe and unsound practices, is in an unsafe or unsound condition, or has violated any applicable law, regulation, rule, order, or condition imposed by the FDIC. An increase in the assessment rates could materially and adversely affect us.

We may be materially and adversely affected by the creditworthiness and liquidity of other financial institutions.

Financial services institutions are interrelated as a result of trading, clearing, counterparty, or other relationships. We have exposure to many different industries and counterparties, and routinely execute transactions with counterparties in the financial services industry, including commercial banks, brokers and dealers, investment banks, and other institutional customers. Many of these transactions expose us to credit risk in the event of a default by a counterparty or customer. In addition, our credit risk may be exacerbated when the collateral held by us cannot be realized upon or is liquidated at prices not sufficient to recover the full amount of the credit or derivative exposure due to us. Any such losses could have a material adverse effect on us.

We face a risk of noncompliance and enforcement action with the Bank Secrecy Act and other anti-money laundering statutes and regulations.

The federal Bank Secrecy Act, the USA PATRIOT Act of 2001 ("**USA Patriot Act**"), and other laws and regulations require financial institutions, among other duties, to institute and maintain effective anti-money laundering programs and file suspicious activity and currency transaction reports as appropriate. The federal Financial Crimes Enforcement Network, established by the Treasury to administer the Bank Secrecy Act, is authorized to impose significant civil money penalties for violations of those requirements and has recently engaged in coordinated enforcement efforts with the individual federal banking regulators, as well as the U.S. Department of Justice, Drug Enforcement Administration and Internal Revenue Service. There is also increased scrutiny of compliance with the rules enforced by the Office of Foreign Assets Control. If our policies, procedures and systems are deemed deficient or the policies, procedures and systems of the financial institutions that we have already acquired or may acquire in the future are deficient, we would be subject to liability, including fines and regulatory actions such as restrictions on our ability to pay dividends and the necessity to obtain regulatory approvals to proceed with certain aspects of our business plan, including our acquisition plans, which would negatively impact our business, financial condition and results of operations. Failure to maintain and implement adequate programs to combat money laundering and terrorist financing could also have serious reputational consequences for us.

Provisions of our Articles of Agreement and Bylaws, as well as New Hampshire law and certain banking laws, could delay or prevent a takeover of us by a third party.

Provisions of our Articles of Agreement and Bylaws, the corporate law of the State of New Hampshire and state and federal banking laws, including regulatory approval requirements, could delay, defer or prevent a third party from acquiring us, despite the possible benefit to our stockholders, or otherwise adversely affect the market price of our common stock. These provisions include: the election of directors to staggered terms of three years; and advance notice requirements for nominations for election to our Board of Directors and for proposing matters that stockholders may act on at stockholder meetings. These provisions may discourage potential takeover attempts, discouraging bids for our common stock at a premium over market price or adversely affect the market price of, and the voting and other rights of the holders of our common stock. These provisions could also discourage proxy contests and make it more difficult for you and other stockholders to elect directors other than candidates nominated by our Board of Directors.

The risks and uncertainties described in the Risk Factors are not the only ones facing the Bank. Additional risks and uncertainties that management is not aware of or focused on or that management currently deems immaterial may also impair our business operations. If any of the risks described in the Risk Factors actually occur, our financial condition and results of operations could be materially and adversely affected. As a result, the trading price of our common stock could decline, and you may lose all or part of your investment in our common stock.

An investment in our common stock is not an insured deposit and is not guaranteed by the Federal Deposit Insurance Corporation ("FDIC"), so you could lose some or all of your investment.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Some of the information in this Offering Circular, including the risk factors set forth above, contains or incorporates by reference certain forward-looking projections, goals, assumptions and statements about the Bank's financial condition, results of operations and business that are based on its current and future expectations. You can find many of these statements by looking for words such as "may," "will," "should," "expects," "plans," "anticipates," "believes," "estimates," "predicts," "potential," or "continue," or the negative of such terms and other comparable terminology. Such statements reflect the Bank's current views with respect to future events and are subject to risks and uncertainties, including those discussed under "Risk Factors" and elsewhere in this Offering Circular that could cause actual results to differ materially from those contemplated in such forward-looking statements. Factors that could cause the Bank's actual results to differ, possibly materially, from those in the specific projections, goals, assumptions and statements include:

- legislative or regulatory changes that affect the Bank's business and the impact of such changes on the Bank's compliance costs;
- deterioration of the credit quality of the Bank's loan portfolio, increased default rates and loan losses or adverse changes in the industry concentrations of the Bank's loan portfolio;
- the Bank's ability to manage the impact of changes in interest rates, spreads on interest earning assets and interest-bearing liabilities, and interest rate sensitivity;
- increased competitive pressures among financial services companies;
- failures of counterparties or third-party vendors to perform their obligations;
- prepayment speeds, loan originations, credit losses and market values, collateral securing loans and other assets;
- adverse changes in the securities market;
- the economic impact of past and any future terrorist attacks, acts of war, or threats thereof and the response of the United States to any such threats and attacks;
- the amount of assessments and premiums the Bank is required to pay for FDIC deposit insurance;
- the costs, effects, and outcomes of existing or future litigation;
- the failure to successfully implement the Bank's business plan in the southern New Hampshire market;
- the ability of the Bank to manage the risks associated with the foregoing factors as well as anticipated risk factors; and
- such other factors discussed throughout the "Risk Factors" section of this Offering Circular.

You are cautioned that no forward-looking statement is a guarantee of future performance, and you should not place undue reliance on these forward-looking statements, which speak only as of the date of this Offering Circular. There may be events in the future that the Bank has little control or is unable to accurately predict. These statements are representative only as of the date this Offering Circular. Before you invest in the Shares, you should be aware that the occurrence of the events described in these risk factors, and elsewhere in this Offering Circular, could have a material adverse effect on the Bank's business, operating results and financial condition.

DILUTION

Economic Dilution

Based on our unaudited financial results for the year ended December 31, 2019, our actual net tangible book value per common share as of December 31, 2019 is $9.65 per share, which was determined by dividing our total tangible assets, less total liabilities, by the number of shares of our common stock outstanding as of such date (3,048,036 shares). If you invest in our common stock in the Offering, there will be an immediate dilution in the net tangible book value per share of your investment as a result of this Offering. Dilution with respect to net tangible book value per share to purchasers of Shares in this Offering will occur because the amount per share paid in this Offering is greater than the net tangible book value per share of our common stock immediately before this Offering.

We may choose to raise additional capital due to market conditions or strategic considerations even if we believe that we have sufficient funds for our current or future operating plans. To the extent that additional capital is raised through the sale of our common stock, including through the sale of securities convertible into or exchangeable or exercisable for common stock, the issuance of these securities could result in dilution to our stockholders, including investors purchasing our Shares in this Offering.

Percentage Dilution

The Bank's shareholders, including those persons who purchase Shares in this Offering, are not entitled to any anti-dilution protection under the Bank's Articles of Agreement or Bylaws, or as a matter of contract, or otherwise, which means that your percentage ownership can be diluted at any time. The Bank's shareholders, including those persons who purchase Shares in this Offering, have no right under the Bank's Articles of Agreement or Bylaws, or as a matter of contract, or otherwise, to purchase Bank stock in any future offering. Your delivery to the Bank of a Subscription Agreement and subscription deposit (by check or wire transfer) does not guarantee that you will receive any Shares in this Offering. The Bank reserves the right to reject your subscription in whole or in part, in which case, all or part of your subscription deposit will be returned without interest.

PLAN OF DISTRIBUTION

The Bank is conducting the Offering on a "best efforts" basis. The Bank is offering its Shares through certain of its Directors and officers, who will not receive any compensation for their efforts but will be reimbursed by the Bank for reasonable out-of-pocket expenses they might incur in connection with the Offering. A licensed broker-dealer may serve as the Bank's agent to provide limited assistance to the Bank, if necessary, in order to affect sales of shares in compliance with the securities laws of certain jurisdictions in which the Offering will be made. If a licensed broker-dealer serves as the Bank's agent, expenses associated with the Offering may increase. No such agent or broker-dealer who assists the Bank in the Offering, nor any other person, has any obligation to purchase any of the Shares offered. No licensed broker-dealer which assists in the Offering will independently assess the information in this Offering Circular or determine the value of the Shares or the reasonableness of the Offering price.

We may sell the Shares in a number of different ways or in a combination of ways, which may include the following (or any combination thereof):

- directly to our existing stockholders residing in those jurisdictions in which the Shares are exempt from registration by virtue of such jurisdiction having an exemption from registration that is applicable to the offer and sale of bank common stock (the "**Exemption from Registration for Bank Stock**");
- directly to our employees and/or individual investors who reside or operate businesses within our current or prospective market area; or
- directly to a limited number of other purchasers or to a single purchaser.

We plan to conduct an initial closing at 5:00 p.m. on the Initial Closing Date but will not close our Offering until we have received Subscription Payments for the Minimum Number of Shares. We may conduct an earlier initial closing if we receive Subscription Payments for the Minimum Number of Shares before the Initial Closing Date. Thereafter, we may conduct additional interim closings until the Expiration Date. All Subscription Payments will be deposited in a Subscription Account established at the Bank. The Subscription Account is a segregated account at the Bank. Subscription Payments deposited in the Subscription Account will not earn interest and will not be FDIC insured. We will hold all Subscription Payments in the Subscription Account until the earlier of the Expiration Date, the date of any initial or subsequent closing permitted by this Offering where the Subscription Payments are accepted, or the date on which we notify you that your Subscription Payment is rejected in whole or in part. If we do not receive Subscription Payments for the Minimum Number of Shares by the Expiration Date, the Offering will not close and the Bank will promptly return all Subscription Payments to all subscribers. If we notify you that we have rejected your Subscription Payment in whole or in part, we will promptly return to you that portion of the Subscription Payment that was rejected. Your offer to purchase Shares will not be accepted unless you agree to purchase at least 100 shares ($1,500), but we reserve the right, in our sole discretion, to accept smaller investments. See first page of Offering Circular for definitions of capitalized terms used in this paragraph.

Expenses of Offering

We estimate that the total expenses of this Offering will be approximately $75,000. This sum is payable by the Bank.

Minimum Investment Amounts; No Preemptive Rights; Bank's Discretion to Accept or Reject Subscription in Whole or in Part

Your offer to purchase Shares will not be accepted unless you agree to purchase at least 100 shares ($1,500), but we reserve the right, in our sole discretion, to accept smaller investments. Your delivery to the Bank of a Subscription Agreement and subscription deposit (by check or wire transfer) does not guarantee that you will receive any Shares in this Offering. The Bank reserves the right to reject your subscription in whole or in part, in which case, all or part of your subscription deposit will be returned without interest.

Although the Bank has elected not to impose any specific, preset limit on the number of Shares that you may subscribe for in this Offering, you should understand that the filing of certain information or applications with bank regulatory agencies may be a prerequisite to the purchase of our Shares in this Offering if you will own more than 5% of our issued and outstanding shares of common stock after the completion of this Offering and if other regulatory control factors are present. If you already own shares of our common stock, you must include the shares you already own for purposes of calculating this 5% ownership limitation. For example, if you already own shares of our common stock that equal 2% of our issued and outstanding common stock, then you may not purchase through this Offering more than that number of Shares representing approximately 3% of the number of our shares of common stock that will be issued and outstanding upon completion of this Offering unless we agree to authorize a larger investment.

We may exercise our right to reduce, or reject, in whole or in part, any subscription which would require prior regulatory application or approval if such application or approval is not obtained prior to your offer to subscribe for our Shares. However, we reserve the right to accept larger subscriptions for our Shares.

The Bank's shareholders, including those persons who purchase Shares in this Offering, are not entitled to any anti-dilution protection under the Bank's Articles of Agreement or Bylaws, or as a matter of contract, or otherwise, which means that your percentage ownership can be diluted at any time. The Bank's shareholders, including those persons who purchase Shares in this Offering, have no right under the Bank's Articles of Agreement or Bylaws, or as a matter of contract, or otherwise, to purchase Bank stock in any future offering.

How to Subscribe for our Shares

In order to subscribe for Shares in our Offering, you must deliver your executed Subscription Agreement, Trust Agreement if applicable and IRS Form W-9 and submit your Subscription Payment in the manner described below. You should do so before our planned Initial Closing Date, which is scheduled for February 21, 2020. If we satisfy the Subscription Release Condition before the Initial Closing Date, we may conduct an earlier initial closing. However, we will not conduct an initial closing until the Subscription Release Condition has been satisfied. If additional Shares remain available through this Offering after our initial closing, we may accept additional subscriptions and conduct additional closings until the earlier of the date on which we have sold all Shares offered in this Offering or the Expiration Date, when this Offering will terminate. Your subscription is not binding on us unless we accept it, you deliver your Subscription Payment to us, and we issue you the Shares you purchased. Once we receive your Subscription Agreement and Subscription Payment, your subscription is irrevocable by you. **We reserve the right to reject any subscription for any reason or to allot to you less than the number of Shares subscribed.** For example we may elect, in our sole discretion, to accept subscriptions primarily from existing stockholders and customers of the Bank. If our Offering is oversubscribed, you may receive fewer Shares than for which you subscribed because we will allocate the Shares among subscribers in our sole discretion. See first page of Offering Circular for definitions of capitalized terms used in this paragraph.

The Bank's shareholders, including those persons who purchase Shares in this Offering, are not entitled to any anti-dilution protection under the Bank's Articles of Agreement or Bylaws, or as a matter of contract, or otherwise, which means that your percentage ownership can be diluted at any time. The Bank's shareholders, including those persons who purchase Shares in this Offering, have no right under the Bank's Articles of Agreement or Bylaws, or as a matter of contract, or otherwise, to purchase Bank stock in any future offering.

How to submit Subscription Payments

If you submit your subscription payment by check, your check should be made payable to "**Primary Bank**" and sent to us at the following address:

Primary Bank
207 NH Route 101
Bedford, New Hampshire, 03110
Attention: Crystal A. Dionne, CPA, Senior Vice President/Chief Financial Officer

Please note on the check that it is for the "2020 Primary Bank Common Stock Offering"

If you wish to submit your subscription payment by wire transfer, please have your financial institution wire your funds using the following instructions:

Sender ABA:	**ABA - Name - Address of the Sending Bank**
Receiver ABA:	**011402105 – Primary Bank**
Beneficiary Account:	**7710000188**
Beneficiary Name: & Address:	**Primary Bank 2020 Common Stock Offering** **Purchaser Name** **207 NH Route 101** **Bedford, NH 03110**

Treatment of Subscription Payments; Terms of Escrow; Issuance of Shares

If you deliver a Subscription Payment to us, we will deposit the Subscription into the Subscription Account, along with those Subscription Payments that are wired directly to us. The Subscription Account is a segregated account at the Bank. Subscription Payments deposited in the Subscription Account will not earn interest. Subscription Payments held in the Subscription Account will not be FDIC insured.

Under the terms of the Subscription Agreement, we do not have any claims against the Subscription Payments held in the Subscription Account until the Subscription Release Condition has been satisfied. We will hold all Subscription Payments in the Subscription Account until:

- the Offering Expiration Date on December 31, 2020 if the Subscription Release Condition has not been satisfied before that date; or
- if earlier, the date of any initial or subsequent closing permitted by this Offering at which the Subscription Payments are applied in payment of Shares to be issued to the subscribers who made such Subscription Payments; or
- if earlier, the date on which we notify you that your Subscription Payment is rejected in whole or in part.

Consequently, you may not have the use of your Subscription Payment until the Offering Expiration Date. We do not anticipate rejecting any Subscription Payments prior to our initial closing and may elect not to reject any Subscription Payments prior to the Offering Expiration Date. It is possible that we will not conduct an initial closing until the Offering Expiration Date, and in such event, it is likely that no Subscription Payments will be accepted or rejected prior to the Offering Expiration Date. Consequently, Subscription Payments may be held by the Bank in the Subscription Account until the Offering Expiration Date.

No interest will be paid to you on any portion of any Subscription Payment. If we do not sell the Minimum Number of Shares by the Expiration Date, the Offering will not close and the Bank will promptly return all Subscription Payments directly to all subscribers, without interest, and neither the subscribers nor the Bank will have any further obligation to each other. In such event, no fees or expenses will be deducted from the Subscription Payments held in the Subscription Account. If we notify you that we have rejected a Subscription Payment in whole or in part, we will promptly return to you that portion of the Subscription Payment that was rejected, without interest.

All shares of Stock sold will be issued in book entry form and on account with our transfer agent. A statement reflecting ownership of Shares issued in the Offering will be mailed by our transfer agent to the persons entitled thereto at the registration address noted by them on their Subscription Agreements as soon as practicable following consummation of the Offering. Until a statement reflecting ownership of Shares is available and delivered to purchasers, purchasers might not be able to sell the Shares that they purchased. Your ability to sell your Shares before receiving your statement will depend on arrangements you may make with a brokerage firm. The Bank historically has not paid cash dividends and does not presently intend to do so. However, if Shares are issued to you subsequent to any dividend record date, you will not receive the dividends, if any, payable on such dividend payment date because the Shares will not have been issued on the record date for such dividends.

Share purchases and sales by Our Directors, Executive Officers, Employees, Affiliates and Associates

We have adopted a policy which prohibits our directors, executive officers and other employees from purchasing or selling our stock during certain time periods. Under this policy, we may impose “blackout periods” during which our directors, executive officers and other employees are prohibited by us from directly or indirectly purchasing, selling or otherwise transferring our Shares. As permitted by this policy, we have notified our directors, executive officers and other employees that they are permitted to participate in the Offering and purchase Shares on the same terms and conditions offered to unaffiliated public investors by means of this Offering Circular and are prohibited from selling our stock during the Offering and for a period of 90 days following the termination of our Offering. In addition, if any of our affiliates or associates wish to purchase Stock in our Offering, they will be required to do so on the same terms and conditions offered to unaffiliated public investors by means of this Offering Circular. Subscription Payments deposited with us by our directors, executive officers and other employees, or by any of our affiliates or associates, will be counted for purposes of determining whether we have satisfied the Subscription Release Condition.

USE OF PROCEEDS

If the Offering is fully subscribed, we plan to use the net proceeds from our Offering for general corporate purposes, including to:

- increase our lending capacity by providing us with additional capital to support new loans and higher lending limits;
- fund new commercial real estate loans (which includes non-owner occupied commercial real estate, multi-family, owner-occupied commercial real estate and non-owner occupied one-to-four-family loans), acquisition, development and land loans, commercial and industrial loans and, to a lesser extent, other loans, in accordance with our business plan and lending guidelines. See “Description of Business - Lending Strategy and Types of Loans;”
- support new loan, deposit and other financial products and services if our Board of Directors determines that such products will help us compete more effectively in our market area or increase our financial performance;
- expand our retail banking franchise, by establishing new branches or loan production offices or acquiring branch offices, although no specific transactions are being considered at this time with the exception of the proposed branch opening in Derry, NH in February 2020; and
- other general corporate purposes.

The use of the net proceeds by the Bank may change based on changes in interest rates, equity markets, laws and regulations affecting the financial services industry, our relative position in the financial services industry, the attractiveness of potential strategic transactions to expand our operations, and overall market conditions. The net proceeds may be reallocated, at our discretion, for any business purpose we deem necessary or appropriate.

The following table summarizes the anticipated use of proceeds, assuming all of the offered Shares are sold in the Offering, with resulting gross proceeds of $20,000,010:

Use of Proceeds – If Maximum Raised	**Estimated Dollar Amount**	**Percentage of Gross Proceeds**
Estimated Offering Expenses	$75,000	0.375%
General Corporate Purposes	$19,925,010	99.625%
Total	$20,000,010	100.00%

The following table summarizes the anticipated use of proceeds, assuming only the Minimum Number of Shares are sold in the Offering, with resulting gross proceeds of $15,000,000:

Use of Proceeds – If Minimum Raised	**Estimated Dollar Amount**	**Percentage of Gross Proceeds**
Estimated Offering Expenses	$75,000	0.50%
General Corporate Purposes	$14,925,000	99.50%
Total	$15,000,000	100.00%

SELECTED FINANCIAL AND OTHER DATA

The following tables set forth selected historical financial and other data for the Bank at the dates and for the periods indicated. The following information is only a summary and should be read in conjunction with our financial statements and the notes thereto beginning on page F-1 of this Offering Circular. The information at and for the year ended December 31, 2019 is derived in part from the unaudited Call Report appearing in this Offering Circular. The information at and for the years ended December 31, 2018 and 2017 is derived in part from the audited financial statements appearing in this Offering Circular. The information at and for the years ended December 31, 2016 and 2015 is derived in part from audited financial statements that are not included in this Offering Circular.

	At December 31,				
	2019	2018	2017	2016	2015
Selected Financial Condition Data:					
Total assets	299,186,428	204,866,639	147,840,645	90,536,082	36,441,244
Cash and due from banks	1,480,415	1,008,628	1,937,853	1,671,987	358,737
Securities held-to-maturity	1,752,626	2,323,944	2,997,296	3,869,058	4,953,496
Securities available-for-sale	-	-	-	-	-
Net loans	234,338,653	175,150,135	114,734,101	65,720,593	7,583,250
Land, building and equipment, net	1,774,778	142,094	192,688	130,630	21,580
Deposits	267,524,569	177,335,268	122,141,845	64,386,079	8,285,606
Borrowings	-	-	-	-	-
Total equity capital	29,403,851	26,907,385	25,325,049	25,953,498	28,089,291
	For the Year Ended December 31,				
	2019	2018	2017	2016	2015
Selected Operating Data:					
Interest and dividend income	11,194,485	7,779,100	4,141,247	1,617,196	105,685
Interest expense	3,140,135	1,873,973	899,482	181,242	9,765
Net interest and dividend income	8,054,350	5,906,127	3,241,765	1,435,954	95,920
Provision (credit) for loan losses	747,851	643,576	623,572	752,997	99,873
Net interest income after provision for loan losses	7,306,499	5,262,551	2,618,193	682,957	(3,953)
Other income	229,274	88,278	57,769	25,727	810
Other expenses	5,345,156	4,122,202	3,341,653	2,844,477	1,159,910
Income before provision for income taxes	2,190,617	1,228,627	(665,691)	(2,135,793)	(1,163,053)
Provision for income taxes (benefit)	(152,609)	(190,643)	-	-	-
Net income	2,343,226	1,419,270	(665,691)	(2,135,793)	(1,163,053)

	At or For the Year Ended December 31,				
	2019	2018	2017	2016	2015
Performance Ratios:					
Return on average assets (1)	1.0%	0.8%	-0.5%	-3.6%	-19.0%
Return on average equity (2)	8.3%	5.5%	-2.6%	-7.8%	-19.4%
Net interest margin (3)	3.5%	3.4%	2.9%	2.5%	4.7%
Non-interest expenses to average assets	2.3%	2.5%	3.0%	4.8%	19.2%
Efficiency ratio (4)	66.1%	70.5%	100.9%	192.7%	2033.9%
Capital Ratios:					
Total capital to risk-weighted assets	12.9%	15.5%	20.3%	35.5%	316.4%
Tier 1 capital to risk-weighted assets	11.7%	14.4%	19.2%	34.4%	315.3%
Common equity Tier 1 capital to risk-weighted assets	11.7%	14.4%	19.2%	34.4%	315.3%
Tier 1 leverage to average assets	10.6%	12.8%	17.0%	31.9%	80.3%
Asset Quality Ratios:					
Allowance for loan losses as a percent of total loans	1.2%	1.2%	1.3%	1.3%	1.3%
Net (charge-offs) to average outstanding loans during the period	0.0%	0.0%	0.0%	0.0%	0.0%
Non-performing loans as a percent of total loans	1.7%	0.0%	0.0%	0.0%	0.0%
Non-performing loans as a percent of total assets	1.3%	0.0%	0.0%	0.0%	0.0%
Non-performing assets as a percent of total assets	1.3%	0.0%	0.0%	0.0%	0.0%
Other Data:					
Number of offices	3	1	1	1	1
Number of full-time equivalent employees	33	27	19	17	16

(1) Represents net income divided by average total assets.
(2) Represents net income divided by average equity.
(3) Represents net interest income divided by average interest-earning assets.
(4) Represents non-interest expense divided by the sum of net interest income and non-interest income.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

This discussion and analysis reflects our financial statements and other relevant statistical data, and is intended to enhance your understanding of our financial condition and results of operations. The information in this section has been derived from the unaudited financial statements for the year ended December 31, 2019, and the audited financial statements for the years ended December 31, 2018 and December 31,2017, which appear beginning on page F-1 of this Offering Circular. You should read the information in this section in conjunction with the business and financial information regarding the Bank provided in this Offering Circular.

Overview

Primary Bank is a 2015 New Hampshire-chartered stock bank headquartered in Bedford, New Hampshire. Our business consists primarily of taking deposits from the general public and investing those deposits, together with funds generated from operations, in commercial real estate and multi-family loans, acquisition, development and land loans, and commercial and industrial loans. We intend to continue that focus after this Offering.

We conduct our operations from two full-service banking offices in Hillsborough County, New Hampshire, and intend to open a full-service banking office in Rockingham County, New Hampshire in February 2020. We consider southern New Hampshire our general geographic market. We consider our primary market area to be the six counties in southern New Hampshire: Hillsborough, Rockingham, Strafford, Cheshire, Merrimack and Belknap.

At December 31, 2019, we had total assets of $299.2 million, total deposits of $267.5 million and total equity capital of $29.4million. We had net income of $2.3 million for the year ended December 31, 2019.

The Bank is subject to supervision and regulation by the FDIC and the NH Banking Department. Such supervision and regulation subject the Bank to special restrictions, requirements, potential enforcement actions and periodic examination by the FDIC and the NH Banking Department.

The Bank's main office is located at 207 NH Route 101, Bedford, New Hampshire 03110, and our telephone number at this address is (603) 310-7200. Our website address is www.primarybanknh.com. Information on our website is not and should not be considered a part of this Offering Circular.

Business Strategy

We believe we enjoy a strong, positive reputation among our customers and in our market area. As a community-oriented bank, we focus on serving the financial needs of local individuals and businesses by executing a safe and sound, service-oriented business strategy that seeks to produce earnings that increase over time and can be reinvested in our business.

Our current business strategy consists of the following:

- Grow our balance sheet, leverage existing infrastructure, and improve profitability and operating efficiency. We have assembled an experienced management team and selectively hired lending, business development and support staff. Our operations benefit from established marketing, information technology, and audit and compliance personnel. Additionally, we have invested in Internet banking capabilities, and offer our customers a mobile banking application. We have also invested in our branch office network. This investment in infrastructure is reflected in our efficiency ratio of 66.13% for the year ended December 31, 2019. The Offering will provide us with funds to increase our lending and investment, which we expect will increase our earnings and improve our operating efficiency.

- Grow our loan portfolio and increase commercial real estate and commercial and industrial lending. Our principal business activity is commercial lending, with a focus on commercial real estate loans (including owner-occupied and non-owner-occupied commercial real estate and multi-family loans), construction loans, and commercial and industrial loans. We intend to continue our focus on originating commercial real estate and commercial and industrial loans. The capital we are raising in the Offering will increase our legal lending limits, which will enable us to originate larger loans for our portfolio to new and existing customers and reduce our need to participate with other lenders to originate larger loans.

- Maintain strong asset quality and manage credit risk. Strong asset quality is a key to the long-term financial success of any bank. We have been successful in maintaining strong asset quality. Our ratio of nonperforming assets to total assets was 1.3%, 0.0%, 0.0%, 0.0% and 0.0% at December 31, 2019, 2018, 2017, 2016 and 2015, respectively. We attribute this historical credit quality to a prudent credit culture and an effective credit risk management environment. We have an experienced team of credit professionals, well-defined and implemented credit policies and procedures, what we believe to be prudent loan underwriting criteria, and active credit monitoring policies and procedures.

- Increase core deposits. Deposits are our primary source of funds for lending and investment. Core deposits, particularly non-interest-bearing demand deposits, represent a low-cost, stable source of funds. We intend to continue to focus on expanding core deposits by leveraging our business development officers, retail branch offices and commercial lending and retail relationships.

- Grow organically and through opportunistic branch acquisitions or de novo branching. Our primary intention is to grow our balance sheet organically, and the capital we are raising in the offering will enable us to increase our lending and investment capacity. As a local independent bank, we believe we will have opportunities to gain market share from customer fallout resulting from the consolidation of competing financial institutions in our market area into larger, out-of-market acquirers. In addition to organic growth, we may also consider expansion opportunities in our market area or in contiguous markets that we believe would enhance both our franchise value and stockholder returns. These opportunities may include establishing loan production offices, establishing new, or de novo branch offices and/or acquiring branch offices, and the capital we are raising in the Offering would help us fund any such opportunities that may arise. We plan to open a new, full-service branch in Derry, New Hampshire in February 2020.

- Consider additional products and services that complement existing products and services as opportunities arise.

These strategies are intended to guide our investment of the net proceeds of the Offering. We intend to continue to pursue our business strategy after the Offering, subject to changes necessitated by future market conditions, regulatory restrictions and other factors.

Critical Accounting Policies

The discussion and analysis of the financial condition and results of operations are based on our financial statements, which are prepared in conformity with generally accepted accounting principles used in the United States of America. The preparation of these financial statements requires management to make estimates and assumptions affecting the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, and the reported amounts of income and expenses. We consider the accounting policies discussed below to be critical accounting policies. The estimates and assumptions that we use are based on historical experience and various other factors and are believed to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions, resulting in a change that could have a material impact on the carrying value of our assets and liabilities and our results of operations.

Our critical accounting policies involve the calculation of the allowance for loan losses and the measurement of the fair value of financial instruments.

Comparison of Financial Condition at December 31, 2019 and December 31, 2018

Total Assets. Total assets were $299.2 million as of December 31, 2019, an increase of $94.3 million, or 46.0%, when compared to total assets of $204.9 million at December 31, 2018. The increase was due primarily to increases in net loans.

Cash and Due From Banks (excluding fed funds). Cash and due from banks increased $472 thousand, or 46.8%, to $1.5 million at December 31, 2019 from $1.0 million at December 31, 2018. This increase is primarily due to the net increase in deposits during the year.

Net Loans. Net loans increased $59.2 million, or 33.8%, to $234.4 million at December 31, 2019 from $175.2 million at December 31, 2018. During the year ended December 31, 2019, we increased $59.7 million in gross loans.

Commercial real estate mortgage loans increased $26.8 million to $106.6 million, or 33.6%, from $79.8 million at December 31, 2018. Multi-family loans increased $8.7 to $28.6 million, or 43.8%, from $19.9 million at December 31, 2018. Commercial and industrial loans increased $5.7 million, or 11.2%, to $57.0 million at December 31, 2019, from $51.3 million at December 31, 2018. Acquisition, development and land loans increased $12.8 million, or 78.0%, to $29.2 million at December 31, 2019, from $16.4 million at December 31, 2018.

Deposits. Deposits increased $90.2 million, or 50.9%, to $267.5 million at December 31, 2019 from $177.3 million at December 31, 2018. Certificates of deposit increased $24.5 million, or 33.1%, to $98.5 million at December 31, 2019 from $74.0 million at December 31, 2018. At December 31, 2019 and 2018, we had no brokered deposits.

Total Equity Capital. Total equity capital increased $2.5 million, or 9.3%, to $29.4 million at December 31, 2019 from $26.9 million at December 31, 2018. This increase was due primarily to net income of $2.3 million for the year ended December 31, 2019.

Comparison of Operating Results for the Years Ended December 31, 2019 and December 31, 2018

Net Income. Net income was $2.3 million for the year ended December 31, 2019, compared to net income of $1.4 million for the year ended December 31, 2018, an increase of $0.9, or 64.3%. The increase was due to a $2.1 million increase in net interest income after provision for loan losses

Interest and Dividend Income. Interest and dividend income increased $3.4 million, or 43.6%, to $11.2 million for the year ended December 31, 2019 from $7.8 million for the year ended December 31, 2018. This increase was due to a $3.3 million increase in interest and fees on loans.

Interest Expense. Total interest expense on deposit accounts increased $1.2 million, or 63.2%, to $3.1 million for the year ended December 31, 2019 from $1.9 million for the year ended December 31, 2018. The increase was primarily due to an increase in the average balance of interest-bearing deposits as well as an increase in market interest rates.

Net Interest Income. Net interest income increased $2.1 million, or 40.4%, to $7.3 million for the year ended December 31, 2019 from $5.2 million for the year ended December 31, 2018. This increase was due to an increase in the balance of interest-earning assets during the year ended December 31, 2019.

Provision for Loan Losses. Based on management's analysis of the allowance for loan losses, we recorded a provision for loan losses of $2.9 million for the year ended December 31, 2019, compared to a provision for loan losses of $2.1 million for the year ended December 31, 2018. The increase in the provision for the year ended December 31, 2019 was primarily due to the increase of the overall loan portfolio.

Non-Interest Income. Non-interest income increased $110.4 thousand, or 92.8%, to $229.3 thousand for the year ended December 31, 2019 compared to $118.9 thousand for the year ended December 31, 2018.

Non-Interest Expense. Non-interest expense increased $1.2 million, or 29.3%, to $5.3 million for the year ended December 31, 2019 from $4.1million for the year ended December 31, 2018. The increase was due primarily to an increase in staffing positions, salaries and employee benefits, legal and professional fees and the addition of a second branch location and operations center.

Income Taxes. The Bank realized an income tax benefit of $153 thousand and $191 thousand for the years ended December 31, 2019 and 2018, respectively.

Management of Market Risk

General. The majority of our assets and liabilities are monetary in nature. Consequently, our most significant form of market risk is interest rate risk. Our assets, consisting primarily of loans, have longer maturities than our liabilities, consisting primarily of deposits. As a result, a principal part of our business strategy is to manage our exposure to changes in market interest rates. Accordingly, the Asset Liability Committee (ALCO) of the board of directors takes responsibility for overseeing the asset/liability management process and related procedures. The committee meets on a quarterly basis and reviews asset/liability strategies, liquidity positions, alternative funding sources, interest rate risk measurement reports, capital levels and economic trends at both national and local levels. ALCO reports its review to the Board of Directors

Liquidity and Capital Resources

Liquidity describes our ability to meet the financial obligations that arise in the ordinary course of business. Liquidity is primarily needed to meet the borrowing and deposit withdrawal requirements of our customers and to fund current and planned expenditures. Our primary sources of funds are deposits, principal and interest payments on loans and securities, and proceeds from maturities of securities.

While maturities and scheduled amortization of loans and securities are predictable sources of funds, deposit flows and loan prepayments are greatly influenced by general interest rates, economic conditions, and competition. Our most liquid asset is cash and cash equivalents. The levels of these assets are dependent on our operating, financing, lending, and investing activities during any given period.

We are committed to maintaining an appropriate liquidity position. We monitor our liquidity position on a daily basis. We anticipate that we will have sufficient funds to meet our current funding commitments, based on our current strategy to increase core deposits to fund loan growth.

At December 31, 2019, we exceeded all of our regulatory capital requirements and were "well capitalized." Management is not aware of any conditions or events that would change our category.

The net proceeds of the Offering will increase our liquidity and capital resources. Over time, the initial level of liquidity will be reduced as net offering proceeds are used for general corporate purposes, including funding loans. Our financial condition and results of operations will be enhanced by the net Offering proceeds, resulting in increased net interest-earning assets and net interest income. However, due to the increase in equity resulting from the net offering proceeds, as well as other factors associated with the offering, our return on equity will be lower immediately following the offering. See "Risk Factors — Risks Related to the Offering." The capital we raise in the Offering may negatively impact our return on equity until we can fully implement our business plan. This could negatively affect the trading price of our shares of common stock.

Off-Balance Sheet Arrangements and Contractual Obligations

Commitments. As a financial services provider, we routinely are a party to various financial instruments with off-balance-sheet risks, such as commitments to extend credit and unused lines of credit. While these contractual obligations represent our potential future cash requirements, a significant portion of commitments to extend credit may expire without being drawn upon. Such commitments are subject to the same credit policies and approval process accorded to loans we make. As of the year ended December 31, 2019, we had $16.6 million in unused commitments with a maturity of one year or less and $28.7 million with a maturity of more than one year.

Impact of Inflation and Changing Prices

The financial statements and related data presented herein have been prepared in accordance with generally accepted accounting principles in the United States of America, which require the measurement of financial position and operating results in terms of historical dollars without considering changes in the relative purchasing power of money over time due to inflation. The primary impact of inflation on our operations is reflected in increased operating costs. Unlike most industrial companies, virtually all of the assets and liabilities of a financial institution are monetary in nature. As a result, interest rates, generally, have a more significant impact on a financial institution's performance than does inflation. Interest rates do not necessarily move in the same direction or to the same extent as the prices of goods and services.

DESCRIPTION OF BUSINESS

General

Primary Bank is a 2015 New Hampshire-chartered stock bank headquartered in Bedford, New Hampshire. Our business consists primarily of taking deposits from the general public and investing those deposits, together with funds generated from operations, in commercial real estate and multi-family loans, acquisition, development and land loans, and commercial and industrial loans.

We currently conduct our operations from two full-service banking offices in Hillsborough County, New Hampshire. We intend to open a full-service banking office in Rockingham County, New Hampshire in February 2020. We consider southern New Hampshire our general geographic market. We consider our primary market area to be the six counties in southern New Hampshire: Hillsborough, Rockingham, Strafford, Cheshire, Merrimack and Belknap.

At December 31, 2019, we had total assets of $299.2 million, total deposits of $267.5 million and total equity capital of $29.4million. We had net income of $2.3 million for the year ended December 31, 2019.

The Bank is subject to supervision and regulation by the FDIC and the NH Banking Department. Such supervision and regulation subject the Bank to special restrictions, requirements, potential enforcement actions and periodic examination by the FDIC and the NH Banking Department.

The Bank's main office is located at 207 NH Route 101, Bedford, New Hampshire 03110, and our telephone number at this address is (603) 310-7200. Our website address is www.primarybanknh.com. Information on our website is not and should not be considered a part of this Offering Circular.

Market Area

We currently conduct our operations from two full-service banking offices in Hillsborough County, New Hampshire. We intend to open a full-service banking office in Rockingham County, New Hampshire in February 2020. We consider southern New Hampshire our general geographic market. We consider our primary market area to be the six counties in southern New Hampshire: Hillsborough, Rockingham, Strafford, Cheshire, Merrimack and Belknap.

The southern New Hampshire region's economy is fairly diversified, with employment in education, healthcare, government, services, retail and manufacturing sectors. Our Hillsborough County branches are located in the town of Bedford and city of Manchester.

We view southern New Hampshire as a primary area for growth, in light of its favorable demographic characteristics, such as a growing population in some relatively affluent markets. At the same time, the attractive features of the region have fostered a highly competitive environment for financial service providers.

Competition

We face significant competition within our market both in making loans and attracting deposits. Our market area has a high concentration of financial institutions, including large money center and regional banks, community banks and credit unions. Our competition for loans and deposits comes principally from commercial banks, savings institutions, credit unions, mortgage banking firms, consumer finance companies and, more recently, FinTech companies, both located within our market area and online. We face additional competition for deposits from short-term money market funds, brokerage firms, mutual funds and insurance companies.

Based on FDIC published data as of June 30, 2019 (the latest date for which published information is available), our market share was 1.91% of total deposits in Hillsborough County, which was the 7th largest market share of 20 FDIC-insured institutions in Hillsborough County.

Lending Activities

Our principal business activity is commercial lending, with a focus on commercial real estate loans (including owner-occupied and non-owner-occupied commercial real estate and multi-family loans), construction loans, and commercial and industrial loans. Subject to market conditions and our asset-liability analysis, we intend to continue our focus on originating commercial real estate and commercial and industrial loans. We compete for loans through offering high quality personalized service, providing convenience and flexibility, providing timely responses on loan applications, and by offering competitive pricing of loan products.

Loan Portfolio Composition. The following table sets forth the composition of the loan portfolio at the dates indicated.

	At December 31,				
	2019	2018	2017	2016	2015
Loan Portfolio Composition:					
1-4 & Multi-Family Real Estate	43,945,631	33,322,109	21,936,092	8,227,297	-
Commercial non-owner occupied	55,005,881	49,873,189	34,715,528	31,410,933	6,103,725
Commercial owner occupied	51,601,229	30,855,262	15,302,819	9,806,409	215,713
Construction	29,237,340	21,047,162	19,306,576	7,204,537	337,365
Commerical Business	57,006,242	41,791,172	24,892,605	9,845,827	1,033,818
Consumer	10,982	182,337	4,913	2,255	25,000
Total Loans	236,807,305	177,071,231	116,158,533	66,497,258	7,715,621
Net deferred loan costs	399,218	198,922	52,010	76,205	(32,498)
Allowance for loan losses	(2,867,869)	(2,120,018)	(1,476,442)	(852,870)	(99,873)
Net Loans	234,338,653	175,150,135	114,734,101	65,720,593	7,583,250

Loan Portfolio Maturities. The following tables set forth the contractual maturities of our total loan portfolio at December 31, 2019. The table presents contractual maturities (excluding non-accrual loans) and does not reflect repricing or the effect of prepayments. Actual maturities may differ.

December 31, 2019	Closed-End Loans Secured by First Lien 1-4 Family Residential	All Other Loans
Loan Portfolio Maturities:		
Amount due (in thousands) in:		
One year or less	2,046	52,941
More than one to five years	11,348	108,911
More than five years	1,140	56,399
Total	14,534	218,251

Commercial Real Estate and Multi-Family Real Estate Loans. We have focused on origination of commercial real estate loans. At December 31, 2019, we had $150.5 million in commercial real estate loans, construction loans and 1-4 family & multi-family real estate loans, representing 63.6% of our total loan portfolio. Of this aggregate amount, we had $51.6 million in owner-occupied commercial real estate loans, $55.0 million in non-owner-occupied commercial real estate loans and $43.9 million in 1-4 family & multi-family residential real estate loans.

Our commercial real estate loans are secured by a variety of properties in our primary market area, including retail spaces, distribution centers, office buildings, manufacturing and warehouse properties, convenience stores, and other local businesses, without any material concentrations in property type. Our multi-family loans are secured by properties consisting of four or more rental units in our market area, including apartment buildings.

Commercial real estate and multi-family real estate loans generally have higher balances and entail greater credit risks compared to one- to four-family residential real estate loans. The repayment of loans secured by income-producing properties typically depends on the successful operation of the property, as repayment of the loan generally is dependent, in large part, on sufficient income from the property to cover operating expenses and debt service. Changes in economic conditions that are not in the control of the borrower or lender could affect the value of the collateral for the loan or the future cash flow of the property. Additionally, any decline in real estate values may be more pronounced for commercial real estate than residential properties. If we foreclose on a commercial real estate loan, the marketing and liquidation period to convert the real estate asset to cash can be a lengthy process with substantial holding costs. In addition, vacancies, deferred maintenance, repairs and market stigma can result in prospective buyers expecting sale price concessions to offset their real or perceived economic losses for the time it takes them to return the property to profitability. Depending on the individual circumstances, initial charge-offs and subsequent losses on commercial real estate loans can be unpredictable and substantial.

We consider a number of factors in originating commercial real estate loans. In addition to the debt-service coverage ratio, we evaluate the loan purpose, the quality of collateral, and the borrower's qualifications, experience, credit history, cash flows and financial statements, and sources of repayment. Personal guarantees are generally obtained from the principals of closely-held companies. We gather information on environmental risks associated with commercial properties and also require appropriate insurance coverage on properties securing real estate loans. In addition, the borrower's and guarantor's financial information is monitored on an ongoing basis by requiring periodic financial statement updates.

On a limited basis, we also purchase and participate in commercial real estate loans from other financial institutions. Such loans are subject to the same underwriting criteria and loan approval requirements applied to loans originated by the Bank.

Acquisition, Development and Land Loans. At December 31, 2019, land development loans were $29.2 million, or 12.4% of our total loan portfolio. These loans consist of construction loans, commercial real estate and multi-family construction loans, and land loans.

We also originate loans to finance the construction of commercial properties, primarily owner-occupied properties located in our market area. Upon completion of construction, such loans generally convert to permanent commercial mortgage loans Commercial real estate construction loans are generally structured as interest-only for up to 24 months, with a loan to value of up to 80% of the appraised value on a completed basis. We also originate commercial constructions loans with an initial loan-to-value ratio of 90% when coupled with the U.S. Small Business Administration 504 Loan program.

Construction loans generally involve greater credit risk than financing improved real estate, because funds are advanced upon the security of the project, which is of uncertain value before its completion. Risk of loss on a construction loan also depends upon the accuracy of the initial estimate of the value of the property at completion of construction compared to the estimated cost (including interest) of construction and other assumptions. Because of the uncertainties inherent in estimating construction costs, as well as the market value of the completed project and the effects of governmental regulation of real property, it is relatively difficult to accurately evaluate the total funds required to complete a project and the related loan-to-value ratio. If the estimate of construction cost is inaccurate, we may be required to advance additional funds beyond the amount originally committed in order to protect the value of the property. Moreover, if the estimated value of the completed project is inaccurate, the borrower may hold a property with a value that is insufficient to assure full repayment of the construction loan upon the sale of the property. Construction loans also carry the risk that construction will not be completed on time in accordance with specifications and projected costs.

We also originate loans to finance the acquisition and development of land. Land development loans are generally secured by vacant land located in our primary market and in process of improvement. We generally originate commercial land development loans with loan-to-value ratios of up to 70% where all approvals and permits for improvements are already in place, and up to 50% where approvals and permits are not yet in place.

Land development loans generally involve greater credit risk than long-term financing on developed real estate. If a loan is made on property that is not yet approved for the planned development, there is a risk that necessary approvals will not be granted or will be delayed. Risk of loss on a land development loan also depends upon the accuracy of the initial estimate of the value of the property at completion of construction compared to the estimated cost (including interest) of construction and other assumptions. If the estimate of development costs is inaccurate, we may be required to advance additional funds beyond the amount originally committed in order to protect the value of the property. Moreover, if the estimated value of the completed project is inaccurate, the borrower may hold a property with a value that is insufficient to assure full repayment of the construction loan upon the sale of the property. Land development loans also carry the risk that improvements will not be completed on time in accordance with specifications and projected costs. In addition, repayment of these loans can be dependent on the sale of the property to third parties, and the ultimate sale or rental of the property may not occur as anticipated.

Commercial and Industrial Loans. At December 31, 2019, we had $57.0 million of commercial and industrial loans, representing 24.1% of our total loan portfolio. We originate commercial and industrial loans, including equipment loans and business acquisition loans, and lines of credit to businesses operating in the local market area. Our commercial and industrial loans are generally used by the borrowers for working capital purposes or for acquiring equipment, inventory or furniture. Borrowers include professional organizations, family-owned businesses, and not-for-profit businesses. These loans are generally secured by non-real estate business assets, including equipment, inventory and accounts receivable, although we may support this collateral with liens on real property such as buildings and equipment. We generally require our commercial business borrowers to maintain their primary deposit accounts with us, which improves our overall interest rate spread and profitability.

Our commercial and industrial loans include term loans and revolving lines of credit and are made with either variable or fixed rates of interest. Commercial and industrial loans typically have shorter terms to maturity and higher interest rates than commercial real estate loans.

When making commercial and industrial loans, we consider the financial history of the borrower, the debt service capabilities and cash flows of the borrower and other guarantors, and the value of the underlying collateral. We generally require personal guarantees by the principals, as well as other appropriate guarantors, when personal assets are in joint names or a principal's net worth is not sufficient to support the loan.

To assist small businesses with their credit needs for working capital, equipment and new real estate construction or acquisition, we make commercial and industrial loans under the Small Business Administration 7(a) and Express guarantee programs. Typically, a 7(a) loan carries up to a 75% guaranty and an Express loan carries a 50% guaranty from the U.S. Government. At December 31, 2019, we had 19 loans outstanding with an aggregate principal balance of $10.8 million with Small Business Administration 7(a) guarantees totaling $8.1 million, and 49 Small Business Administration Express loans with an aggregate principal balance of $3.5 with guarantees totaling $1.76 million.

We intend to expand our commercial and industrial lending activities in order to diversify our loan portfolio, increase our yield, and offer a full range of products to our commercial customers. Our commercial and industrial loans are made based primarily on historical and projected cash flows of the borrower, the borrower's experience and stability, and the value and marketability of the underlying collateral provided by the borrower. The cash flows of borrowers, however, may not behave as forecasted, and collateral securing loans may fluctuate in value because of economic or individual performance factors. As a result, the availability of funds for the repayment of commercial and industrial loans may depend substantially on the success of the business itself and the general economic environment in our market area. In addition, commercial and industrial loans often result in larger outstanding balances to single borrowers, or related groups of borrowers, and also generally require substantially greater evaluation and oversight efforts. Accordingly, financial information is obtained from the borrowers to evaluate cash flow sufficiency and is periodically updated during the life of the loan.

Originations, Sales and Purchases of Loans

Our loan originations are generated by our loan personnel operating at our banking office locations. Commercial real estate and commercial and industrial loans are originated through our commercial lenders, through previous lending relationships, referrals, direct solicitation and participation in industry-specific associations.

While we originate both fixed-rate and adjustable-rate loans, our ability to generate each type of loan depends upon relative borrower demand and the pricing levels as set in the local marketplace by competing banks, thrifts, credit unions, and mortgage banking companies. Our volume of real estate loan originations is influenced significantly by market interest rates, and, accordingly, the volume of our real estate loan originations can vary from period to period.

Occasionally, we may purchase a participation interest in a commercial real estate loan in which we are not the lead originating lender.

All loan purchases and participations interests are subject to the same underwriting criteria and loan approvals that apply to loans that we originate for our portfolio.

Loan Approval Procedures and Authority

Our lending activities follow written, non-discriminatory, underwriting standards and loan origination procedures established by our board of directors and management. Decisions on loan applications are made on the basis of detailed information submitted by the prospective borrower, credit histories that we obtain, and property valuations. Our board of directors has established a Directors Loan Committee to oversee loan approvals. The voting members of the Loan Committee consist of six directors, including our President and Chief Executive Officer.

The board of directors has granted specific loan approval authority to our President and Chief Executive Officer and Executive Vice President/Senior Lender. Loans in excess of those specific approval authorities require approval of the Directors Loan Committee.

Loans-to-One Borrower

Pursuant to federal law, the aggregate amount of loans that we are permitted to make to any one borrower or a group of related borrowers is generally limited to 15% of our unimpaired capital and surplus (25% if the amount in excess of 15% is secured by "readily marketable collateral" or 30% for certain residential development loans). Our loan-to-one borrower limitation will increase following the completion of the Offering due to the additional capital we will receive.

Delinquent Loans and Non-Performing Assets

When a commercial loan or commercial real estate loan becomes 10 days past due, we contact the customer by mailing a late notice. The loan officer assigned to the account may also contact the borrower. If the loan continues to run past due, the loan officer will continue to contact the borrower to determine the cause of the past due payment(s) and arrange for payments. The loan will also be evaluated for a change to the risk rating. If necessary, we will engage an attorney to pursue further collection efforts.

	At December 31,								
	2019			2018			2017		
	30-59 Days Past Due	60-89 Days Past Due	90 Days or More Past Due	30-59 Days Past Due	60-89 Days Past Due	90 Days or More Past Due	30-59 Days Past Due	60-89 Days Past Due	90 Days or More Past Due
	(in thousands)								
Commercial real estate	0	0	675	0	0	0	0	0	0
Acquisition, development and land	0	0	1834	0	0	0	0	0	0
Commercial and industrial	0	0	971	0	0	0	0	0	0
Multi-family	0	0	543	0	0	0	0	0	0
Total	0	0	4023	0	0	0	0	0	0

	2016			2015		
	30-60 Days Past Due	60-90 Days Past Due	91 Days or More Past Due	30-61 Days Past Due	60-91 Days Past Due	92 Days or More Past Due
Commercial real estate	0	0	0	0	0	0
Acquisition, development and land	0	0	0	0	0	0
Commercial and industrial	0	0	0	0	0	0
Multi-family	0	0	0	0	0	0
Total	0	0	0	0	0	0

Nonperforming Assets. Non-performing assets include loans that are 90 or more days past due or on non-accrual status, including troubled debt restructurings on non-accrual status, and real estate and other loan collateral acquired through foreclosure and repossession. Troubled debt restructurings include loans for which either a portion of interest or principal has been forgiven, or loans modified at interest rates materially less than current market rates.

The following table sets forth information regarding our non-performing assets at the dates indicated. Non-accrual loans include non-accruing troubled debt restructurings. We have not had any non-accruing troubled debt restructuring to date.

	At December 31,				
	2019	2018	2017	2016	2015
	in thousands				
Non-accrual loans:					
1-4 Family Construction	1,239	-	-	-	-
Other Construction and Land	595	-	-	-	-
1-4 Family Residential	385	-	-	-	-
Multi-Family	158	-	-	-	-
Other Commercial RE	675	-	-	-	-
Commercial & Industrial	971	-	-	-	-
Total Non-accrual loans	4,023	-	-	-	-
Total accruing troubled debt restructurings	-	-	-	-	-

Nonperforming Loans. Loans are reviewed on a regular basis. Management determines that a loan is impaired or nonperforming when it is probable at least a portion of the loan will not be collected in accordance with the original terms due to a deterioration in the financial condition of the borrower or the value of the underlying collateral if the loan is collateral dependent. When a loan is determined to be impaired, the measurement of the loan in the allowance for loan losses is based on present value of expected future cash flows, except that all collateral-dependent loans are measured for impairment based on the fair value of the collateral. Non-accrual loans are loans for which collectability is questionable and, therefore, interest on such loans will no longer be recognized on an accrual basis.

We generally cease accruing interest on our loans when contractual payments of principal or interest have become 90 days past due or management has serious doubts about further collectability of principal or interest, even though the loan is currently performing. Payment received on non-accrual loans generally is applied against principal or applied to interest on a cash basis. Generally, loans are restored to accrual status when the obligation is brought current, has performed in accordance with the contractual terms for a reasonable period of time and the ultimate collectability of the total contractual principal and interest is no longer in doubt.

Nonperforming loans were $4.0 million, or 1.7% of total loans, at December 31, 2019. The Bank had no non-performing loans in any prior years.

Troubled Debt Restructurings. Loans are considered troubled debt restructurings when a borrower is experiencing financial difficulties that lead to a restructuring of the loan, and the Bank grants a concession to the borrower that it would not otherwise consider. These concessions include a modification of terms, such as a reduction of the stated interest rate or loan balance, a reduction of accrued interest, an extension of the maturity date at an interest rate lower than current market rate for a new loan with similar risk, or some combination thereof to facilitate payment. Troubled debt restructurings are considered impaired loans.

Loans on non-accrual status at the date of modification are initially classified as non-accrual troubled debt restructurings. Our policy provides that troubled debt restructured loans are returned to accrual status after a period of satisfactory and reasonable future payment performance under the terms of the restructuring. Satisfactory payment performance is generally no less than six consecutive months of timely payments. At December 31, 2019, we had no troubled debt restructurings.

Foreclosed Assets. Foreclosed assets consist of property acquired through formal foreclosure, in-substance foreclosure or by deed in lieu of foreclosure, and are recorded at the lower of recorded investment or fair value, less estimated costs to sell. Write-downs from recorded investment to fair value, which are required at the time of foreclosure, are charged to the allowance for loan losses. We generally order a new appraisal before commencing foreclosure, to determine the current market value of the property. Any excess of the recorded value of the loan satisfied over the market value of the property may be charged against the allowance for loan losses, or, if the existing allowance is inadequate, charged to expense, in either case during the applicable period of such determination. After acquisition, all costs incurred in maintaining the property are expensed. Costs relating to the development and improvement of the property, however, are capitalized to the extent of estimated fair value, less estimated costs to sell. At December 31, 2019, we had no foreclosed assets.

Classified Assets. Federal regulations provide for the classification of loans and other assets, such as debt and equity securities considered by the Office of the Comptroller of the Currency to be of lesser quality, as “substandard,” “doubtful” or “loss.” An asset is considered “substandard” if it is inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged, if any. “Substandard” assets include those characterized by the “distinct possibility” that the insured institution will sustain “some loss” if the deficiencies are not corrected. Assets classified as “doubtful” have all of the weaknesses inherent in those classified “substandard,” with the added characteristic that the weaknesses present make “collection or liquidation in full,” on the basis of currently existing facts, conditions, and values, “highly questionable and improbable.” Assets classified as “loss” are those considered “uncollectible” and of such little value that their continuance as assets without the establishment of a specific loss reserve is not warranted. Assets which do not currently expose the insured institution to sufficient risk to warrant classification in one of the aforementioned categories but possess weaknesses are designated as “special mention” by our management.

When an insured institution classifies problem assets as either substandard or doubtful, it may establish general allowances in an amount deemed prudent by management to cover probable accrued losses in the loan portfolio. General allowances represent loss allowances which have been established to cover probable accrued losses associated with lending activities, but which, unlike specific allowances, have not been allocated to particular problem assets. When an insured institution classifies problem assets as “loss,” it is required either to establish a specific allowance for losses equal to 100% of that portion of the asset so classified or to charge-off such amount. An institution’s determination as to the classification of its assets and the amount of its valuation allowances is subject to review by the regulatory authorities, which may require the establishment of additional general or specific loss allowances.

In accordance with our loan policy, we regularly review the problem loans in our portfolio to determine whether any loans require classification in accordance with applicable regulations. Loans are listed on the “watch list” initially because of emerging financial weaknesses even though the loan is currently performing as agreed, or if the loan possesses weaknesses although currently performing. If a loan deteriorates in asset quality, the classification is changed to “special mention,” “substandard,” “doubtful” or “loss” depending on the circumstances and the evaluation. Generally, loans 90 days or more past due are placed on non-accrual status and classified “substandard.” Management reviews the status of each impaired loan on our watch list on a quarterly basis.

On the basis of this review of our assets, our classified assets at the dates indicated were as follows:

	At December 31,	
	2019	2018
	(In thousands)	
Substandard assets	2,728	2,849
Doubtful assets	1,295	0
Loss assets	0	0
Total classified assets	4,023	2,849
Special mention assets	1,219	174

Allowance for Loan Losses

The allowance for loan losses is maintained at a level which, in management’s judgment, is adequate to absorb probable credit losses inherent in the loan portfolio. The amount of the allowance is based on management’s evaluation of the collectability of the loan portfolio, including the nature of the portfolio, credit concentrations, trends in historical loss experience, specific impaired loans, and economic conditions. Allowances for impaired loans are generally determined based on collateral values or the present value of estimated cash flows. Because of uncertainties associated with regional economic conditions, collateral values, and future cash flows on impaired loans, it is reasonably possible that management’s estimate of probable credit losses inherent in the loan portfolio and the related allowance may change materially in the near-term. The allowance is increased by a provision for loan losses, which is charged to expense and reduced by full and partial charge-offs, net of recoveries. Changes in the allowance relating to impaired loans are charged or credited to the provision for loan losses. Management’s periodic evaluation of the adequacy of the allowance is based on various factors, including, but not limited to, management’s ongoing review and grading of loans, facts and issues related to specific loans, historical loan loss and delinquency experience, trends in past due and non-accrual loans, existing risk characteristics of specific loans or loan pools, the fair value of underlying collateral, current economic conditions and other qualitative and quantitative factors which could affect potential credit losses.

As an integral part of their examination process, the FDIC will periodically review our allowance for loan losses, and as a result of such reviews, we may have to adjust our allowance for loan losses. However, regulatory agencies are not directly involved in the process for establishing the allowance for loan losses as the process is our responsibility and any increase or decrease in the allowance is the responsibility of management.

Allowance for Loan Losses. The following table sets forth activity in our allowance for loan losses for the periods indicated.

	for the Years Ended December 31,				
	2019	2018	2017	2016	2015
	(Dollars in thousands)				
Allowance at beginning of year	2,120	1,476	853	100	0
Provision for loan losses	748	644	623	753	100
Charge offs:					
Commercial real estate	0	0	0	0	0
Acquisition, development and land	0	0	0	0	0
Commercial and industrial	0	0	0	0	0
Multi-family	0	0	0	0	0
Total charge-offs	0	0	0	0	0
Recoveries:					
Commercial real estate	0	0	0	0	0
Acquisition, development and land	0	0	0	0	0
Commercial and industrial	0	0	0	0	0
Multi-family	0	0	0	0	0
Total recoveries	0	0	0	0	0
Net (charge-offs) recoveries	0	0	0	0	0
Allowance at end of year	2,868	2,120	1,476	853	100
Allowance to non-performing loans	71.30%	74.40%	0.00%	0.00%	0.00%
Allowance to total loans outstanding EOY	1.21%	1.20%	1.27%	1.28%	1.29%
Net (charge-offs) recoveries to average loans outstanding during the year	0	0	0		0

Allocation of Allowance for Loan Losses. The following table sets forth the allowance for loan losses allocated by loan category, the total loan balances by category, and the percent of loans in each category to total loans at the dates indicated. The allowance for loan losses allocated to each category is not necessarily indicative of future losses in any particular category and does not restrict the use of the allowance to absorb losses in other categories.

	For the Years Ended December 31,								
	2019			2018			2017		
	Allowance for Loan Loss	Percent of Allowance in Category to Total Allocated Allowance	Percent of Loans in Each Category to Total Loans	Allowance for Loan Loss	Percent of Allowance in Category to Total Allocated Allowance	Percent of Loans in Each Category to Total Loans	Allowance for Loan Loss	Percent of Allowance in Category to Total Allocated Allowance	Percent of Loans in Each Category to Total Loans
	(Dollars in thousands)								
Commercial real estate	658	23.00%	23.20%	595	28.10%	28.20%	434	29.30%	29.90%
Owner Occupied CRE	631	22.00%	21.80%	373	17.60%	17.40%	191	13.00%	13.20%
Construction	444	15.40%	12.40%	312	14.70%	11.90%	290	19.60%	16.60%
Commercial and industrial	697	24.30%	24.10%	505	23.80%	23.60%	342	23.20%	21.40%
Multi-family	285	9.90%	12.10%	228	10.80%	12.90%	152	10.40%	13.10%
1-4 Family	153	5.40%	6.40%	107	5.00%	6.00%	67	4.50%	5.80%
Total allocated allowance	2,868	100.00%	100.00%	2,120	100.00%	100.00%	1,476	100.00%	100.00%
Unallocated	0			0			0		
Total	2,868			2,120			1,476		

	2016			2015		
	Allowance for Loan Loss	Percent of Allowance in Category to Total Allocated Allowance	Percent of Loans in Each Category to Total Loans	Allowance for Loan Loss	Percent of Allowance in Category to Total Allocated Allowance	Percent of Loans in Each Category to Total Loans
Commercial real estate	392	45.96%	47.20%	76	76.00%	79.40%
Owner Occupied CRE	123	14.42%	14.80%	3	3.00%	2.80%
Construction	108	12.66%	10.80%	5	5.00%	4.40%
Commercial and industrial	148	17.35%	14.80%	16	16.00%	13.40%
Multi-family	63	7.39%	9.50%	0	0.00%	0.00%
1-4 Family	19	2.23%	2.90%	0	0.00%	0.00%
Total allocated allowance	853	100.00%	100.00%	100	100.00%	100.00%
Unallocated	0			0		
Total	853			100		

At December 31, 2019, our allowance for loan losses represented 1.21% of total loans and at December 31, 2018, our allowance for loan losses represented 1.20% of total loans. During the years ended December 31, 2019 and 2018, we had no net loan recoveries.

Although we believe that we use the best information available to establish the allowance for loan losses, future adjustments to the allowance for loan losses may be necessary and results of operations could be adversely affected if circumstances differ substantially from the assumptions used in making the determinations. Because future events affecting borrowers and collateral cannot be predicted with certainty, the existing allowance for loan losses may not be adequate and management may determine that increases in the allowance are necessary if the quality of any portion of our loan portfolio deteriorates as a result. Furthermore, our regulators, in reviewing our loan portfolio, may require us to increase our allowance for loan losses. Any material increase in the allowance for loan losses may adversely affect our financial condition and results of operations.

Investment Activities

The goals of our investment policy are to provide and maintain liquidity to meet deposit withdrawal and loan funding needs, to help mitigate interest rate and market risk, to diversify our assets, and to generate a reasonable rate of return on funds within the context of our interest rate and credit risk objectives. Our board of directors is responsible for adopting and reviewing annually our investment policy. Our Investment and Asset-Liability Committee is responsible for implementing our investment policy. Authority to make investments under the approved investment policy guidelines is delegated as approved in the Investment Policy. All investment transactions are reviewed at the next regularly scheduled meeting of the board of directors. All of our investment securities are classified as held-to-maturity.

We have legal authority to invest in various types of liquid assets, including U.S. Treasury obligations, securities of various government-sponsored enterprises and municipal governments, certificates of deposit of federally insured institutions, investment grade corporate bonds and investment grade marketable equity securities. While we have the authority under applicable law to invest in derivative securities, we had no investments in derivative securities at December 31, 2019.

The following table sets forth the amortized cost and estimated fair value of our held-to-maturity securities portfolio at the dates indicated. At the dates indicated, we did not hold any securities classified as available for sale or as trading securities.

	At December 31,					
	2019		2018		2017	
	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
			(In thousands)			
U.S. Government-sponsored enterprises obligations						
Residential mortgage-backed securities	1,753	1,743	2,324	2,236	2,997	2,934
Municipal bonds						
Total	1,753	1,743	2,324	2,236	2,997	2,934

At December 31, 2019, we had no investments in a single issuer (other than investments in securities issued by the U.S. Government and government agencies) that had an aggregate book value that exceeded 10% of our total equity capital.

Municipal Bonds. At December 31, 2019, we had no municipal bonds.

U.S. Government-Sponsored Mortgage-Backed Securities. At December 31, 2019, we had government-sponsored mortgage-backed securities totaling $1.75 million, which constituted 100% of our securities portfolio. Mortgage-backed securities are securities issued in the secondary market that are collateralized by pools of mortgages. Certain types of mortgage-backed securities are commonly referred to as "pass-through" certificates because the principal and interest of the underlying loans is "passed through" to investors, net of certain costs, including servicing and guarantee fees. We invest primarily in mortgage-backed securities backed by one-to-four family mortgages. All of our mortgage-backed securities are issued by U.S. Government-sponsored enterprises, such as Fannie Mae and Freddie Mac.

Sources of Funds

General. Deposits have been our primary source of funds for use in lending activities. In addition, we receive funds from scheduled loan payments, loan and mortgage-backed securities prepayments retained earnings and income on earning assets. While scheduled loan payments and income on earning assets are relatively stable sources of funds, deposit inflows and outflows can vary widely and are influenced by prevailing interest rates, market conditions and levels of competition.

Deposits. Our deposits are generated primarily from residents and businesses within our primary market area. We offer a selection of deposit accounts, including non-interest-bearing and interest-bearing checking accounts, savings accounts, money market accounts and certificates of deposit, for both individuals and businesses.

Deposit account terms vary according to the minimum balance required, the time period that funds must remain on deposit, and the interest rate, among other factors. In determining the terms of our deposit accounts, we consider the rates offered by our competition, our liquidity needs, profitability, and customer preferences and concerns. We generally review our deposit pricing on a monthly basis and continually review our deposit mix. Our deposit pricing strategy has generally been to offer competitive rates, while generally not providing the highest rates in the market. We find it more profitable to concentrate on specific special rate and term accounts, which allows us to add accounts without impacting our overall liability costs for existing accounts.

We also rely on customer service, convenience of our branch office locations, advertising and pre-existing relationships to gather and develop deposit relationships. Developing comprehensive banking relationships is a top priority for us and is a focus of our commercial lending team and business development officers. The flow of deposits is influenced significantly by general economic conditions, changes in interest rates and competition. The variety of deposit accounts that we offer allows us to be competitive in generating deposits and to respond with flexibility to changes in our customers' demands. Our ability to gather deposits is impacted by the competitive market in which we operate, which includes numerous financial institutions of varying sizes offering a wide range of products. We believe that deposits are a stable source of funds, but our ability to attract and maintain deposits at favorable rates will be affected by market conditions, including competition and prevailing interest rates.

The following tables set forth the distribution of total deposit accounts, by account type, at the dates indicated.

	For the Year Ended December 31,					
	2019	%	2018	%	2017	%
Deposit Accounts:						
Non-interest bearing accounts	72,282,581	27.0%	32,246,270	18.2%	18,062,041	14.8%
Demand accounts	17,099,015	6.4%	11,839,350	6.7%	8,456,152	6.9%
Money market accounts	63,114,821	23.6%	55,006,898	31.0%	44,000,280	36.0%
Savings accounts	13,660,701	5.1%	1,636,297	0.9%	527,440	0.4%
Certificates of deposit	98,500,101	36.8%	73,998,790	41.7%	49,689,003	40.7%
IRAs	2,867,350	1.1%	2,607,663	1.5%	1,406,929	1.2%
Total Deposits	267,524,569	100%	177,335,269	100%	122,141,845	100%

As of December 31, 2019, the aggregate amount of our certificates of deposit in amounts greater than $250,000 was $16.73 million. The following table sets forth their maturity as of December 31, 2019.

		At December 31,
		(In thousands)
Maturity Period:		
Three months or less	$	2,688
Over three through twelve months		7,099
Over one year through three years		6,676
Over three years		265
Total	$	16,728

Borrowed Funds. At December 31, 2019, we had no borrowings.

Properties

As of December 31, 2019, the net book value of our premises and equipment was $1.77 million. The following table sets forth information regarding our offices as of December 31, 2019:

Location	Leased or Owned	Year Acquired or Leased
Main Office:		
207 Route 101 – Bedford, NH	Leased	2015
Branch Offices:		
1662 Elm Street – Manchester, NH	Leased	2019
Operations Center:		
124 Bedford Center Rd – Bedford, NH	Leased	2019

Subsidiary and Other Activities

The Bank has one subsidiary, Primary Real Estate, LLC, which was formed to hold OREO property. At December 31, 2019, the subsidiary holds no OREO property.

Legal Proceedings

The Bank is the defendant in litigation brought by a commercial borrower which claims that a bank employee misled it when recommending a local builder; and that the bank should not have made advances for work paid for by others. The Bank vigorously disputes the substance of the allegations and believes them meritless. The Bank has requested of the borrower a statement of the amount that it claims it is due. The Bank has received no substantive response. The claim is, to the extent it is for actions which are not willful or intentional, covered by insurance. The insurance company has assumed the defense of the claim subject to a reservation of rights. The Bank does not believe that the litigation represents a material risk. Except as noted directly above, the Bank is not involved in any pending legal proceedings as a plaintiff or defendant.

Personnel

As of December 31, 2019, we had 33 full-time equivalent employees. Our employees are not represented by any collective bargaining group. Management believes that we have a good working relationship with our employees.

TAXATION

The Bank is subject to federal and state income taxation in the same general manner as other corporations, with some exceptions discussed below. The following discussion of federal and state taxation is intended only to summarize material income tax matters and is not a comprehensive description of the tax rules applicable to the Bank.

Our federal and state tax returns have not been audited for the past four years.

Federal Taxation

General. The Bank is subject to federal income taxation in the same general manner as other corporations, with some exceptions discussed below. The following discussion of federal taxation is intended only to summarize material federal income tax matters and is not a comprehensive description of the tax rules applicable to the Bank.

Method of Accounting. For federal income tax purposes, the Bank currently reports its income and expenses on the accrual method of accounting and uses a tax year ending December 31 for filing its federal income tax returns.

Net Operating Loss Carryovers. A financial institution may carry net operating losses forward to the succeeding 20 taxable years. At December 31, 2019, the Bank had no net operating loss carryovers.

Capital Loss Carryovers. Generally, a financial institution may carry back capital losses to the preceding three taxable years and forward to the succeeding five taxable years. Any capital loss carryback or carryover is treated as a short-term capital loss for the year to which it is carried. As such, it is grouped with any other capital losses for the year to which it is carried and is used to offset any capital gains. Any loss remaining after the five-year carryover period that has not been deducted is no longer deductible. At December 31, 2019, the Bank had no capital loss carryovers.

State Taxation

The Bank is subject to New Hampshire income tax at the rate of 7.9% (7.7% beginning January 1, 2020) on its taxable income, before net operating loss deductions and special deductions for federal income tax purposes. For this purpose, "taxable income" generally means federal taxable income, subject to certain adjustments.

REGULATION AND SUPERVISION

The U.S. banking industry is highly regulated under federal and state law. Consequently, the growth and earnings performance of the Bank will be affected not only by management decisions and general and local economic conditions, but also by the statutes administered by, and the regulations and policies of, various governmental regulatory authorities. These authorities include the FDIC, the New Hampshire Banking Department ("**NH Banking Department**"), the Internal Revenue Service ("**IRS**"), and state taxing authorities. The effect of these statutes, regulations and policies, and any changes to such statutes, regulations and policies, can be significant and cannot be predicted.

The primary goals of the bank regulatory scheme are to maintain a safe and sound banking system and to facilitate the conduct of sound monetary policy. The system of supervision and regulation applicable to the Bank establishes a comprehensive framework for their respective operations and is intended primarily for the protection of the FDIC's deposit insurance fund, the Bank's depositors and the public. The description below summarizes certain elements of the applicable bank regulatory framework. This description is not intended to describe all laws and regulations applicable to the Bank, and the description is qualified in its entirety by reference to the full text of the statutes, regulations, policies, interpretive letters and other written guidance that are described herein.

Regulation of the Bank

Regulatory Authorities. The Bank is a New Hampshire-chartered bank, the deposits of which are insured by the deposit insurance fund ("**DIF**") of the FDIC. The Bank is not a member of the Federal Reserve System; therefore, the Bank is subject to supervision and regulation by the FDIC and the NH Banking Department. Such supervision and regulation subject the Bank to special restrictions, requirements, potential enforcement actions and periodic examination by the FDIC and the NH Banking Department.

General Regulatory Powers and Duties of NH Banking Department. The New Hampshire Bank Commissioner ("**Bank Commissioner**") is required to supervise and examine each New Hampshire-chartered depository bank. The approval of the Bank Commissioner is required to establish, relocate or close branches, to merge with another bank, to form a holding company, to issue Bank stock or to undertake many other activities. Any bank that does not operate in accordance with the regulations, policies and directives of the Bank Commissioner may be sanctioned. The Bank Commissioner may suspend or remove directors, trustees or officers of a bank who have violated the law or conducted a bank's business in a manner which is unsafe or unsound.

Standards for safety and Soundness. Federal law requires each federal banking agency to prescribe certain standards for all insured depository institutions. These standards relate to, among other things, internal controls, information systems and audit systems, loan documentation, credit underwriting, interest rate risk exposure, asset growth, compensation and other operational and managerial standards, as the agency deems appropriate. Interagency guidelines set forth the safety and soundness standards that the federal banking agencies use to identify and address problems at insured depository institutions before capital becomes impaired. If the appropriate federal banking agency, which is the FDIC in the Bank's case, determines that an institution fails to meet any standard prescribed by the guidelines, the agency may require the institution to submit to it an acceptable plan to achieve compliance with the standard. Failure to implement such a plan can result in further enforcement action, including the issuance of a cease and desist order or the imposition of civil money penalties.

Equivalence to National Bank Powers. The New Hampshire banking statutes presently in effect provide that a New Hampshire-chartered bank may engage in any activity permitted for a national bank or its subsidiaries. To the extent that the New Hampshire laws and regulations may have allowed state-chartered banks to engage in a broader range of activities than national banks, the Federal Deposit Insurance Corporation Improvement Act of 1991, or the FDICIA, has operated to limit this authority. The FDICIA provides that no state bank or subsidiary thereof may engage as a principal in any activity not permitted for national banks, unless the institution complies with applicable capital requirements and the FDIC determines that the activity poses no significant risk to the DIF. In general, statutory restrictions on the activities of banks are aimed at protecting the safety and soundness of depository institutions.

Branching. New Hampshire law provides that a New Hampshire-chartered bank can establish a branch anywhere in New Hampshire or any other state provided that the branch complies with applicable regulatory requirements and is approved in advance by the Bank Commissioner and complies with other applicable state laws. The branch must also be approved by the FDIC, which considers a number of factors, including financial history, capital adequacy, earnings prospects, character of management, needs of the community and consistency with corporate powers. The Dodd-Frank Act permits insured state banks to engage in de novo interstate branching if the laws of the state where the new branch is to be established would permit the establishment of the branch if it were chartered by such state. New Hampshire has no restrictions on out-of-state banks establishing branch offices in the state other than requiring the approval of the Bank Commissioner.

Restrictions on Transactions with Affiliates and Insiders. An insured bank's authority to engage in transactions with its affiliates is limited by Sections 23A and 23B of the Federal Reserve Act and federal regulation. An affiliate is generally a company that controls, or is under common control with, an insured depository institution, such as the Bank. Although currently the Bank is not an affiliate of any other entity, if it became an affiliate, in general, certain transactions between an insured depository institution and its affiliates are subject to quantitative limits and collateral requirements. Finally, transactions with affiliates must be consistent with safe and sound banking practices, not involve the purchase of low-quality assets from an affiliate and be on terms that are as favorable to the institution as comparable transactions with non-affiliates. The FRB has also issued Regulation W which codifies prior regulations under Sections 23A and 23B of the Federal Reserve Act and interpretive guidance with respect to affiliate transactions.

The restrictions on loans to directors, executive officers, principal shareholders (10% or more) and their related interests (collectively referred to herein as "insiders") contained in the Federal Reserve Act and in Regulation O promulgated by the FRB apply to all insured institutions and their subsidiaries. Among other things, these provisions generally require that loans to insiders be made on terms that are substantially the same as, and follow credit underwriting procedures that are not less stringent than, those prevailing for comparable transactions with unaffiliated persons and that do not involve more than the normal risk of repayment or present other unfavorable features, and not exceed certain limitations on the amount of credit extended to such persons, individually and in the aggregate, which limits are based, in part on the amount of the Bank's capital. Loans to executive officers of a bank are even further restricted, generally limited to $100,000 per executive officer. Insiders are subject to enforcement actions for knowingly accepting loans in violation of applicable restrictions.

Restrictions on Loans-to-One Borrower. Generally, a bank may not make a loan or extend credit to a single or related group of borrowers in excess of 15% of unimpaired capital and surplus. An additional amount may be lent, equal to 10% of unimpaired capital and surplus, if secured by "readily marketable collateral," which generally includes certain financial instruments (but not real estate).

Restrictions on Distribution of Bank Dividends and Assets. Capital adequacy requirements serve to limit the amount of dividends that may be paid by the Bank. Under federal law, the Bank cannot pay a dividend if, after paying the dividend, the Bank would be undercapitalized or does not maintain an appropriate amount of a capital conservation buffer. State law provides that dividends may be paid from a bank's cumulative retained earnings from previous fiscal years, if it remains well capitalized after the declaration of the dividend. The FDIC may declare a dividend payment to be unsafe and unsound even though the Bank would continue to meet its capital requirements after payment of the dividend.

The Federal Deposit Insurance Act, or the FDI Act, provides that, in the event of a "liquidation or other resolution" of an insured depository institution, the claims of depositors of the institution (including the claims of the FDIC as subrogee of insured depositors) and certain claims for administrative expenses of the FDIC as a receiver will have priority over other general unsecured claims against the institution. If the Bank fails, insured and uninsured depositors, along with the FDIC, will have priority in payment ahead of unsecured, non-deposit creditors with respect to any extensions of credit made to the Bank.

Examinations. The FDIC periodically examines and evaluates state nonmember banks. Based on such an evaluation, the FDIC may revalue the assets of the institution and require that it establish specific reserves to compensate for the difference between the FDIC determined value and the book value of such assets. The NH Banking Department also conducts examinations of state banks. The FDIC and the NH Banking Department have worked out arrangements to alternate examinations.

Audit Reports. New Hampshire insured institutions must submit annual audit reports prepared by independent auditors to federal and state regulators. Auditors must receive examination reports, supervisory agreements and reports of enforcement actions.

Capital Adequacy Requirements. Bank capital adequacy requirements are for the stated purpose of absorbing losses, promoting public confidence, restricting excessive asset growth and providing protection to depositors and the deposit insurance fund. Inadequate capital is considered an unsafe and unsound practice or condition. The Bank is subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by the agencies that, if undertaken, could have a direct material effect on the Bank's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of the Bank's assets, liabilities and certain off-balance sheet items as calculated under regulatory accounting practices. The Bank's capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings and other factors.

The Bank is subject to capital regulations which require a minimum common equity Tier 1 ("**CETI**") capital ratio of 4.5%, a minimum Tier 1 capital to risk-weighted assets ratio of 6.0%, a minimum total capital to risk-weighted assets ratio of 8.0%, and a minimum Tier 1 leverage ratio of 4.0%. CETI generally consists of qualifying common stock and retained earnings, subject to applicable adjustments and deductions. In order to be considered "well capitalized," the Bank must maintain a CETI capital ratio of 6.5% and a Tier 1 ratio of 8.0%, a total risk based capital ratio of 10.0%, and a Tier 1 leverage ratio of 5.0%. In addition, the regulations establish a capital conservation buffer above the required capital ratios designed to strengthen a bank's resilience during economic cycles, which is currently set at 2.5%. Failure to maintain the capital conservation buffer will limit the ability of the Bank to pay dividends, repurchase shares or pay discretionary bonuses to executive officers and similar employees.

Total capital is the sum of Tier 1 capital and Tier 2 capital. Tier 2 capital includes the allowance for loan and lease losses up to 1.25% of risk-weighted assets, qualifying preferred stock, subordinated debt, and qualifying tier 2 minority interests, less any deductions in the Tier 2 instruments of an unconsolidated financial institution.

Payout Restrictions and Capital Conservation Buffer: In addition to the minimum capital requirements, a bank must hold common equity Tier 1 Capital in an amount greater than 2.5% of total risk-weighted assets to avoid being subject to limits on capital distributions, such as dividend payments, discretionary payments on Tier 1 instruments, share buybacks and certain discretionary bonus payments to executive officers. This is known as the capital conservation buffer.

Capital Conservation Buffer (as a percentage of risk-weighted assets)	**Maximum payout (as a percentage of eligible retained income)**
Greater than 2.5 percent	No payout limitation applies
Less than or equal to 2.5 percent and greater than 1.875 percent	60 percent
Less than or equal to 1.875 percent and greater than 1.25 percent	40 percent
Less than or equal to 1.25 percent and greater than 0.625 percent	20 percent
Less than or equal to 0.625 percent	0 percent

Imposition of Liability for Undercapitalized Subsidiaries. Federal law provides the federal banking regulators with broad power to take prompt corrective action to resolve the problems of undercapitalized banks. The extent of the regulators' powers depends on whether the bank in question is "well capitalized," "adequately capitalized," "undercapitalized," "significantly undercapitalized," or "critically undercapitalized. Federal regulations define these capital categories as follows:

PCA Capital Category	**Threshold Ratios**			
	Total Risk-based Capital Ratio	**Tier 1 Risk-based Capital ratio**	**Common Equity Tier 1 Risk-based Capital ratio**	**Tier 1 Leverage ratio**
Well Capitalized	10%	8%	6.5%	5%
Adequately capitalized	8%	6%	4.5%	4%
Undercapitalized	< 8%	< 6%	< 4.5%	< 4%
Significantly undercapitalized	< 6%	< 4%	< 3%	< 3%
Critically undercapitalized	Tangible Equity/Total Assets ≤ 2%			

Depending upon the capital category to which a bank is assigned, the regulators' corrective powers include requiring the submission of a capital restoration plan; placing limits on asset growth and restrictions on activities; requiring the bank to issue additional capital stock (including additional voting stock) or to be acquired; restricting transactions with affiliates; restricting the interest rates the bank may pay on deposits; ordering a new election of directors; requiring that senior executive officers or directors be dismissed; prohibiting the bank from accepting deposits from correspondent banks; prohibiting the payment of principal or interest on subordinated debt; and ultimately, appointing a receiver for the bank.

Deposit Insurance Assessments. The deposits of banks are insured by the FDIC through the DIF to a maximum of $250,000 per separately insured depositor and up to a maximum of $250,000 for self-directed retirement accounts. For this protection, a bank must pay quarterly assessments. The FDIC has adopted a risk-based assessment system. Under this system, banks pay insurance premiums at rates based on their risk classification. Banks assigned to higher risk classifications (that is, banks that pose a higher risk of loss to the deposit insurance fund) pay assessments at higher rates than do banks that pose a lower risk. A bank's risk classification is assigned based on its capital levels and the level of supervisory concern the bank poses to the regulators. In addition, the FDIC can impose special assessments in certain instances. The FDIC has authority to increase insurance assessments. Any significant increases would have an adverse effect on the operating expenses and results of operations of the Bank. The Bank cannot predict what assessment rates will be in the future.

The FDIC may terminate its insurance of deposits if it finds that a bank has engaged in unsafe and unsound practices, is in an unsafe or unsound condition, or has violated any applicable law, regulation, rule, order, or condition imposed by the FDIC. We do not currently know of any practice, condition or violation that may lead to termination of our deposit insurance.

Brokered Deposit Restrictions. Adequately capitalized institutions cannot accept, renew or roll over brokered deposits, without receiving a waiver from the FDIC, and are subject to restrictions on the interest rates that can be paid on any deposits. Undercapitalized institutions may not accept, renew, or roll over brokered deposits.

Concentrated Commercial Real Estate Lending Regulations. Federal banking agencies have promulgated guidance governing depository institutions with concentrations in commercial real estate lending. The guidance provides that a bank has a concentration in commercial real estate lending if (i) total reported loans for construction, land development, and other land represent 100% or more of total capital or (ii) total reported loans secured by multifamily and nonfarm residential properties and loans for construction, land development, and other land represent 300% or more of total capital and the bank's commercial real estate loan portfolio has increased 50% or more during the prior 36 months. Owner occupied loans are excluded. If a concentration is present, management must employ heightened risk management practices that address the following key elements: including board and management oversight and strategic planning, portfolio management, development of underwriting standards, risk assessment and monitoring through market analysis and stress testing, and maintenance of increased capital levels as needed to support the level of commercial real estate lending.

Community Reinvestment Act. The CRA and the regulations issued thereunder are intended to encourage banks to help meet the credit needs of their entire service area, including low to moderate income neighborhoods, consistent with the safe and sound operations of such banks. These regulations also provide for regulatory assessment of a bank's record in meeting the needs of its service area when considering applications to establish branches, merger applications and applications to acquire the assets and assume the liabilities of another bank. The FIRREA requires federal banking agencies to make public a rating of a bank's performance under the CRA. An unsatisfactory CRA record could substantially delay approval or result in denial of an application.

Consumer Laws and Regulations. In addition to the laws and regulations discussed herein, the Bank is also subject to certain consumer laws and regulations that are designed to protect consumers in transactions with banks. While the list set forth herein is not exhaustive, these laws and regulations include the Truth in Lending Act, the Truth in Savings Act, the Electronic Funds Transfer Act, the Expedited Funds Availability Act, the Equal Credit Opportunity Act, and the Fair Housing Act, among others. These laws and regulations mandate certain disclosure requirements and regulate the manner in which financial institutions must deal with customers when taking deposits or making loans to such customers. The Bank must comply with the applicable provisions of these consumer protection laws and regulations as part of their ongoing customer relations. The Dodd-Frank Act created a new independent Consumer Financial Protection Bureau, which has broad authority to regulate and supervise retail financial services activities of banks, such as the Bank, and has the authority to promulgate regulations, issue orders, guidance and policy statements, conduct examinations and bring enforcement actions with regard to consumer financial products and services. In general, however, banks with assets of $10 billion or less, such as the Bank, will continue to be examined for consumer compliance by their primary bank regulator.

The USA Patriot Act. The USA Patriot Act is intended to strengthen U.S. law enforcement's and the intelligence community's ability to work cohesively to combat terrorism on a variety of fronts. The potential impact of the USA Patriot Act on financial institutions of all kinds is significant and wide ranging. The USA Patriot Act requires financial institutions to prohibit correspondent accounts with foreign shell banks, establish an anti-money laundering program that includes employee training and an independent audit, follow minimum standards for identifying customers and maintaining records of the identification information and make regular comparisons of customers against agency lists of suspected terrorists, their organizations and money launderers.

Anti-Money Laundering and Anti-Terrorism Legislation. A major focus of governmental policy on financial institutions in recent years has been aimed at combating money laundering and terrorist financing. The USA Patriot Act, substantially broadened the scope of U.S. anti-money laundering laws and regulations by imposing significant new compliance and due diligence obligations, creating new crimes and penalties and expanding the extra-territorial jurisdiction of the United States. The U.S. Treasury Department has issued and, in some cases, proposed a number of regulations that apply various requirements of the USA Patriot Act to financial institutions. These regulations impose obligations on financial institutions to maintain appropriate policies, procedures and controls to detect, prevent and report money laundering and terrorist financing and to verify the identity of their customers. Certain of those regulations impose specific due diligence requirements on financial institutions that maintain correspondent or private banking relationships with non-U.S. financial institutions or persons. Failure of a financial institution to maintain and implement adequate programs to combat money laundering and terrorist financing, or to comply with all of the relevant laws or regulations, could have serious legal and reputational consequences for the institution.

Office of Foreign Assets Control Regulation. The United States has imposed economic sanctions that affect transactions with designated foreign countries, nationals and others. These are typically known as the "OFAC" rules based on their administration by the U.S. Treasury Department Office of Foreign Assets Control, or OFAC. The OFAC-administered sanctions targeting certain countries take many different forms. Generally, however, they contain one or more of the following elements: (i) restrictions on trade with or investment in a sanctioned country, including prohibitions against direct or indirect imports from and exports to a sanctioned country and prohibitions on "U.S. persons" engaging in financial transactions relating to making investments in, or providing investment-related advice or assistance to, a sanctioned country; and (ii) a blocking of assets in which the government or specially designated nationals of the sanctioned country have an interest, by prohibiting transfers of property subject to a U.S. jurisdiction (including property in the possession or control of U.S. persons). Blocked assets (e.g., property and bank deposits) cannot be paid out, withdrawn, set off or transferred in any manner without a license from OFAC. Failure to comply with these sanctions could have serious legal and reputational consequences.

Privacy and Data Security Requirements**.** The Gramm-Leach-Bliley Act of 1999, among other provisions, places limitations on the sharing of consumer financial information with unaffiliated third parties. This Act requires a bank to provide customers with the bank's privacy policy and allows such customers the opportunity to 'opt out' of the sharing of personal financial information with unaffiliated third parties under certain circumstances. The Fair and Accurate Credit Transactions Act of 2003 permits consumers to opt out of information sharing for marketing purposes among affiliated companies. This Act also requires a bank to notify its customers if it reports negative information about them to a credit bureau or if they are granted credit on terms less favorable than those generally available.

The Gramm-Leach-Bliley Act also establishes standards for banks relating to administrative, technical and physical safeguards for customer records and information. The Standards for Safeguarding Customer Information, known as the "Safeguards Rule" requires a bank to develop a written information security program that is appropriate to its size and complexity, the nature and scope of its activities, and the sensitivity of the customer information at issue. Financial institutions, however, are required to comply with state law if it is more protective of customer privacy than the GLB Act.

Dodd-Frank Act. The Dodd-Frank Act, signed into law on July 21, 2010, broadly affects the financial services industry by implementing changes to the financial regulatory landscape aimed at strengthening the sound operation of the financial services sector, including provisions that, among other things, created a new agency, the Consumer Financial Protection Bureau (as discussed above). More specifically, it:

- broadened the base for FDIC insurance assessments from the amount of insured deposits to average total consolidated assets less average tangible equity during the assessment period (subject to risk-based adjustments that would further reduce the assessment base for custodial banks) rather than domestic deposits;

- permanently increased FDIC deposit insurance maximum to $250,000;

- eliminated the upper limit for the reserve ratio designated by the FDIC each year, increase the minimum designated reserve ratio of the deposit insurance fund from 1.15% to 1.35% of the estimated amount of total insured deposits by September 30, 2020 and eliminated the requirement that the FDIC pay dividends to depository institutions when the reserve ratio exceeds certain thresholds;

- permitted banks to engage in de novo interstate branching if the laws of the state where the new branch is to be established would permit the establishment of the branch if it were chartered by such state;

- repealed the federal prohibitions on the payment of interest on demand deposits, thereby permitting depository institutions to pay interest on business transaction and other accounts;

- eliminated the ceiling and increased the floor on the size of the DIF; and

- implemented corporate governance revisions, including with regard to executive compensation and proxy access by shareholders, that apply to all public companies, not just financial institutions.

In addition, the Dodd-Frank Act addressed many investor protection, corporate governance and executive compensation matters that have affected publicly traded companies. However, under the JOBS Act there are certain exceptions to these requirements for so long as a publicly traded qualifies as an emerging growth company.

Provisions in the Dodd-Frank Act that affect deposit insurance assessments and payment of interest on demand deposits could increase the costs associated with deposits as well as place limitations on certain revenues those deposits may generate. Many aspects of the Dodd-Frank Act are subject to rulemaking and will take effect over a number of years, making it difficult to anticipate the overall financial impact and regulatory burden on the Bank, its customers or the financial industry more generally.

Incentive Compensation. In June 2010, the federal banking agencies issued comprehensive final guidance on incentive compensation policies intended to ensure that the incentive compensation policies of banking organizations do not undermine the safety and soundness of such organizations by encouraging excessive risk-taking. The guidance, which covers all employees that have the ability to materially affect the risk profile of an organization, either individually or as part of a group, is based upon the key principles that a banking organization's incentive compensation arrangements should (i) provide incentives that do not encourage risk-taking beyond the organization's ability to effectively identify and manage risks, (ii) be compatible with effective internal controls and risk management, and (iii) be supported by strong corporate governance, including active and effective oversight by the organization's board of directors. Subsequently the FDIC issued an interagency rule to implement certain incentive compensation requirements of the Dodd-Frank Act. Under the rule, financial institutions must prohibit incentive-based compensation arrangements that encourage inappropriate risk taking that are deemed excessive or that may lead to material losses. The FRB will review, as part of the regular, risk-focused examination process, the incentive compensation arrangements of banking organizations, such as the Bank, that are not "large, complex banking organizations." These reviews will be tailored to each organization based on the scope and complexity of the organization's activities and the prevalence of incentive compensation arrangements. The findings of the supervisory initiatives will be included in reports of examination. Deficiencies will be incorporated into the organization's supervisory ratings, which can affect the organization's ability to make acquisitions and take other actions. Enforcement actions may be taken against a banking organization if its incentive compensation arrangements, or related risk-management control or governance processes, pose a risk to the organization's safety and soundness and the organization is not taking prompt and effective measures to correct the deficiencies.

Changes in Laws, Regulations or Policies

From time to time, various legislative and regulatory initiatives are introduced in Congress and state legislatures. Such initiatives may change banking statutes and the operating environment of the Bank in substantial and unpredictable ways. The Bank cannot determine the ultimate effect that any potential legislation, if enacted, or implementing regulations with respect thereto, would have, upon the financial condition or results of operations of the Bank. A change in statutes, regulations or regulatory policies applicable to the Bank could have a material effect on the financial condition, results of operations or business of the Bank.

Enforcement Powers of Federal and State Banking Agencies

The federal banking agencies have broad enforcement powers, including the power to terminate deposit insurance, impose substantial fines and other civil and criminal penalties, and appoint a conservator or receiver. Failure to comply with applicable laws, regulations and supervisory agreements could subject the Bank and a subsidiary of the Bank, as well as their respective officers, directors, and other institution-affiliated parties, to administrative sanctions and potentially substantial civil money penalties. In addition to the grounds discussed above under "Corrective Measures for Capital Deficiencies," the appropriate federal banking agency may appoint the FDIC as conservator or receiver for a banking institution (or the FDIC may appoint itself, under certain circumstances) if any one or more of a number of circumstances exist, including, without limitation, the fact that the banking institution is undercapitalized and has no reasonable prospect of becoming adequately capitalized, fails to become adequately capitalized when required to do so, fails to submit a timely and acceptable capital restoration plan or materially fails to implement an accepted capital restoration plan. The N H Banking Department also has broad enforcement powers over the Bank, including the power to impose orders, remove officers and directors, impose fines and appoint supervisors and conservators.

Effect on Economic Environment

The policies of regulatory authorities, including the monetary policy of the FRB, have a significant effect on the operating results of banks. Among the means available to the FRB to affect the money supply are open market operations in U.S. government securities, changes in the discount rate on member bank borrowings, and changes in reserve requirements against member bank deposits. These means are used in varying combinations to influence overall growth and distribution of bank loans, investments and deposits, and their use may affect interest rates charged on loans or paid for deposits.

The FRB's monetary policies have materially affected the operating results of commercial banks in the past and are expected to continue to do so in the future. The nature of future monetary policies and the effect of such policies on the business and earnings of the Bank cannot be predicted.

DESCRIPTION OF PROPERTY

The principal executive office of the Bank is located in Bedford, New Hampshire, at 207 NH Route 101. Our Bank leases this property. Our Bank operates an additional branch office and operations center at the following locations:

- The Bank leases a branch office located at 1662 Elm Street, Manchester, New Hampshire; and
- The Bank leases an Operation Center located at 124 Bedford Road, Bedford, New Hampshire.
- The Bank leases an office located at 23 Crystal Avenue, Derry, New Hampshire in which it plans to open a branch in February 2020.

The lease for our Bedford headquarters expires in 2025 and includes two (2) renewal options for additional terms of ten (10) years each. The annual lease payments during the original lease term are $130,180 per year, triple-net, increased by three percent (3%) annually. The landlord is an affiliate of certain of the directors of the Bank. The Bank obtained an appraisal to confirm its understanding that the rent and other terms of said lease are commercially reasonable based on market conditions at the time the lease was executed.

The lease for our Manchester branch office expires in 2023 and includes two (2) renewal options for additional terms of five (5) years each. The annual lease payments during the original lease term are $55,220 per year, triple-net. The landlord is an affiliate of certain of the directors of the Bank. The Bank obtained an appraisal to confirm its understanding that the rent and other terms of said lease are commercially reasonable based on market conditions at the time the lease was executed.

The Bank expects to open a branch office at 23 Crystal Rd., Derry, NH with an expected opening of February 2020. The lease for our Derry branch office expires five years from the lease commencement date and includes two (2) renewal options for additional terms of five (5) years each. The annual lease payments during the original lease term are $25,685 per year, triple-net. The landlord is an affiliate of certain of the directors of the Bank. The Bank obtained an appraisal to confirm its understanding that the rent and other terms of said lease are commercially reasonable based on market conditions at the time the lease was executed.

The lease for our Bedford Operation Center expires in 2024 and includes three (3) renewal options for additional terms of two (2) years each. The annual lease payments during the original lease term are $50,000 per year, triple-net. The landlord is an affiliate of certain of the directors of the Bank. The Bank obtained an appraisal to confirm its understanding that the rent and other terms of said lease are commercially reasonable based on market conditions at the time the lease was executed.

We believe that our existing facilities are sufficient for our current needs.

DIRECTORS AND EXECUTIVE OFFICERS

The following table sets forth the name, age and position with the Bank of each of our directors and executive officers. All of the executive officers are full-time employees. The business address for all of these individuals is 207 NH Route 101, Bedford, New Hampshire 03110.

As of the date of this Offering Circular, each director identified below as being an "Independent Director" serves as an independent director on the Board of Directors of the Bank. A director is not considered to be independent unless that director qualifies as an "Independent Director" as that term is defined in the North American Securities Administrators Association, Inc. ("**NASAA**") Statement of Policy Regarding Corporate Securities Definitions, as adopted by NASAA on April 27, 1997, and amended on September 28, 1999, March 31, 2008, and May 6, 2018 (the "**NASAA Corporate Securities Definitions**").

Name	Age	Position with the Bank	Director Since	Current Term to Expire
William Greiner	53	Chairman of the Board	2015	2022
H. Andrew Crews	49	Vice Chairman of the Board (Independent Director)	2015	2022
William E. Stone	61	Director, President and Chief Executive Officer	2015	2020
Dick Anagnost	64	Director	2015	2022
Graham Chynoweth	41	Director (Independent Director)	2015	2020
Pamela Diamantis	60	Director (Independent Director)	2018	2020
J. Michael Hickey	68	Director (Independent Director)	2015	2020
Honorable John Lynch	67	Director (Independent Director)	2015	2021
Marie McKay	57	Director (Independent Director)	2015	2022
Peter Milnes	62	Director (Independent Director)	2018	2020
Daniel Sklar	67	Director	2015	2021
Kenneth Solinsky	70	Director (Independent Director)	2015	2022
William Steele, Jr.	70	Director (Independent Director)	2015	2021
Phil Taub	51	Director	2017	2021
William Tucker	75	Director (Independent Director)	2015	2020
Nicholas Vailas	65	Director	2015	2021

Name	Age	Position with the Bank	Term of Office
Joseph B. Bator	49	Executive Vice President and Senior Lender	Annual appointment Commenced employment with and joined senior management of the Bank in his current position in May 2017.
Crystal A. Dionne, CPA	47	Senior Vice President and Chief Financial Officer	Annual appointment Commenced employment with Bank in 2015; promoted to Controller and Assistant Treasurer in May 2016; and was promoted to her current position in August 2017.
Renate Wallem	56	Senior Vice President and Chief Operations Officer	Annual appointment Commenced employment with and joined senior management of the Bank in her current position in 2015.

The following is a brief discussion of the business and banking background and experience of our Bank's directors and executive officers during at least the past five years. None of our directors or executive officers has any family relationship, as defined in Item 10(b) of Form 1-A, with any other director or with any of our executive officers. None of our directors or executive officers have been involved in any legal proceedings required to be disclosed pursuant to Item 10(d) of Form 1-A.

Our Bank's Board of Directors:

William Greiner – Mr. Greiner founded Greiner Investments in 2000 as a firm that develops and invests in real estate as well as makes passive business investments. Mr. Greiner is also an investor-owner of Cactus Jacks, Copper Door, and T-Bones Restaurants. Prior to establishing Greiner Investments, Mr. Greiner founded and ran Rockmont Management Partners which was a private hedge fund. Prior to the founding of Rockmont Management Partners, Mr. Greiner worked at several investment firms including Kemper Securities and Dean Witter Reynolds. From 2000-2006, Mr. Greiner served as a Town Councilor in Bedford, New Hampshire, and was the Chair in 2004. He has served on numerous non-profit and community boards since 1998. Presently he is a member of the Bedford Men's Club, is the President of Bedford Friends of Recreation, and is the Chair of the Granite State Baseball Dinner. Mr. Greiner earned a B.A. in Political Science from Brandeis University.

H. Andrew Crews – Mr. Crews is the President and CEO of AutoFair with dealerships in New Hampshire and Massachusetts. Since joining AutoFair in 2006, the group has grown from 3 to 7 dealerships employing over 600 people. Mr. Crews is the Chairman of Granite State Children's Alliance and serves on several profit and nonprofit boards including Granite One Health and the Currier Art Museum. He has been in the automotive industry since 1988 and has held various positions with dealer groups across the country. Mr. Crews is a veteran of the US Marine Corp.

William E. Stone – Mr. Stone is a senior bank executive with more than 30 years of diverse banking experience. He is a member of the Primary Bank's Board of Directors and serves at CEO and President since the bank's inception in 2015. He serves on the Board's Executive Committee, ALCO, Directors Loan Committee as well as the senior management committees of CRA Compliance, IT Steering and Vendor Management. Mr. Stone has guided the organization from its infancy with Primary being the first financial institution in New England and only the second in the country to be established since the 2008 financial crisis.

Prior to Primary Bank, he served as a member of the Board of Directors and as President of Bank of New England (originally Southern NH Bank), as well as serving on the Executive Committee/Loan Committee, ALCO, IT Committees and CRA/Compliance Committee. He was with Bank of New England for 17 years. Mr. Stone has served as an active member on numerous local non-profits boards and is an active member of multiple local civic groups. Mr. Stone is a graduate of the University of New Hampshire's Whittemore School of Business and earned his MBA from Southern New Hampshire University.

Dick Anagnost – Mr. Anagnost, the President of Anagnost Investments, Inc., has over 35 years of experience in real estate and land development within the City of Manchester, Northern New England and internationally. Over the years, Mr. Anagnost has assisted the City of Manchester to revitalize downtown Elm Street and help bring it to the ever-expanding metropolis it is today. He has redeveloped over 25 properties in the downtown and Millyard areas. He has completed constructing the first phase of the Elliot at River's Edge, an approximately 500,000 sq. ft. healthcare campus on the old Jac Pac food site. In addition to this downtown retail and professional office space, Mr. Anagnost has been instrumental in the creation of over 500 units of rental workforce housing to serve the needs of the businesses within the City of Manchester. Mr. Anagnost is the Chairman of the Workforce Opportunity Council, Vice Chair and head of the Credit Committee of the NH Business Finance Authority, Chair of the JobCorps Task Force, Vice Chair of the Office of Youth Services, Board Member of Families in Transition, Chairman of More Center Services, and 1st Vice President of St. George Greek Orthodox Cathedral. He is also a youth football coach for the Bedford Jaguars and CYO basketball coach for St. George.

Graham Chynoweth – Mr. Chynoweth is a corporate executive, investor and board member of for-profit and non-profit organizations. Mr. Chynoweth served as COO at Dyn (acquired by Oracle), an Internet performance company, EVP & COO at SilverTech,a technology services company, and as a corporate attorney at Sheehan Phinney Bass + Green. Mr. Chynoweth is a community leader serving as a director of and advisor to a wide variety of non-profit organizations. Mr. Chynoweth earned his JD from Duke University School of Law, a MA in Public Policy from Duke University and a BA in political science from the University of California, Berkeley, where he graduated with High Distinction.

Pamela Diamantis – Ms. Diamantis is a Principal at Curbstone Financial Management Corporation, an investment advisory firm in Manchester, NH. She previously served as the regional president for U.S. Trust Company, N.A. and as the former president of State Street Bank & Trust Company of NH. Ms. Diamantis is a dedicated volunteer and holds or has held board positions with the University System of New Hampshire, Catholic Medical Center, New Hampshire Business Finance Authority, Currier Museum of Art, Granite YMCA, Heritage United Way, and the Women's Fund of NH. Ms. Diamantis earned a B.S. in Finance and Economics from Southern New Hampshire University and attended the New York State Bankers Association Trust/Investment School and the New England School of Banking at Williams College.

J. Michael Hickey – Mr. Hickey served as a longtime executive of Verizon in New Hampshire, and more recently as interim dean of the Manchester campus of the University of New Hampshire. For more than two decades, Mr. Hickey served in a range of leadership positions for Verizon and its telecom predecessors before that, including New England Telephone and Nynex. He served for seven years as president of Verizon New Hampshire and most recently directed the company's national security policy program in Washington. Before entering the telecommunications industry, Mr. Hickey was director of the state Division of Economic Development and executive director of the Mt. Washington Valley Chamber of Commerce. Mr. Hickey served on the Board of Directors of Citizens Bank from 1999 to 2003. While serving on the Citizens Bank Board he was an active member of the community investment committee.

Honorable John Lynch – Mr. Lynch is a former four-term Governor of the State of New Hampshire. While in office, he balanced the budget in each year of his tenure and he focused on improving the quality of education, the result of which was a dramatic reduction in the high school dropout rate. Mr. Lynch made economic development a priority, resulting in an unemployment rate generally 40% below the national average. Prior to serving as Governor, Mr. Lynch was CEO of Knoll, a high-end office furniture company. He turned the company around from losing $50 million in each of the years of the early 90's, to making $64 million in 1995 and $250 million in 2000. Mr. Lynch has also served as Associate Dean of Harvard Business School. Mr. Lynch served on the Board of Citizens Bank of NH. He currently is on the faculty at the Tuck Business School at Dartmouth. Mr. Lynch has a BA from the University of New Hampshire, an MBA from Harvard Business School, and a JD from Georgetown Law School.

Marie McKay – Ms. McKay, CPA, is a managing partner of Bigelow & Company, CPA, P.L.L.C., a certified public accounting firm which was formed in 1935, with offices located in Manchester and Portsmouth. The firm specializes in providing financial services to privately-owned companies. Ms. McKay has been with the firm for over 35 years and earned her Bachelor of Science degree in accounting (summa cum laude) from Southern New Hampshire University. She has extensive experience in audit and accounting services, tax planning and compliance, and IT and management consulting, and she specializes in working with closely held businesses in a wide variety of industries. Ms. McKay is currently a member and past President of the New Hampshire Society of Certified Public Accountants. She is also a member of various boards of directors and committees including the Granite One Health, and CMC and serves as Treasurer of the Stark Mill Condominium Owners Association. Ms. McKay has served as a board member for Centrix Bank, Manchester Chamber of Commerce, Manchester Region Advisory Board of the New Hampshire Charitable Foundation, the Treasurer of the New Hampshire Political Library, and as Chair and Treasurer for Kids Voting New Hampshire.

Peter Milnes – Mr. Milnes, a Chartered Property & Casualty Underwriter and Certified Insurance Councilor, has taken a leading role in the insurance and financial services industry for over 40 years. He is currently Chairman of INEX Capital & Growth Advisors and CEO of Optisure Risk Partners, an emerging national insurance broker focused on risk management and insurance solutions for businesses and their executives. Having previously built one of NH's largest private insurance agencies, Mr. Milnes has founded numerous insurance entities and completed hundreds of transactions involving the acquisition, sale or perpetuation of insurance agencies. He currently holds board positions with the Currier Museum of Art, The Marketing Alliance (MAAL), and a variety of other insurance organizations. Mr. Milnes previously served on the Board of Directors of Salem Cooperative Bank (1995 to 2018), The NH Center for Non-Profits, The Greater Manchester YMCA and many other nonprofit organizations. A graduate of Bucknell University and St. Paul's School, Mr. Milnes has also completed the Harvard Business School Owner/President Management Program, Leadership New Hampshire and Leadership Manchester.

Daniel Sklar – Mr. Sklar is a retired partner from Nixon Peabody. Mr. Sklar concentrated his practice on lending transactions, loan workouts and liquidations, bankruptcy reorganizations, and lender liability. He also has extensive experience in the area of corporate law and commercial transactions. Over the past thirty years and more, Mr. Sklar has represented debtors, trustees, secured creditors, committees, stockholders, lessors and senior executives in large Chapter 11 cases around the country, and has also been involved in a number of international insolvencies. Mr. Sklar lectures frequently in these areas for both bar associations and private continuing education groups. Mr. Sklar is the former adjunct professor of law at UNH School of Law, where he taught a course on bankruptcy and reorganization. Mr. Sklar is a member of the American Bankruptcy Institute and the New Hampshire and American Bar Associations. He is also a member of the American College of Bankruptcy having been inducted in the 10th Class. He is also past a president of the Manchester Bar Association and is certified by the American Bankruptcy Board of Certification in the area of business bankruptcy. Mr. Sklar received his law degree from Boston College School of Law.

Kenneth Solinsky – Mr. Solinsky, along with his wife Grace, founded Insight Technology of Londonderry, NH in 1988. Insight Technology grew to become the nation's leading developer and producer of U.S. Military Night Vision and Electro-Optical Systems. The company was acquired in 2010 by L-3 Communications. After the acquisition, Mr. Solinsky became president of L-3 Warrior Systems, comprised of Insight Technology and 6 other Electro-Optical companies. In June 2013, Mr. Solinsky retired from L-3 Communications. Before founding Insight Technology, Mr. Solinsky was Manager of Thermal Programs at Kollsman in Merrimack, NH. Prior to this industry experience, Mr. Solinsky worked for 14 years as a civilian employee of the Department of Army where he held a series of increasingly responsible positions from Production Engineer, Project Leader, Director of Quality Control, Director of U.S. Army Night Vision Lab, Forward in Europe, Branch Chief, and Project Manager, Night Vision Devices. As a government employee, Mr. Solinsky received a Secretary of the Army's Award for Outstanding Achievement in Material Acquisition, two Commander's Awards for Civilian Service, and numerous other awards. Mr. Solinsky holds a B.S. degree in Mechanical Engineering from Clarkson College of Technology, a M.S. degree in Industrial Engineering from Texas A&M University and a M.S. degree in Management from Stanford University, Graduate School of business where he was a Sloan Fellow.

William Steele, Jr. – Mr. Steele founded William Steele & Associates, PC in 1984 after leaving Deloitte LLP where he was a tax partner. His firm of 20 professionals specializes in tax planning and compliance services primarily for closely held businesses and their owners throughout New England and other parts of the country and the practice includes services to public companies with multinational operations. On January 1, 2015, his firm merged with Banker Newman and Noyes where Mr. Steele is now a Principal. Mr. Steele specializes in mergers and acquisitions as well as estate planning and has written articles and lectured numerous times over his 43 year career. He is active in Manchester community having served on numerous boards and is past chairman of the board for the Greater Manchester YMCA and Elliott Health System. Mr. Steele graduated from Bentley University with a Bachelor of Science Accounting and Masters in Taxation.

Phil Taub – Mr. Taub is a corporate lawyer at the international firm of Nixon Peabody, where he has over 25 years of experience. His love of family, travel, outdoor adventure and community permeates everything he does. Mr. Taub has been described as "the consummate trusted advisor" who is "very practical and determined to get the deal closed," and who "consistently excels at solving client's complex problems." At Nixon Peabody, he has served in many leadership roles, including chair of the Business Department and the firm's Management Committee. Mr. Taub currently leads the firm's nationally acclaimed Private Equity practice group. He is a frequent lecturer and presenter on the latest trends in mergers and acquisitions, business strategies and issues important to CEO's, CFO's, and general counsel. Mr. Taub is the founder and President of the Board of Swimming With A Mission, Inc., a charity dedicated to raising money for our Veterans in need. He is currently serving on the National UDT -Navy SEAL Museum, Elliot Hospital and the Granite State Children's Alliance and has served on a number of nonprofit boards, including, Derryfield School, Junior Achievements anFsoled the Greater Manchester YMCA.

William Tucker – Mr. Tucker is a senior partner at the firm of Wadleigh, Starr & Peters, P.L.L.C., Manchester, NH. Mr. Tucker concentrates his practice in lending transactions, corporate finance, tax exempt bond financings, and real estate transactions and development. He is a member of the New Hampshire and American Bar Associations and a member of the National Association of Bond Attorneys. Mr. Tucker has served as board member for Centrix Bank from 1999 to 2014, is a member of the Board of Trustees and Treasurer of The Granite YMCA, a former Trustee and Treasurer of the Piscataquog Land Conservancy, a Trustee and the Board-Chair of the Society for Protection of New Hampshire Forests, and a Trustee of the Trust Funds for the Town of Goffstown, NH. Mr. Tucker graduated from Manchester High School West, received his B.A. from Yale University and is a graduate of Harvard Law School.

Nicholas Vailas – Nicholas Vailas grew up in the Greater Manchester Area where he attended local schools and graduated from Plymouth State University, Plymouth NH with a BS degree in Health and Physical Education. Upon graduation Mr. Vailas pursued a graduate degree in Kinesiology at Dalhousie University, Nova Scotia, Canada. Mr. Vailas completed his graduate work with a MS degree in Exercise Physiology at the University of Michigan, Ann Arbor. Returning back to his roots in Manchester, Mr. Vailas, for 30 years, has been developing and providing for outpatient healthcare services such as, but not limited to, surgery, diagnostics, physical therapy, urgent and primary care, and wellness. Through his partnerships with physicians and allied health professionals he has created a network of providers that offers outpatient care throughout Southern New Hampshire. In his 30 years of practice Mr. Vailas has served as New Hampshire Commissioner of Health and Human Services, served as Chair of the Health Planning and Review Board, State of NH (10 years, 6 as Chair), coached high school football (20 yrs.), founded the Safe Sports Network (offering free sports medical services to young athletes), was a founding member of the New Hampshire Musculoskeletal Institute (research and education, sports medicine), founded the New Hampshire Ambulatory Surgical Center Association, served as Board member of the American Ambulatory Surgical Association, served as Campaign Chair for the Manchester Boys and Girls Club (7.2 million), and founded the East West NH High School All-Star Football Game to benefit Children's Hospital at Dartmouth. Mr. Vailas is a former champion high school and college level football player and has been a major supporter of the Boys and Girls Club in Manchester, New Hampshire. Mr. Vailas has been accepted into the Plymouth State University's Hall of Fame, Manchester Central High School Hall of Fame, Queen City (Manchester NH) Hall of Fame, and the Manchester Boys and Girls Club Hall of Fame.

Our Bank's Executive Officers:

William E. Stone, Chief Executive Officer and President

Mr. Stone is also a Bank director and his biography is included with the other directors listed above.

Joseph B. Bator, Executive Vice President and Senior Lender

Mr. Bator serves as Executive Vice President and Senior Lender and is a member of the Bank's senior management team. In this role, Mr. Bator is responsible for overseeing the Bank's commercial lending team. Previously, Mr. Bator was a senior vice president and director of Business Banking at Eastern Bank, where he oversaw the bank's portfolio of business clients with revenue up to $10 million and or lending needs up to $3 million. Additionally, he oversaw the bank's SBA program. Prior to joining Eastern Bank, he served as Managing Director; New England Region at O'Neill Properties L.P. Previously, Mr. Bator spent seven years at Keybank National Association, primarily within the commercial real estate division. Mr. Bator earned his Bachelor of Science degree from Syracuse University, where he majored in Finance and Law and Public Policy, and his MBA in Finance and Marketing from LeMoyne College. Mr. Bator also completed a 1 year University of Massachusetts Boston Emerging Leader Fellowship in 2008.

Crystal A. Dionne, CPA, Senior Vice President and Chief Financial Officer

Ms. Dionne serves as the SVP/CFO and is responsible for the overall financial management of the Bank, including balance sheet management, financial planning and analysis and investor relations. Ms. Dionne has more than 20 years of financial and strategic planning expertise having served as the CFO for the Town of Bedford, NH for 14 years and as the Controller for the NH State Lottery Commission, prior to joining the Bank in 2015. Ms. Dionne is a Certified Public Accountant who earned her Bachelor of Science degree in Accountancy from Bentley University and her MBA from Southern NH University. She is the former president of the NH Government Finance Officers Association (GFOA), former president of the New England GFOA and former Vice Chair of the Budget and Fiscal Policy Committee of the National GFOA. Ms. Dionne is an active member of the Bedford Rotary in addition to serving on a local non-profit board.

Renate Wallem, Senior Vice President and Chief Operations Officer

Ms. Wallem serves as Senior Vice President of Operations, BSA and Information Security Officer. She is responsible for the management of the Bank's Operation and Retail Banking teams. Ms Wallem has more than 20 years of experience in banking operations, compliance, and risk management. Prior to joining Primary Bank in 2015, Ms. Wallem was a Senior Vice President, Director of Operations and Information Security Officer at Admirals Bank. Prior to that, Ms. Wallem served as the Senior Vice President of Risk Management at Capital Crossing Bank where she Implemented and managed the bank's risk management, vendor management, business continuity, and security programs.

Election and Classification of Directors

The Bylaws of the Bank provide that the number of directors of the Bank shall be not less than nine (9) and no more than twenty (20), as determined by resolution of the Board of Directors. Currently, the Board of Directors consists of sixteen (16) members. Directors of the Bank are elected by the shareholders of the Bank for staggered three-year terms, or until their successors are elected and qualified.

- The terms of the following directors will expire at the annual meeting of shareholders to be held in 2020: Mr. Stone, Mr. Chynoweth, Ms. Diamantis, Mr. Hickey, Mr. Milnes, and Mr. Tucker;
- The terms of the following directors will expire at the annual meeting of shareholders to be held in 2021: Mr. Lynch, Mr. Sklar, Mr. Steele, Mr. Taub, and Mr. Vailas; and
- The terms of the following directors will expire at the annual meeting of shareholders to be held in 2022: Mr. Greiner, Mr. Crew, Mr. Anagnost, Ms. McKay, and Mr. Solinsky.

At each annual meeting of shareholders, or special meeting in lieu thereof, upon the expiration of the term of a class of directors, the successors to such directors will be elected to serve from the time of election and qualification until the third annual meeting following his or her election and the election and qualification of his or her successor. Any additional directorships resulting from an increase in the number of directors (as discussed above) will be distributed by the Board of Directors among the three classes so that, as nearly as possible, each class will consist of one-third of the directors.

COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

For the fiscal year ended December 31, 2019, the aggregate annual compensation of the three highest paid persons who were executive officers or directors of our Bank was $870,994.

No cash compensation for service on the Board or any Board Committee was paid for the fiscal year ended December 31, 2019. Effective January 1, 2019, under the terms of the 2019 Director Stock Compensation Plan described in more detail below, the Board of Directors approved compensation to each director of the Bank equivalent to $100 per Board or Committee meeting attended, paid in the form of common stock grants. The Bank's 2015 Stock Incentive Plan permits the Bank to make grants of stock options or restricted stock to directors. No grants of stock options or restricted stock were made to directors for the fiscal year ended December 31, 2019.

Base Salary. The base salaries of our executive officers have been historically reviewed and set annually by the Board of Directors as part of our performance review process as well as upon the promotion of an executive officer to a new position or another change in job responsibility. In establishing base salaries for our executive officers, our Board of Directors has relied on external market data obtained from outside sources. In addition to considering the information obtained from such sources, our Board of Directors has considered:

- each executive officer's scope of responsibility;
- each executive officer's years of experience;
- the types and amount of the elements of compensation to be paid to each executive officer;
- our financial performance and performance with respect to other aspects of our operations, such as our growth, asset quality, profitability and other matters, including the status of our relationship with the banking regulatory agencies; and
- each executive officer's individual performance and contributions to our performance, including leadership, teamwork and community service.

Cash Bonuses. We typically have paid a cash bonus to executive officers. Annual incentive awards are intended to recognize and reward those executive officers who contribute meaningfully to our performance for the year. Our Board of Directors has, within its sole discretion, determined whether such bonuses will be paid for any year and the amount of any bonus paid. The Board of Directors has not relied on any pre-established formula or specific performance measures to determine the amount of the bonuses paid. In determining whether to pay cash bonuses to any executive officer for any year and the amount of any cash bonus to be paid, our Board of Directors has considered such factors, as:

- the personal performance of the executive officer and contributions to our performance for the year, including leadership, teamwork and community service; and
- our financial performance, including, our growth, asset quality and profitability.

Benefits. The executive officers are eligible to participate in the same benefit plans designed for all of our full-time employees, including health, dental, vision, disability and basic group life insurance coverage. We also provide our employees, including our executive officers, with a 401(k) plan to assist our employees, including our executive officers, in planning for retirement and securing appropriate levels of income during retirement. The purpose of our employee benefit plans is to help us attract and retain quality employees, including executives, by offering benefit plans similar to those typically offered by our competitors.

Health and Welfare Benefits. Our executive officers are eligible to participate in our standard health and welfare benefits program, which offers medical, dental, vision, life, accident, and disability coverage to all of our eligible employees. We do not provide the executive officers with any health and welfare benefits that are not generally available to our other employees.

Perquisites. We have provided some of our executive officers with a limited number of perquisites that we believe have been reasonable and consistent with our overall compensation program to better enable us to attract and retain superior employees for key positions. Our Board of Directors has periodically reviewed the levels of perquisites and other personal benefits provided to executive officers. Based on this periodic review, perquisites are awarded or adjusted on an individual basis.

401(k) Plan

The Bank maintains a contributory 401(k) pension plan covering all employees who meet certain age and service requirements. Contributions to the plan are voluntary by the eligible participants up to certain limits. Employee contributions are matched up to 3% of the participant's salary.

2015 Stock Incentive Plan

In 2015, our Board and stockholders adopted the 2015 Stock Incentive Plan under which we may make equity-based awards to encourage and motivate selected employees and our directors to contribute to the successful performance of the Bank to the growth in the value of our common stock and to help us attract, retain and reward key employees, directors and other service providers. Pursuant to the 2015 Stock Incentive Plan, the Board of Directors may grant awards to eligible persons in the form of qualified and nonqualified stock options or awards of restricted stock. We currently anticipate that in the foreseeable future we will grant only awards of qualified and nonqualified stock options. Up to 435,157 shares of common stock are available and reserved for issuance under the 2015 Stock Incentive Plan. The Plan requires that the per-share exercise price of each stock option granted under the Plan be not less than fair market value on the date of grant, as determined by our Board in accordance with the Plan. Awards granted under the 2015 Stock Incentive Plan will vest and, to the extent applicable, become exercisable on the terms set forth in the 2015 Stock Incentive Plan and the award agreements notifying award recipients of awards made under the 2015 Stock Incentive Plan will contain such other terms and conditions as determined by the Board of Directors and as are consistent with the 2015 Stock Incentive Plan's provisions. The 2015 Stock Incentive Plan enables the Board of Directors to grant share-based awards containing terms that require us to meet specific performance criteria before the shares covered by the awards will vest or will be issued to, and vest in, the award recipient. In addition, the 2015 Stock Incentive Plan allows for acceleration of vesting and exercise of grants if a plan participant is terminated without cause or in the event of the participant's death or disability or upon a change in control of our Bank. If an award recipient's employment is terminated for cause, all unvested awards held by that award recipient will expire at the date of termination unless agreed otherwise by the Board of Directors at its sole discretion.

2019 Director Stock Compensation Plan

The Board of Directors of the Bank approved the 2019 Director Stock Compensation Plan effective as of January 1, 2019 (the "**Director Plan**"). the Board of Directors approved compensation equivalent to $100 per Board or Committee meeting attended to be distributed annually in the form of restricted stock.

SECURITY OWNERSHIP OF MANAGEMENT AND CERTAIN SECURITYHOLDERS

The following table and accompanying footnotes set forth information with respect to the beneficial ownership of our common stock as of December 31, 2019, by:

- each person who is known by us to own beneficially more than 5% of our common stock;
- each member of our Board of Directors who is known by us to own beneficially more than 5% of our common stock;
- each of our executive officers who is known by us to own beneficially more than 5% of our common stock; and
- all of our directors and executive officers as a group (19 persons).

We have determined beneficial ownership in accordance with the rules and regulations of the SEC. These rules generally provide that a person is the beneficial owner of securities if they have or share the power to vote or direct the voting thereof, or to dispose or direct the disposition thereof or have the right to acquire such powers within sixty days. Except as indicated by the footnotes below, we believe, based on the information furnished to us, that the persons and entities named in the table below have sole voting and investment power with respect to all shares of common stock that they beneficially own. The applicable percentage ownership is based on the 3,048,036 shares of our common stock outstanding as of December 31, 2019.

Title of class	Name of beneficial owner	Amount and nature of beneficial ownership	Percent of class
Common stock	Kenneth Solinsky, a director of the Bank, beneficially through a trust established by Mr. Solinsky for which he serves as sole trustee	202,500	6.64%
Common stock	Grace Solinsky, the spouse of Kenneth Solinsky, a director of the Bank, beneficially through a trust established by Mrs. Solinsky for which she serves as sole trustee	202,500	6.64%
Common stock	To our knowledge, none of our executive officers beneficially owns more than 5% of our common stock	N/A	N/A
Common stock	All of our directors and executive officers as a group (19 persons)	431,500	14.16%

INTERESTS OF MANAGEMENT AND OTHERS IN CERTAIN TRANSACTIONS

The following is a summary of any transactions or currently proposed transactions during the period from January 1, 2017 to the date of this Offering Circular, to which the Bank was or is to be a participant and the amount involved exceeds $50,000, and in which any of the following persons had or is to have a direct or indirect material interest:

- each person who is an executive officer or director of the Bank;
- each nominee for election as a director of the Bank;
- each person who is known by us to own beneficially more than 5% of our common stock; or
- any immediate family member of the above persons (with the term "immediate family member" meaning such person's child, stepchild, parent, step-parent, spouse, sibling, mother-in-law, father-in law, son-in law, daughter-in-law, brother-in-law, sister-in-law, or any other person other than a tenant or employee sharing such person's household).

Transactions with the Bank

Some of our directors and executive officers, and some members of their immediate families, have been customers of the Bank during such time period and had transactions with the Bank in the ordinary course of business. In addition, some of our directors and executive officers are officers, directors, or shareholders of corporations or members of partnerships, limited liability companies or other business ventures that have been customers of the Bank during such time period and had transactions with the Bank in the ordinary course of business. These transactions consisted exclusively of retail and commercial loan transactions with the Bank. The aggregate dollar amounts outstanding of the loans to such persons totaled approximately $21.5 million as of December 31, 2019. In keeping with applicable banking law and regulations, the loans to such persons were made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions between the Bank and others, and did not involve more than the normal risk of collectability or present other unfavorable terms.

Procedures Regarding Loans and Other Material Transactions

The Bank has not made any loans to directors or officers of the Bank other than the loans described in this Offering Circular; and has not made any loan guarantees on behalf of directors or officers of the Bank. In keeping with applicable banking laws and regulations, the Bank's loans to directors or officers of the Bank were made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions between the Bank and unaffiliated third parties, and did not involve more than the normal risk of collectability or present other unfavorable terms. If the Bank provides loans or loan guarantees to directors or officers after the date of this Offering Circular, any such loans or loan guarantees will be required to comply with applicable banking law and regulations, including the requirements summarized in the preceding sentence. The Bank has not engaged in any material transactions with directors or officers of the Bank not disclosed in this Offering Circular, and will not engage in any such material transactions in the future, unless such transactions are disclosed and approved in accordance with the requirement of applicable banking laws and regulations.

SECURITIES BEING OFFERED

Capitalization

The Bank's authorized capital stock consists of 10,000,000 shares of common stock, $0.01 par value per share, of which 3,048,036 shares were issued and outstanding as of the date of this Offering Circular. At the conclusion of the Offering, a maximum of 4,381,370 shares of common stock will be issued and outstanding. The remaining authorized but unissued shares of common and preferred stock may be issued upon authorization by the Board of Directors without prior shareholder approval. The issuance of additional shares of common stock or preferred stock other than on a pro-rata basis to existing shareholders at the time of such issuance will reduce the proportionate interests of the Bank held by existing shareholders. If our Board of Directors determines that it is in the best interests of the Bank to raise additional capital after the conclusion of this Offering, it may work with appropriate expert advisors who are independent of management in order to minimize the dilutive effect of any such capital raise, including by determining whether to raise capital by offering debt instruments rather than additional equity, and determining, based on market and other factors deemed relevant, the appropriate pricing for any such offering.

Restrictions on Acquisition of the Bank

General

Provisions in Primary Bank's Articles of Agreement and Bylaws, and in certain New Hampshire and federal laws and regulations that will apply to the Bank, may have anti-takeover effects and make it more difficult for persons or companies to acquire control of the Bank. A majority of the entire board of directors of the Bank must approve any change-in-control transaction proposed by the Bank's board of directors; and two-thirds of the Bank's stockholders must affirmatively approve any change-in-control transaction not proposed by the Bank's board of directors.

Restrictions in Articles of Agreement and Bylaws

The Articles of Agreement and Bylaws contain provisions that could make an acquisition of the Bank by means of a tender offer, proxy context or otherwise, or the removal of the incumbent Board of Directors or management of the Bank, more difficult. These provisions may have the effect of deterring a future takeover attempt that is not approved by the Directors, but which the shareholders may deem to be in their best interests or in which shareholders who might desire to participate in such a transaction may not have the opportunity to do so. The Board of Directors believes that these provisions are in the Bank's best interest and in the best interest of its shareholders because they promote the continuity of incumbent management. The following description of these provisions is only a summary and does not provide all the information contained in the Articles of Agreement and Bylaws.

Evaluation of Offers. The Articles of Agreement provide that the Board of Directors of the Bank, when evaluating an offer to (A) make a tender or exchange offer for any equity security of the Bank, (B) merger or consolidate the Bank with another institution, or (C) purchase or otherwise acquire all or substantially all of the properties or assets of the Bank, shall, in connection with the exercise of its business judgment in determining what is in the best interests of the Bank and its shareholders, give consideration to all relevant factors including without limitation: the interests of the Bank's employees, suppliers, creditors and customers; the economy of the state, region and nation; community and social considerations; and the long-term and short-term interests of the Bank and its shareholders, including the possibility that these interests may be best served by the continued independence of the Bank.

Classified Board of Directors. The Board of Directors is divided into three classes, each of which will contain approximately one-third of the number of Directors. The shareholders will elect one class of Directors each year for a term of three years. The classified board makes it more difficult and time consuming for a shareholder group to fully use its voting power to gain control of the Board of Directors without the consent of the incumbent Board of Directors.

Filling of Vacancies. The Bylaws provide that any vacancy occurring in the Board of Directors, including a vacancy created by an increase in the number of Directors, may be filled by a vote of two-thirds of the Directors then in office, whether or not a quorum. A person appointed to fill a vacancy on the Board of Directors will serve until the next annual meeting of shareholders.

Special Meetings of Shareholders. The Bylaws provide that special meetings of shareholders may be called at any time only by the Chairman of the Board, the President, or pursuant to a resolution duly adopted by the affirmative vote of a majority of Directors then in office. Shareholders are able to call special meetings if the holders of at least a majority of all votes entitled to be cast on any issue to be considered at the special meeting sign, date and deliver a written document to the Secretary describing the purpose of the meeting. At a special meeting, shareholders may consider only the business specified in the notice of meeting given by the Bank.

Advance Notice Provisions for Shareholder Nominations and Proposals. The Bylaws establish an advance notice procedure for shareholders to nominate Directors or bring other business before an annual meeting of shareholders. A person may not be nominated for election as a Director unless that person is nominated by, or at the direction of, the Board of Directors or at the board's direction or by a shareholder who has given appropriate notice to the board before the meeting. The Secretary of the Bank must receive notice of the nomination or proposal not less than 120 days nor more than 180 days prior to the anniversary date of the immediately preceding annual meeting. A shareholder who desires to raise new business must provide the Board of Directors with certain information concerning the nature of the new business and the reasons for conducting such business at an annual meeting, certain information regarding the proposing shareholder's name, address and stock ownership, and any financial interest of the shareholder in such business.

Advance notice of nominations or proposed business by shareholders gives the Board of Directors time to consider the qualifications of the proposed nominees, the merits of the proposals and, to the extent deemed necessary or desirable by the board, to inform shareholders and make recommendations about those matters.

Restrictions in Applicable Law and Regulations

As discussed under *"Supervision and Regulation – Change in Bank Control Act,"* the Federal Deposit Insurance Corporation has also adopted a regulation under the Change in Bank Control Act that generally requires persons who at any time intend to acquire control of a non-member commercial bank, such as the Bank, to provide 60 days prior written notice and certain financial and other information to the Federal Deposit Insurance Corporation. These provisions may tend to discourage a takeover attempt of the Bank because of the cost and resources needed to obtain such regulatory clearance.

Dividend Policy

We do not currently intend to pay dividends on our common stock following completion of the Offering. If we do determine to pay dividends in the future, the payment and amount of any dividends will depend upon a number of factors, including the following: regulatory capital requirements; our financial condition and results of operations; our other uses of funds for the long-term value of stockholders; tax considerations; statutory and regulatory limitations; and general economic conditions.

The Bank's ability to pay dividends will be limited if it does not have the capital conservation buffer required by the new capital rules, which may limit our ability to pay dividends to stockholders. See "Regulation and Supervision—Federal Banking Regulation—Capital Requirements." No assurances can be given that any dividends will be paid or that, if paid, will not be reduced or eliminated in the future. Special cash dividends, stock dividends or returns of capital, to the extent permitted by regulations and policies of the FDIC, may be paid in addition to, or in lieu of, regular cash dividends.

Any payment of dividends by the Bank that would be deemed to be drawn out of the Bank's bad debt reserves, if any, would require a payment of taxes at the then-current tax rate by the Bank on the amount of earnings deemed to be removed from the reserves for such distribution. The Bank does not intend to make any distribution to shareholders that would create such a federal tax liability. See "Taxation."

Market Price of Our Common Stock

Our common stock is quoted on an electronic inter-dealer quotation system under the symbol "**PRMY**". Quotes may be obtained at www.otcmarkets.com/stock/PRMY/quote. This electronic inter-dealer quotation system displays quotes, last-sale prices, and volume information for many equity securities that are not listed on a national securities exchange. Only broker-dealers qualified with FINRA as market makers can apply to quote securities on this electronic inter-dealer quotation system. Under the eligibility rules of the electronic inter-dealer quotation system, banks and bank holding companies that want to have their securities quoted on the electronic inter-dealer quotation system must seek the sponsorship of a market maker and file current financial reports with their banking regulators.

Historically speaking, transactions in our common stock effected by means of this electronic inter-dealer quotation system have been sporadic in nature and for small amounts of our common stock. Consequently, quotes for our common stock shown on this electronic inter-dealer quotation system may not be representative of the fair market value of our stock at any given point in time. Over a 52-week period, the quotes for our common stock made on this electronic inter-dealer quotation system ranged between $12 per share and $14.75 per share.

Following this Offering, an active trading market for our common stock may not develop or be maintained, and any such market may not be liquid. Moreover, shareholders may not be able to sell their shares of our common stock when desired, or at all, or in the amount or at the price they seek. Future issuances or resales of shares of our common stock, or the perception of future issuances or resales of shares of our common stock, could materially and adversely affect the prevailing market price of our common stock, and could impair our ability to raise capital through the sale of our common stock or equity-related securities in the future. See "Risk Factors—Risks Related to This Offering and Our Common Stock."

Description of Common Stock

The following is a summary of certain of the rights and privileges pertaining to the shares of common stock.

Voting Rights. The holders of the common stock are entitled to one vote per share on all matters submitted to a vote of the shareholders. Except for the election of directors and certain corporate actions that must be approved by a majority of the outstanding votes of the relevant voting group under the Revised Business Corporation Act of the State of New Hampshire, the affirmative vote of the holders of a majority of the votes cast at a meeting of shareholders at which a quorum is present is sufficient to approve matters submitted for shareholder approval. There is no provision for cumulative voting with respect to the election of directors; rather, directors are elected by a plurality of the votes cast. Accordingly, the holders of more than 50% of the outstanding shares of common stock, if they choose to do so, can elect all of the Directors.

Dividend Rights. All shares of common stock are entitled to share equally in such dividends as the Board of Directors may declare, in its discretion. The Bank is largely dependent upon dividends from the Bank for funds to pay dividends on the common stock. Please see “Dividend Policy” on page 69 for additional information.

Liquidation Rights. Upon liquidation, dissolution or winding up of the affairs of the Bank, whether voluntary or involuntary, all shares of common stock are entitled to share equally in the assets legally available for distribution to the holders of common stock after payment of all prior obligations of the Bank which may include the satisfaction in full of any liquidation preference to which holders of preferred stock, if any, may then be entitled.

Other Matters. The holders of the shares of common stock have no preemptive or redemption rights or any preferred right to purchase or subscribe for any authorized but unissued common stock, or any securities convertible into common stock, of the Bank. The Shares offered hereby will be when issued, fully paid and non-assessable. The shares of common stock are not redeemable at the option of the Bank or holders thereof.

The Bank may be required to provide additional capital to the Bank in the future in the event that the regulating body for the Bank determines such capital infusion is necessary. In such event, in order to obtain such capital, the Bank may borrow additional funds from a bank or other lender or have an equity offering of additional shares of common stock or other securities of the Bank.

Computershare serves as the registrar and transfer agent for the common stock of the Bank.

TRANSFER AGENT AND REGISTRAR

ComputerShare will act as Transfer Agent and Registrar for this matter.

LEGAL MATTERS

The validity of the issuance of the shares of common stock offered by this Offering Circular will be passed upon for us by Gallagher, Callahan & Gartrell, P.C., Concord, New Hampshire.

ADDITIONAL INFORMATION

This Offering Circular, which constitutes a part of the offering statement, does not contain all of the information set forth in the offering statement or the exhibits and schedules filed therewith. For further information with respect to us and our common stock, please see the offering statement and the exhibits and schedules filed with the offering statement. Statements contained in this Offering Circular regarding the contents of any contract or any other document that is filed as an exhibit to the offering statement are not necessarily complete, and each such statement is qualified in all respects by reference to the full text of such contract or other document filed as an exhibit to the offering statement.

FINANCIAL STATEMENTS

The financial statements of the Bank as of and for the years ended December 31, 2018 and December 31, 2017 were audited by Wolf and Co., P.C. as the Bank’s independent auditors.

PART II

INDEX TO FINANCIAL STATEMENTS

Primary Bank

Consolidated Reports of Condition and Income for a Bank with Domestic Offices – FFIEC 041
Call Report at December 31, 2019
(excerpts of the 12/31/19 Call Report included herein; schedules containing no data are not included)

Audited Financial Statements at December 31, 2017 and 2018

Independent Auditors' Report
Consolidated Balance Sheets at December 31, 2018 and 2017
Consolidated Statements of Operations For the Years Ended December 31, 2018 and 2017
Consolidated Statements of Changes in Stockholders' Equity For the Years Ended December 31, 2018 and 2017
Consolidated Statements of Cash Flows For the Years Ended December 31, 2018 and 2017
Notes to the Consolidated Financial Statements

PART III — INDEX TO EXHIBITS

Exhibit No.	Description of Exhibit
1	Articles of Agreement of Primary Bank
2	Bylaws of Primary Bank

Consolidated Report of Income
For the period January 1, 2019 — December 31, 2019

All report of Income schedules are to be reported on a calendar year-to-date basis in thousands of dollars.

Schedule RI—Income Statement

Dollar Amounts in Thousands	RIAD	Amount	
1. Interest income:			
a. Interest and fee income on loans:			
(1) Loans secured by real estate:			
(a) Loans secured by 1-4 family residential properties	4435	633	1.a.1.a.
(b) All other loans secured by real estate	4436	7,586	1.a.1.b.
(2) Commercial and industrial loans	4012	2,575	1.a.2.
(3) Loans to individuals for household, family, and other personal expenditures:			
(a) Credit cards	B485	0	1.a.3.a.
(b) Other (includes revolving credit plans other than credit cards, automobile loans, and other consumer loans)	B486	0	1.a.3.b.
(4) Not applicable			
(5) All other loans (1)	4058	0	1.a.5.
(6) Total interest and fee income on loans (sum of items 1.a.(1)(a) through 1.a.(5))	4010	10,794	1.a.6.
b. Income from lease financing receivables	4065	0	1.b.
c. Interest income on balances due from depository institutions (2)	4115	800	1.c.
d. Interest and dividend income on securities:			
(1) U.S. Treasury securities and U.S. Government agency obligations (excluding mortgage-backed securities)	B488	0	1.d.1.
(2) Mortgage-backed securities	B489	34	1.d.2.
(3) All other securities (includes securities issued by states and political subdivisions in the U.S.)	4060	0	1.d.3.
e. Not applicable			
f. Interest income on federal funds sold and securities purchased under agreements to resell	4020	0	1.f.
g. Other interest income	4518	5	1.g.
h. Total interest income (sum of items 1.a.(6) through 1.g)	4107	11,633	1.h.
2. Interest expense:			
a. Interest on deposits:			
(1) Transaction accounts (interest-bearing demand deposits, NOW accounts, ATS accounts, and telephone and preauthorized transfer accounts)	4508	22	2.a.1.
(2) Nontransaction accounts:			
(a) Savings deposits (includes MMDAs)	0093	863	2.a.2.a.
(b) Time deposits of $250,000 or less	HK03	1,724	2.a.2.b.
(c) Time deposits of more than $250,000	HK04	531	2.a.2.c.
b. Expense of federal funds purchased and securities sold under agreements to repurchase	4180	0	2.b.
c. Interest on trading liabilities and other borrowed money	4185	0	2.c.

1 Includes interest and fee income on "Loans to depository institutions and acceptances of other banks," "Loans to finance agricultural production and other loans to farmers," "Obligations (other than securities and leases) of states and political subdivisions in the U.S.," and "Loans to nondepository financial institutions and other loans."
2 Includes interest income on time certificates of deposit not held for trading.

Schedule RI—Continued

Dollar Amounts in Thousands			RIAD	Year-to-date Amount	
2. Interest expense (continued):					
d. Interest on subordinated notes and debentures			4200	0	2.d.
e. Total interest expense (sum of items 2.a through 2.d)			4073	3,140	2.e.
3. Net interest income (item 1.h minus 2.e)	4074	8,493			3.
4. Provision for loan and lease losses (1)	JJ33	748			4.
5. Noninterest income:					
a. Income from fiduciary activities (2)			4070	0	5.a.
b. Service charges on deposit accounts			4080	87	5.b.
c. Trading revenue (3)			A220	0	5.c.
d. (1) Fees and commissions from securities brokerage			C886	0	5.d.1.
(2) Investment banking, advisory, and underwriting fees and commissions			C888	0	5.d.2.
(3) Fees and commissions from annuity sales			C887	0	5.d.3.
(4) Underwriting income from insurance and reinsurance activities			C386	0	5.d.4.
(5) Income from other insurance activities			C387	0	5.d.5.
e. Venture capital revenue			B491	0	5.e.
f. Net servicing fees			B492	0	5.f.
g. Net securitization income			B493	0	5.g.
h. Not applicable					
i. Net gains (losses) on sales of loans and leases			5416	0	5.i.
j. Net gains (losses) on sales of other real estate owned			5415	0	5.j.
k. Net gains (losses) on sales of other assets (4)			B496	0	5.k.
l. Other noninterest income*			B497	98	5.l.
m. Total noninterest income (sum of items 5.a through 5.l)	4079	185			5.m.
6. a. Realized gains (losses) on held-to-maturity securities	3521	0			6.a.
b. Realized gains (losses) on available-for-sale securities	3196	0			6.b.
7. Noninterest expense:					
a. Salaries and employee benefits			4135	3,759	7.a.
b. Expenses of premises and fixed assets (net of rental income) (excluding salaries and employee benefits and mortgage interest)			4217	404	7.b.
c. (1) Goodwill impairment losses			C216	0	7.c.1.
(2) Amortization expense and impairment losses for other intangible assets			C232	0	7.c.2.
d. Other noninterest expense*			4092	1,576	7.d.
e. Total noninterest expense (sum of items 7.a through 7.d)	4093	5,739			7.e.
8. a. Income (loss) before unrealized holding gains (losses) on equity securities not held for trading, applicable income taxes, and discontinued operations (item 3 plus or minus items 4, 5.m, 6.a, 6.b, and 7.e)	HT69	2,191			8.a.
b. Unrealized holding gains (losses) on equity securities not held for trading (5)	HT70	NR			8.b.
c. Income (loss) before applicable income taxes and discontinued operations (sum of items 8.a and 8.b)	4301	2,191			8.c.
9. Applicable income taxes (on item 8.c)	4302	(153)			9.
10. Income (loss) before discontinued operations (item 8.c minus item 9)	4300	2,344			10.
11. Discontinued operations, net of applicable income taxes*	FT28	0			11.

* Describe on Schedule RI-E - Explanations

1 **Institutions that have adopted ASU 2016-13 should report in item 4, the provisions for credit losses on all financial assets that fall within the scope of the standard.**

2 For banks required to complete Schedule RC-T, items 14 through 22, income from fiduciary activities reported in Schedule RI, item 5.a, must equal the amount reported in Schedule RC-T, item 22.

3 For banks required to complete Schedule RI, Memorandum item 8, trading revenue reported in Schedule RI, item 5.c, must equal the sum of Memorandum items 8.a through 8.e.

4 Exclude net gains (losses) on sales of trading assets and held-to-maturity and available-for-sale securities.

5 Item 8.b is to be completed only by institutions that have adopted ASU 2016-01, which includes provisions governing the accounting for investments in equity securities. See the instructions for further detail on ASU 2016-01.

Schedule RI—Continued

Dollar Amounts in Thousands			RIAD	Year-to-date Amount	
12. Net income (loss) attributable to bank and noncontrolling (minority) interests (sum of items 10 and 11)	G104	2,344			12.
13. LESS: Net income (loss) attributable to noncontrolling (minority) interests (if net income, report as a positive value; if net loss, report as a negative value)	G103	0			13.
14. Net income (loss) attributable to bank (item 12 minus item 13)	4340	2,344			14.

Memoranda

Dollar Amounts in Thousands	RIAD	Year-to-date Amount	
1. Interest expense incurred to carry tax-exempt securities, loans, and leases acquired after August 7, 1986, that is not deductible for federal income tax purposes	4513	0	M.1.
Memorandum item 2 is to be completed by banks with $1 billion or more in total assets. (1)			
2. Income from the sale and servicing of mutual funds and annuities (included in Schedule RI, item 8)	8431	NR	M.2.
3. Income on tax-exempt loans and leases to states and political subdivisions in the U.S. (included in Schedule RI, items 1.a and 1.b)	4313	0	M.3.
4. Income on tax-exempt securities issued by states and political subdivisions in the U.S. (included in Schedule RI, item 1.d.(3))	4507	0	M.4.
5. Number of full-time equivalent employees at end of current period (round to the nearest whole number)	4150	Number: 33	M.5.
Memorandum item 6 is to be completed by: (1) • *banks with $300 million or more in total assets, and* • *banks with less than $300 million in total assets that have loans to finance agricultural production and other loans to farmers (Schedule RC-C, Part I, item 3) exceeding 5 percent of total loans.*			
6. Interest and fee income on loans to finance agricultural production and other loans to farmers (included in Schedule RI, item 1.a.(5))	4024	Amount: NR	M.6.
7. If the reporting institution has applied push down accounting this calendar year, report the date of the institution's acquisition (see instructions) (2)	9106	Date: 0	M.7.
8. Not applicable			
Memorandum items 9.a and 9.b are to be completed by banks with $10 billion or more in total assets. (1)			
9. Net gains (losses) recognized in earnings on credit derivatives that economically hedge credit exposures held outside the trading account:			
a. Net gains (losses) on credit derivatives held for trading	C889	NR	M.9.a.
b. Net gains (losses) on credit derivatives held for purposes other than trading	C890	NR	M.9.b.
Memorandum item 10 is to be completed by banks with $300 million or more in total assets: (1)			
10. Credit losses on derivatives (see instructions)	A251	NR	M.10.
11. Does the reporting bank have a Subchapter S election in effect for federal income tax purposes for the current tax year?	A530	YES / NO: NO	M.11.
Memorandum item 12 is to be completed by banks that are required to complete Schedule RC-C, Part I, Memorandum items 8.b and 8.c. and is to be completed semiannually in the June and December reports only.			
12. Noncash income from negative amortization on closed-end loans secured by 1-4 family residential properties (included in Schedule RI, item 1.a.(1)(a))	F228	NR	M.12.

1 The asset size tests and the 5 percent of total loans test are based on total assets and total loans reported in the June 30, 2018, Report of Condition.

2 Report the date in YYYYMMDD format. For example, a bank acquired on March 1, 2019, would report 20190301.

Schedule RI—Continued

Memoranda—Continued

Dollar Amounts in Thousands	RIAD	Year-to-date Amount	
Memorandum item 13 is to be completed by banks that have elected to account for assets and liabilities under a fair value option.			
13. Net gains (losses) recognized in earnings on assets and liabilities that are reported at fair value under a fair value option:			
a. Net gains (losses) on assets	F551	NR	M.13.a.
(1) Estimated net gains (losses) on loans attributable to changes in instrument-specific credit risk	F552	NR	M.13.a1.
b. Net gains (losses) on liabilities	F553	NR	M.13.b.
(1) Estimated net gains (losses) on liabilities attributable to changes in instrument-specific credit risk	F554	NR	M.13.b1.
14. Other-than-temporary impairment losses on held-to-maturity and available-for-sale debt securities recognized in earnings (included in Schedule RI, items 6.a and 6.b) (1)	J321	0	M.14.
Memorandum item 15 is to be completed by institutions with $1 billion or more in total assets (2) that answered "Yes" to Schedule RC-E, Memorandum item 5.			
15. Components of service charges on deposit accounts (sum of Memorandum items 15.a through 15.d must equal Schedule RI, item 5.b):			
a. Consumer overdraft-related service charges levied on those transaction account and nontransaction savings account deposit products intended primarily for individuals for personal, household, or family use	H032	NR	M.15.a.
b. Consumer account periodic maintenance charges levied on those transaction account and nontransaction savings account deposit products intended primarily for individuals for personal, household, or family use	H033	NR	M.15.b.
c. Consumer customer automated teller machine (ATM) fees levied on those transaction account and nontransaction savings account deposit products intended primarily for individuals for personal, household, or family use	H034	NR	M.15.c.
d. All other service charges on deposit accounts	H035	NR	M.15.d.

1 **Memorandum item 14 is to be completed only by institutions that have not adopted ASU 2016-13.**
2 The $1 billion asset-size test is based on the total assets reported on the June 30, 2018, Report of Condition.

Schedule RI-A—Changes in Bank Equity Capital

Dollar Amounts in Thousands	RIAD	Amount	
1. Total bank equity capital most recently reported for the December 31, 2018, Reports of Condition and Income (i.e., after adjustments from amended Reports of Income)	3217	26,907	1.
2. Cumulative effect of changes in accounting principles and corrections of material accounting errors*	B507	0	2.
3. Balance end of previous calendar year as restated (sum of items 1 and 2)	B508	26,907	3.
4. Net income (loss) attributable to bank (must equal Schedule RI, item 14)	4340	2,344	4.
5. Sale, conversion, acquisition, or retirement of capital stock, net (excluding treasury stock transactions)	B509	153	5.
6. Treasury stock transactions, net	B510	0	6.
7. Changes incident to business combinations, net	4356	0	7.
8. LESS: Cash dividends declared on preferred stock	4470	0	8.
9. LESS: Cash dividends declared on common stock	4460	0	9.
10. Other comprehensive income (1)	B511	0	10.
11. Other transactions with stockholders (including a parent holding company)* (not included in items 5, 6, 8, or 9 above)	4415	0	11.
12. Total bank equity capital end of current period (sum of items 3 through 11) (must equal Schedule RC, item 27.a)	3210	29,404	12.

* Describe on Schedule RI-E—Explanations.

1 Includes, but is not limited to, changes in net unrealized holding gains (losses) on available-for-sale securities, changes in accumulated net gains (losses) on cash flow hedges, and pension and other postretirement plan-related changes other than net periodic benefit cost.

Schedule RI-B—Charge-offs and Recoveries on Loans and Leases and Changes in Allowances for Credit Losses

Part I. Charge-offs and Recoveries on Loans and Leases

Part I includes charge-offs and recoveries through the allocated transfer risk reserve.

Dollar Amounts in Thousands	(Column A) Charge-offs (1) Calendar year-to-date RIAD	Amount	(Column B) Recoveries Calendar year-to-date RIAD	Amount	
1. Loans secured by real estate:					
a. Construction, land development, and other land loans:					
(1) 1-4 family residential construction loans	C891	0	C892	0	1.a.1.
(2) Other construction loans and all land development and other land loans	C893	0	C894	0	1.a.2.
b. Secured by farmland	3584	0	3585	0	1.b.
c. Secured by 1-4 family residential properties:					
(1) Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit	5411	0	5412	0	1.c.1.
(2) Closed-end loans secured by 1-4 family residential properties:					
(a) Secured by first liens	C234	0	C217	0	1.c.2.a.
(b) Secured by junior liens	C235	0	C218	0	1.c.2.b.
d. Secured by multifamily (5 or more) residential properties	3588	0	3589	0	1.d.
e. Secured by nonfarm nonresidential properties:					
(1) Loans secured by owner-occupied nonfarm nonresidential properties	C895	0	C896	0	1.e.1.
(2) Loans secured by other nonfarm nonresidential properties	C897	0	C898	0	1.e.2.
2. and 3. Not applicable					
4. Commercial and industrial loans	4638	0	4608	0	4.
5. Loans to individuals for household, family, and other personal expenditures:					
a. Credit cards	B514	0	B515	0	5.a.
b. Automobile loans	K129	0	K133	0	5.b.
c. Other (includes revolving credit plans other than credit cards and other consumer loans)	K205	0	K206	0	5.c.
6. Not applicable					
7. All other loans (2)	4644	0	4628	0	7.
8. Lease financing receivables	4266	0	4267	0	8.
9. Total (sum of items 1 through 8)	4635	0	4605	0	9.

1 Include write-downs arising from transfers of loans to a held-for-sale account.
2 Includes charge-offs and recoveries on"Loans to depository institutions and acceptances of other banks," "Loans to finance agricultural production and other loans to farmers," "Obligations (other than securities and leases) of states and political subdivisions in the U.S.," and "Loans to non-depository financial institutions and other loans."

Schedule RI-B—Continued

Memoranda

Dollar Amounts in Thousands	RIAD	(Column A) Charge-offs (1) Calendar year-to-date Amount	RIAD	(Column B) Recoveries Calendar year-to-date Amount	
1. Loans to finance commercial real estate, construction, and land development activities (not secured by real estate) included in Schedule RI-B, Part I, items 4 and 7, above	5409	0	5410	0	M.1.
2. Memorandum items 2.a through 2.d are to be completed by banks with $300 million or more in total assets: (2)					
a. Loans secured by real estate to non-U.S. addressees (domicile) (included in Schedule RI-B, Part I, item 1, above)	4652	NR	4662	NR	M.2.a.
b. Not applicable					
c. Commercial and industrial loans to non-U.S. addressees (domicile) (included in Schedule RI-B, Part I, item 4, above)	4646	NR	4618	NR	M.2.c.
d. Leases to individuals for household, family, and other personal expenditures (included in Schedule RI-B, Part I, item 8, above)	F185	NR	F187	NR	M.2.d.
Memorandum item 3 is to be completed by: (2) • *banks with $300 million or more in total assets, and* • *banks with less than $300 million in total assets that have loans to finance agricultural production and other loans to farmers (Schedule RC-C, Part I, item 3) exceeding 5 percent of total loans.*					
3. Loans to finance agricultural production and other loans to farmers (included in Schedule RI-B, Part I, item 7, above)	4655	NR	4665	NR	M.3.

Memorandum item 4 is to be completed by banks that (1) together with affiliated institutions, have outstanding credit card receivables (as defined in the instructions) that exceed $500 million as of the report date or (2) are credit card specialty banks as defined for Uniform Bank Performance Report purposes.

	RIAD	Calendar year-to-date Amount	
4. Uncollectible retail credit card fees and finance charges reversed against income (i.e., not included in charge-offs against the allowance for loan and lease losses) (3)	C388	NR	M.4.

1 Include write-downs arising from transfers of loans to a held-for-sale account.

2 The $300 million asset size test and the five percent of total loans test are based on the total assets and total loans reported on the June 30, 2018, Report of Condition.

3 **Institutions that have adopted ASU 2016-13 should report in Memorandum item 4 uncollectible retail credit card fees and finance charges reversed against income (i.e., not included in charge-offs against the allowance for credit losses on loans and leases).**

Schedule RI-B—Continued

Part II. Changes in Allowances for Credit Losses[1]

Dollar Amounts in Thousands	(Column A) Loans and leases held for investment RIAD	Amount	(Column B) Held-to-maturity debt securities (2) RIAD	Amount	(Column C) Available-for-sale debt securities (2) RIAD	Amount	
1. Balance most recently reported for the December 31, 2018, Reports of Condition and Income (i.e., after adjustments from amended Reports of Income)	B522	2,120	JH88	NR	JH94	NR	1.
2. Recoveries (column A must equal Part I, item 9, column B, above)	4605	0	JH89	NR	JH95	NR	2.
3. LESS: Charge-offs (column A must equal Part I, item 9, column A, above less Schedule RI-B, Part II, item 4, column A)	C079	0	JH92	NR	JH98	NR	3.
4. LESS: Write-downs arising from transfers of financial assets (3)	5523	0	JJ00	NR	JJ01	NR	4.
5. Provisions for credit losses (4,5)	4230	748	JH90	NR	JH96	NR	5.
6. Adjustments* (see instructions for this schedule)	C233	0	JH91	NR	JH97	NR	6.
7. Balance end of current period (sum of items 1, 2, 5, and 6, less items 3 and 4) (column A must equal Schedule RC, item 4.c)	3123	2,868	JH93	NR	JH99	NR	7.

* Describe on Schedule RI-E - Explanations.

1 Institutions that have not yet adopted ASU 2016-13 should report changes in the allowance for loan and lease losses in column A.

2 Columns B and C are to be completed only by institutions that have adopted ASU 2016-13.

3 Institutions that have not yet adopted ASU 2016-13 should report write-downs arising from transfers of loans to a held-for-sale account in item 4, column A.

4 Institutions that have not yet adopted ASU 2016-13 should report the provision for loan and lease losses in item 5, column A, and the amount reported must equal Schedule RI, item 4.

5 For institutions that have adopted ASU 2016-13, the sum of item 5, columns A through C, plus Schedule RI-B, Part II, Memorandum item 5, below, must equal Schedule RI, item 4.

Memoranda

Dollar Amounts in Thousands	RIAD	Amount	
1. Allocated transfer risk reserve included in Schedule RI-B, Part II, item 7, column A, above	C435	0	M.1.
Memorandum items 2 and 3 are to be completed by banks that (1) together with affiliated institutions, have outstanding credit card receivables (as defined in the instructions) that exceed $500 million as of the report date, or (2) are credit card specialty banks as defined for Uniform Bank Performance Report purposes.			
2. Separate valuation allowance for uncollectible retail credit card fees and finance charges	C389	NR	M.2.
3. Amount of allowance for loan and lease losses attributable to retail credit card fees and finance charges (1)	C390	NR	M.3.
4. Amount of allowance for post-acquisition credit losses on purchased credit-impaired loans accounted for in accordance with FASB ASC 310-30 (former AICPA Statement of Position 03-3) (included in Schedule RI-B, Part II, item 7, column A, above) (2)	C781	0	M.4.
5. Provisions for credit losses on other financial assets measured at amortized cost (not included in item 5, above) (3)	JJ02	NR	M.5.
6. Allowance for credit losses on other financial assets measured at amortized cost (not included in item 7, above) (3)	RCON JJ03	NR	M.6.

1 Institutions that have adopted ASU 2016-13 should report in Memorandum item 3 the amount of allowance for credit losses on loans and leases attributable to retail credit fees and finance charges.

2 Memorandum item 4 is to be completed only by institutions that have not yet adopted ASU 2016-13.

3 Memorandum items 5 and 6 are to be completed only by institutions that have adopted ASU 2016-13.

Schedule RI-E—Explanations

Schedule RI-E is to be completed each quarter on a calender year-to-date basis.

Detail all adjustments in Schedule RI-A and RI-B, all discontinued operations in Schedule RI, and all significant items of other noninterest income and other noninterest expense in Schedule RI (See instructions for details.)

Dollar Amounts in Thousands	RIAD	Year-to-date Amount	
1. Other noninterest income (from Schedule RI, item 5.l) Itemize and describe amounts greater than $100,000 that exceed 7% of Schedule RI, item 5.l:			
a. Income and fees from the printing and sale of checks	C013	0	1.a.
b. Earnings on/increase in value of cash surrender value of life insurance	C014	0	1.b.
c. Income and fees from automated teller machines (ATMs)	C016	0	1.c.
d. Rent and other income from other real estate owned	4042	0	1.d.
e. Safe deposit box rent	C015	0	1.e.
f. Bank card and credit card interchange fees	F555	0	1.f.
g. Income and fees from wire transfers not reportable as service charges on deposit accounts	T047	0	1.g.
h. TEXT 4461	4461	0	1h.
i. TEXT 4462	4462	0	1i.
j. TEXT 4463	4463	0	1j.
2. Other noninterest expense (from Schedule RI, item 7.d) Itemize and describe amounts greater than $100,000 that exceed 7% of Schedule RI, item 7.d:			
a. Data processing expenses	C017	544	2.a.
b. Advertising and marketing expenses	0497	147	2.b.
c. Directors' fees	4136	0	2.c.
d. Printing, stationery, and supplies	C018	0	2.d.
e. Postage	8403	0	2.e.
f. Legal fees and expenses	4141	0	2.f.
g. FDIC deposit insurance assessments	4146	123	2.g.
h. Accounting and auditing expenses	F556	149	2.h.
i. Consulting and advisory expenses	F557	173	2.i.
j. Automated teller machine (ATM) and interchange expenses	F558	0	2.j.
k. Telecommunications expenses	F559	0	2.k.
l. Other real estate owned expenses	Y923	0	2.l.
m. Insurance expenses (not included in employee expenses, premises and fixed asset expenses, and other real estate owned expenses)	Y924	0	2.m.
n. TEXT 4464	4464	0	2.n.
o. TEXT 4467	4467	0	2.o.
p. TEXT 4468	4468	0	2.p.
3. Discontinued operations and applicable income tax effect (from Schedule RI, item 11) (itemize and describe each discontinued operation):			
a. (1) TEXT FT29	FT29	0	3.a.1.
(2) Applicable income tax effect — FT30: 0			3.a.2.
b. (1) TEXT FT31	FT31	0	3.b.1.
(2) Applicable income tax effect — FT32: 0			3.b.2.

Schedule RI-E—Continued

Dollar Amounts in Thousands	RIAD	Year-to-date Amount	
4. Cumulative effect of changes in accounting principles and corrections of material accounting errors (from Schedule RI-A, item 2) (itemize and describe all such effects):			
a. Effect of adoption of current expected credit losses methodology – ASU 2016-13 (1,2)	JJ26	NR	4.a.
b. Effect of adoption of lease accounting standard – ASC Topic 842	KW17		4.b.
c. TEXT B526	B526	0	4.c.
d. TEXT B527	B527	0	4.d.
5. Other transactions with stockholders (including a parent holding company) (from Schedule RI-A, item 11) (itemize and describe all such transactions):			
a. TEXT 4498	4498	0	5.a.
b. TEXT 4499	4499	0	5.b.
6. Adjustments to allowances for credit losses (3) (from Schedule RI-B, Part II, item 6) (itemize and describe all adjustments):			
a. Initial allowances for credit losses recognized upon the acquisition of purchased credit-deteriorated assets on or after the effective date of ASU 2016-13 (1)	JJ27	NR	6.a.
b. Effect of adoption of current expected credit losses methodology on allowances for credit losses (1,2)	JJ28	NR	6.b.
c. TEXT 4521	4521	0	6.c.
d. TEXT 4522	4522	0	6.d.

7. Other explanations (the space below is provided for the bank to briefly describe, at its option, any other significant items affecting the Report of Income):

	RIAD	YES / NO	
Comments?	4769	NO	7.

Other explanations (please type or print clearly):
(TEXT 4769)

1 Only institutions that have adopted ASU 2016-13 should report amounts in items 4.a, 6.a, and 6.b, if applicable.

2 An institution should complete item 4.a and item 6.b in the quarter that it adopts ASU 2016-13 and in the quarter-end Call Reports for the remainder of that calendar year only.

3 Institutions that have not adopted ASU 2016-13 should report adjustments to the allowance for loan and lease losses in items 6.c and 6.d, if applicable.

Consolidated Report of Condition for Insured Banks and Savings Associations for December 31, 2019

All schedules are to be reported in thousands of dollars. Unless otherwise indicated, report the amount outstanding as of the last business day of the quarter.

Schedule RC—Balance Sheet

Dollar Amounts in Thousands			RCON	Amount	
Assets					
1. Cash and balances due from depository institutions (from Schedule RC-A):					
a. Noninterest-bearing balances and currency and coin (1)			0081	661	1.a.
b. Interest-bearing balances (2)			0071	58,818	1.b.
2. Securities:					
a. Held-to-maturity securities (from Schedule RC-B, column A) (3)			JJ34	1,753	2.a.
b. Available-for-sale securities (from Schedule RC-B, column D)			1773	0	2.b.
c. Equity securities with readily determinable fair values not held for trading (4)			JA22	NR	2.c.
3. Federal funds sold and securities purchased under agreements to resell:					
a. Federal funds sold			B987	0	3.a.
b. Securities purchased under agreements to resell (5,6)			B989	0	3.b.
4. Loans and lease financing receivables (from Schedule RC-C):					
a. Loans and leases held for sale			5369	0	4.a.
b. Loans and leases held for investment	B528	236,507			4.b.
c. LESS: Allowance for loan and lease losses (7)	3123	2,868			4.c.
d. Loans and leases held for investment, net of allowance (item 4.b minus 4.c)			B529	233,639	4.d.
5. Trading assets (from Schedule RC-D)			3545	0	5.
6. Premises and fixed assets (including capitalized leases)			2145	1,775	6.
7. Other real estate owned (from Schedule RC-M)			2150	0	7.
8. Investments in unconsolidated subsidiaries and associated companies			2130	0	8.
9. Direct and indirect investments in real estate ventures			3656	0	9.
10. Intangible assets (from Schedule RC-M)			2143	0	10.
11. Other assets (from Schedule RC-F) (6)			2160	2,540	11.
12. Total assets (sum of items 1 through 11)			2170	299,186	12.
Liabilities					
13. Deposits:					
a. In domestic offices (sum of totals of columns A and C from Schedule RC-E)			2200	267,525	13.a.
(1) Noninterest-bearing (8)	6631	72,283			13.a.1.
(2) Interest-bearing	6636	195,242			13.a.2.
b. Not applicable					
14. Federal funds purchased and securities sold under agreements to repurchase:					
a. Federal funds purchased (9)			B993	0	14.a.
b. Securities sold under agreements to repurchase (10)			B995	0	14.b.
15. Trading liabilities (from Schedule RC-D)			3548	0	15.
16. Other borrowed money (includes mortgage indebtedness) (from Schedule RC-M)			3190	0	16.
17. and 18. Not applicable					
19. Subordinated notes and debentures (11)			3200	0	19.

1 Includes cash items in process of collection and unposted debits.
2 Includes time certificates of deposit not held for trading.
3 **Institutions that have adopted ASU 2016-13 should report in item 2.a amounts net of any applicable allowance for credit losses, and item 2.a should equal Schedule RC-B, item 8, column A, less Schedule RI-B, Part II, item 7, column B.**
4 Item 2.c is to be completed only by institutions that have adopted ASU 2016-01, which includes provisions governing the accounting for investments in equity securities. See the instructions for further detail on ASU 2016-01.
5 Includes all securities resale agreements, regardless of maturity.
6 **Institutions that have adopted ASU 2016-13 should report in items 3.b and 11 amounts net of any applicable allowance for credit losses.**
7 **Institutions that have adopted ASU 2016-13 should report in item 4.c the allowance for credit losses on loans and leases.**
8 Includes noninterest-bearing, demand, time, and savings deposits.
9 Report overnight Federal Home Loan Bank advances in Schedule RC, item 16, "Other borrowed money."
10 Includes all securities repurchase agreements, regardless of maturity.
11 Includes limited-life preferred stock and related surplus.

Schedule RC—Continued

Dollar Amounts in Thousands	RCON	Amount	
Liabilities—continued			
20. Other liabilities (from Schedule RC-G)	2930	2,257	20.
21. Total liabilities (sum of items 13 through 20)	2948	269,782	21.
22. Not applicable			
Equity Capital			
Bank Equity Capital			
23. Perpetual preferred stock and related surplus	3838	0	23.
24. Common stock	3230	30	24.
25. Surplus (excludes all surplus related to preferred stock)	3839	30,761	25.
26. a. Retained earnings	3632	(1,362)	26.a.
b. Accumulated other comprehensive income (1)	B530	0	26.b.
c. Other equity capital components (2)	A130	(25)	26.c.
27. a. Total bank equity capital (sum of items 23 through 26.c)	3210	29,404	27.a.
b. Noncontrolling (minority) interests in consolidated subsidiaries	3000	0	27.b.
28. Total equity capital (sum of items 27.a and 27.b)	G105	29,404	28.
29. Total liabilities and equity capital (sum of items 21 and 28)	3300	299,186	29.

Memoranda

To be reported with the March Report of Condition.

	RCON	Number	
1. Indicate in the box at the right the number of the statement below that best describes the most comprehensive level of auditing work performed for the bank by independent external auditors as of any date during 2018	6724	NR	M.1.

1a = An integrated audit of the reporting institution's financial statements and its internal control over financial reporting conducted in accordance with the standards of the American Institute of Certified Public Accountants (AICPA) or the Public Company Accounting Oversight Board (PCAOB) by an independent public accountant that submits a report on the institution

1b = An audit of the reporting institution's financial statements only conducted in accordance with the auditing standards of the AICPA or the PCAOB by an independent public accountant that submits a report on the institution

2a = An integrated audit of the reporting institution's parent holding company's consolidated financial statements and its internal control over financial reporting conducted in accordance with the standards of the AICPA or the PCAOB by an independent public accountant that submits a report on the consolidated holding company (but not on the institution separately)

2b = An audit of the reporting institution's parent holding company's consolidated financial statements only conducted in accordance with the auditing standards of the AICPA or the PCAOB by an independent public accountant that submits a report on the consolidated holding company (but not on the institution separately)

3 = This number is not to be used

4 = Directors' examination of the bank conducted in accordance with generally accepted auditing standards by a certified public accounting firm (may be required by state-chartering authority)

5 = Directors' examination of the bank performed by other external auditors (may be required by state-chartering authority)

6 = Review of the bank's financial statements by external auditors

7 = Compilation of the bank's financial statements by external auditors

8 = Other audit procedures (excluding tax preparation work)

9 = No external audit work

To be reported with the March Report of Condition.

	RCON	Date	
2. Bank's fiscal year-end date (report the date in MMDD format)	8678	NR	M.2.

1 Includes, but is not limited to, net unrealized holding gains (losses) on available-for-sale securities, accumulated net gains (losses) on cash flow hedges, and accumulated defined benefit pension and other postretirement plan adjustments.

2 Includes treasury stock and unearned Employee Stock Ownership Plan shares.

Schedule RC-A—Cash and Balances Due From Depository Institutions

Schedule RC-A is to be completed only by banks with $300 million or more in total assets.[1]
Exclude assets held for trading.

Dollar Amounts in Thousands	RCON	Amount	
1. Cash items in process of collection, unposted debits, and currency and coin:			
a. Cash items in process of collection and unposted debits	0020	NR	1.a.
b. Currency and coin	0080	NR	1.b.
2. Balances due from depository institutions in the U.S.	0082	NR	2.
3. Balances due from banks in foreign countries and foreign central banks	0070	NR	3.
4. Balances due from Federal Reserve Banks	0090	NR	4.
5. Total (sum of items 1 through 4) (must equal Schedule RC, sum of items 1.a and 1.b)	0010	NR	5.

1 The $300 million asset size test is based on the total assets reported on the June 30, 2018, Report of Condition.

Schedule RC-B—Securities

Exclude assets held for trading.

	Held-to-maturity				Available-for-sale				
	(Column A) Amortized Cost		(Column B) Fair Value		(Column C) Amortized Cost		(Column D) Fair Value		
Dollar Amounts in Thousands	RCON	Amount	RCON	Amount	RCON	Amount	RCON	Amount	
1. U.S. Treasury securities	0211	0	0213	0	1286	0	1287	0	1.
2. U.S. Government agency and sponsored agency obligations (exclude mortgage-backed securities) (1)	HT50	0	HT51	0	HT52	0	HT53	0	2.
3. Securities issued by states and political subdivisions in the U.S.	8496	0	8497	0	8498	0	8499	0	3.

1 Includes Small Business Administration "Guaranteed Loan Pool Certificates," U.S. Maritime Administration obligations", Export –Import Bank participation certificates", and obligations (other than mortgage-backed securities) issued by the Farm Credit System, the Federal Home Loan Bank System, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Resolution Funding Corporation, the Student Loan Marketing Association, and the Tennessee Valley Authority.

Schedule RC-B—Continued

	Held-to-maturity				Available-for-sale				
	(Column A) Amortized Cost		(Column B) Fair Value		(Column C) Amortized Cost		(Column D) Fair Value		
Dollar Amounts in Thousands	RCON	Amount	RCON	Amount	RCON	Amount	RCON	Amount	
4. Mortgage-backed securities (MBS):									
a. Residential mortgage pass-through securities:									
(1) Guaranteed by GNMA	G300	192	G301	191	G302	0	G303	0	4.a.1.
(2) Issued by FNMA and FHLMC	G304	1,561	G305	1,552	G306	0	G307	0	4.a.2.
(3) Other pass-through securities	G308	0	G309	0	G310	0	G311	0	4.a.3.
b. Other residential mortgage-backed securities (include CMOs, REMICs, and stripped MBS):									
(1) Issued or guaranteed by U.S. Government agencies or sponsored agencies (2)	G312	0	G313	0	G314	0	G315	0	4.b.1.
(2) Collateralized by MBS issued or guaranteed by U.S. Government agencies or sponsored agencies (2)	G316	0	G317	0	G318	0	G319	0	4.b.2.
(3) All other residential MBS	G320	0	G321	0	G322	0	G323	0	4.b.3.
c. Commercial MBS:									
(1) Commercial mortgage pass-through securities:									
(a) Issued or guaranteed by FNMA, FHLMC, or GNMA	K142	0	K143	0	K144	0	K145	0	4.c.1.a.
(b) Other pass-through securities	K146	0	K147	0	K148	0	K149	0	4.c.1.b.

1 U.S. Government agencies include, but are not limited to, such agencies as the Government National Mortgage Association (GNMA), the Federal Deposit Insurance Corporation (FDIC), and the National Credit Union Administration (NCUA). U.S. Government-sponsored agencies include, but are not limited to, such agencies as the Federal Home Loan Mortgage Corporation (FHLMC) and the Federal National Mortgage Association (FNMA).

Schedule RC-B—Continued

	Held-to-maturity				Available-for-sale				
	(Column A) Amortized Cost		(Column B) Fair Value		(Column C) Amortized Cost		(Column D) Fair Value		
Dollar Amounts in Thousands	RCON	Amount	RCON	Amount	RCON	Amount	RCON	Amount	
4. c.(2) Other commercial MBS:									
(a) Issued or guaranteed by U.S. Government agencies or sponsored agencies(1)........................	K150	0	K151	0	K152	0	K153	0	4.c.2.a.
(b) All other commercial MBS......................	K154	0	K155	0	K156	0	K157	0	4.c.2.b.
5. Asset-backed securities and structured financial products:									
a. Asset-backed securities (ABS)..	C026	0	C988	0	C989	0	C027	0	5.a.
b. Structured financial products..	HT58	0	HT59	0	HT60	0	HT61	0	5.b.
6. Other debt securities:									
a. Other domestic debt securities..	1737	0	1738	0	1739	0	1741	0	6.a.
b. Other foreign debt securities...	1742	0	1743	0	1744	0	1746	0	6.b.
7. Investments in mutual funds and other equity securities with readily determinable fair values (2, 3)..					A510	0	A511	0	7.
8. Total (sum of items 1 through 7) (4)...	1754	1,753	1771	1,743	1772	0	1773	0	8.

1 U.S. Government agencies include, but are not limited to, such agencies as the Government National Mortgage Association (GNMA), the Federal Deposit Insurance Corporation (FDIC), and the National Credit Union Administration (NCUA). U.S. Government-sponsored agencies include, but are not limited to, such agencies as the Federal Home Loan Mortgage Corporation (FHLMC) and the Federal National Mortgage Association (FNMA).

2 Report Federal Reserve stock, Federal Home Loan Bank stock, and bankers' bank stock in Schedule RC-F, item 4.

3 Item 7 is to be completed only by institutions that have not adopted ASU 2016-01, which includes provisions governing the accounting for investments in equity securities. See the instructions for further detail on ASU 2016-01.

4 **For institutions that have adopted ASU 2016-13, the total reported in column A must equal Schedule RC, item 2.a, plus Schedule RI-B, Part II, item 7, column B. For institutions that have not adopted ASU 2016-13, the total reported in column A must equal Schedule RC, item 2.a. For all institutions, the total reported in column D must equal Schedule RC, item 2.b.**

Schedule RC-B—Continued

Memoranda

Dollar Amounts in Thousands	RCON	Amount	
1. Pledged securities (1)	0416	682	M.1.
2. Maturity and repricing data for debt securities (1), (2) (excluding those in nonaccrual status):			
a. Securities issued by the U.S. Treasury, U.S. Government agencies, and states and political subdivisions in the U.S.; other non-mortgage debt securities; and mortgage pass-through securities other than those backed by closed-end first lien 1-4 family residential mortgages with a remaining maturity or next repricing date of: (3), (4)			
(1) Three months or less	A549	0	M.2.a.1.
(2) Over three months through 12 months	A550	0	M.2.a.2.
(3) Over one year through three years	A551	0	M.2.a.3.
(4) Over three years through five years	A552	0	M.2.a.4.
(5) Over five years through 15 years	A553	0	M.2.a.5.
(6) Over 15 years	A554	0	M.2.a.6.
b. Mortgage pass-through securities backed by closed-end first lien 1-4 family residential mortgages with a remaining maturity or next repricing date of: (3), (5)			
(1) Three months or less	A555	192	M.2.b.1.
(2) Over three months through 12 months	A556	0	M.2.b.2.
(3) Over one year through three years	A557	0	M.2.b.3.
(4) Over three years through five years	A558	229	M.2.b.4.
(5) Over five years through 15 years	A559	1,332	M.2.b.5.
(6) Over 15 years	A560	0	M.2.b.6.
c. Other mortgage-backed securities (include CMOs, REMICs, and stripped MBS; exclude mortgage pass-through securities) with an expected average life of: (6)			
(1) Three years or less	A561	0	M.2.c.1.
(2) Over three years	A562	0	M.2.c.2.
d. Debt securities with a REMAINING MATURITY of one year or less (included in Memorandum items 2.a through 2.c above)	A248	0	M.2.d.
Memorandum item 3 is to be completed semiannually in the June and December reports only.			
3. Amortized cost of held-to-maturity securities sold or transferred to available-for-sale or trading securities during the calendar year-to-date (report the amortized cost at date of sale or transfer)	1778	0	M.3.
4. Structured notes (included in the held-to-maturity and available-for-sale accounts in Schedule RC-B, items 2, 3, 5, and 6):			
a. Amortized cost	8782	0	M.4.a.
b. Fair value	8783	0	M.4.b.

1 Includes held-to-maturity securities at amortized cost and available-for-sale securities at fair value.
2 Exclude investments in mutual funds and other equity securities with readily determinable fair values.
3 Report fixed rate debt securities by remaining maturity and floating rate debt securities by next repricing date.
4 Sum of Memorandum items 2.a.(1) through 2.a.(6) plus any nonaccrual debt securities in the categories of debt securities reported in Memorandum item 2.a that are included in Schedule RC-N, item 10, column C, must equal Schedule RC-B, sum of items 1, 2, 3, 4.c.(1), 5, and 6, columns A and D, plus residential mortgage pass-through securities other than those backed by closed-end first lien 1 –4 family residential mortgages included in Schedule RC-B, item 4.a, columns A and D.
5 Sum of Memorandum items 2.b.(1) through 2.b.(6) plus any nonaccrual mortgage pass-through securities backed by closed-end first lien 1 –4 family residential mortgages included in Schedule RC-N, item 10, column C, must equal Schedule RC-B, item 4.a, sum of columns A and D, less the amount of residential mortgage pass-through securities other than those backed by closed-end first lien 1 –4 family residential mortgages included in Schedule RC-B, item 4.a, columns A and D.
6 Sum of Memorandum items 2.c.(1) and 2.c.(2) plus any nonaccrual "Other mortgage-backed securities" included in Schedule RC-N, item 10, column C, must equal Schedule RC-B, sum of items 4.b and 4.c.(2), columns A and D.

Schedule RC-B—Continued

Memoranda—Continued

Dollar Amounts in Thousands	Held-to-maturity (Column A) Amortized Cost RCON	Amount	Held-to-maturity (Column B) Fair Value RCON	Amount	Available-for-sale (Column C) Amortized Cost RCON	Amount	Available-for-sale (Column D) Fair Value RCON	Amount	
Memorandum items 5.a through 5.f are to be completed by banks with $10 billion or more in total assets. (1)									
5. Asset-backed securities (ABS) (for each column, sum of Memorandum items 5.a through 5.f must equal Schedule RC-B, item 5.a):									
a. Credit card receivables	B838	NR	B839	NR	B840	NR	B841	NR	M.5.a.
b. Home equity lines	B842	NR	B843	NR	B844	NR	B845	NR	M.5.b.
c. Automobile loans	B846	NR	B847	NR	B848	NR	B849	NR	M.5.c.
d. Other consumer loans	B850	NR	B851	NR	B852	NR	B853	NR	M.5.d.
e. Commercial and industrial loans	B854	NR	B855	NR	B856	NR	B857	NR	M.5.e.
f. Other	B858	NR	B859	NR	B860	NR	B861	NR	M.5.f.

1 The $10 billion asset size test is based on the total assets reported on the June 30, 2018, Report of Condition.

Schedule RC-B—Continued

Memoranda—Continued

Dollar Amounts in Thousands	Held-to-maturity				Available-for-sale				
	(Column A) Amortized Cost		(Column B) Fair Value		(Column C) Amortized Cost		(Column D) Fair Value		
	RCON	Amount	RCON	Amount	RCON	Amount	RCON	Amount	
Memorandum items 6.a through 6.g are to be completed by banks with $10 billion or more in total assets. (1)									
6. Structured financial products by underlying collateral or reference assets (for each column, sum of Memorandum items 6.a through 6.g must equal Schedule RC-B, items 5.b):									
a. Trust preferred securities issued by financial institutions	G348	NR	G349	NR	G350	NR	G351	NR	M.6.a.
b. Trust preferred securities issued by real estate investment trusts	G352	NR	G353	NR	G354	NR	G355	NR	M.6.b.
c. Corporate and similar loans	G356	NR	G357	NR	G358	NR	G359	NR	M.6.c.
d. 1-4 family residential MBS issued or guaranteed by U.S. government-sponsored enterprises (GSEs)	G360	NR	G361	NR	G362	NR	G363	NR	M.6.d.
e. 1-4 family residential MBS not issued or guaranteed by GSEs	G364	NR	G365	NR	G366	NR	G367	NR	M.6.e.
f. Diversified (mixed) pools of structured financial products	G368	NR	G369	NR	G370	NR	G371	NR	M.6.f.
g. Other collateral or reference assets	G372	NR	G373	NR	G374	NR	G375	NR	M.6.g.

1 The $10 billion asset size test is based on the total assets reported on the June 30, 2018, Report of Condition.

Schedule RC-C—Loans and Lease Financing Receivables

Part I. Loans and Leases

Do not deduct the allowance for loan and lease losses or the allocated transfer risk reserve from amounts reported in this schedule.[1] Report (1) loans and leases held for sale at the lower of cost or fair value, (2) loans and leases held for investment, net of unearned income, and (3) loans and leases accounted for at fair value under a fair value option. Exclude assets held for trading and commercial paper.

Dollar Amounts in Thousands	(Column A) To Be Completed by Banks with $300 Million or More in Total Assets (2) RCON	Amount	(Column B) To Be Completed by All Banks RCON	Amount	
1. Loans secured by real estate:					
a. Construction, land development, and other land loans:					
(1) 1-4 family residential construction loans			F158	5,377	1.a.1.
(2) Other construction loans and all land development and other land loans			F159	23,861	1.a.2.
b. Secured by farmland (including farm residential and other improvements)			1420	0	1.b.
c. Secured by 1-4 family residential properties:					
(1) Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit			1797	0	1.c.1.
(2) Closed-end loans secured by 1-4 family residential properties:					
(a) Secured by first liens			5367	14,919	1.c.2.a.
(b) Secured by junior liens			5368	379	1.c.2.b.
d. Secured by multifamily (5 or more) residential properties			1460	28,647	1.d.
e. Secured by nonfarm nonresidential properties:					
(1) Loans secured by owner-occupied nonfarm nonresidential properties			F160	51,601	1.e.1.
(2) Loans secured by other nonfarm nonresidential properties			F161	55,004	1.e.2.
2. Loans to depository institutions and acceptances of other banks			1288	0	2.
a. To commercial banks in the U.S.:	B531	NR			2.a.
b. To other depository institutions in the U.S.	B534	NR			2.b.
c. To banks in foreign countries	B535	NR			2.c.
3. Loans to finance agricultural production and other loans to farmers			1590	0	3.
4. Commercial and industrial loans			1766	57,008	4.
a. To U.S. addressees (domicile)	1763	NR			4.a.
b. To non-U.S. addressees (domicile)	1764	NR			4.b.
5. Not applicable					
6. Loans to individuals for household, family, and other personal expenditures (i.e., consumer loans) (includes purchased paper):					
a. Credit Cards			B538	0	6.a.
b. Other revolving credit plans			B539	0	6.b.
c. Automobile loans			K137	0	6.c.
d. Other consumer loans (includes single payment and installment loans other than automobile loans and all student loans)			K207	0	6.d.
7. Not applicable					
8. Obligations (other than securities and leases) of states and political subdivisions in the U.S.			2107	0	8.

1 **Institutions that have adopted ASU 2016-13 should not deduct the allowance for credit losses on loans and leases or the allocated transfer risk reserve from amounts reported on this schedule.**

2 The $300 million asset size test is based on the total assets reported on the June 30, 2018, Report of Condition.

Schedule RC-C—Continued

Part I. Continued

Dollar Amounts in Thousands	(Column A) To Be Completed by Banks with $300 Million or More in Total Assets (1) RCON	Amount	(Column B) To Be Completed by All Banks RCON	Amount	
9. Loans to nondepository financial institutions and other loans:					
a. Loans to nondepository financial institutions			J454	0	9.a.
b. Other loans			J464	11	9.b.
(1) Loans for purchasing or carrying securities (secured and unsecured)	1545	NR			9.b.1.
(2) All other loans (exclude consumer loans)	J451	NR			9.b.2.
10. Lease financing receivables (net of unearned income)			2165	0	10.
a. Leases to individuals for household, family, and other personal expenditures (i.e., consumer leases)	F162	NR			10.a.
b. All other leases	F163	NR			10.b.
11. LESS: Any unearned income on loans reflected in items 1-9 above			2123	300	11.
12. Total loans and leases held for investment and held for sale (sum of items 1 through 10 minus item 11) (must equal Schedule RC, sum of items 4.a and 4.b)			2122	236,507	12.

Memoranda

Dollar Amounts in Thousands	RCON	Amount	RCON	Amount	
1. Loans restructured in troubled debt restructurings that are in compliance with their modified terms (included in Schedule RC-C, Part I, and not reported as past due or nonaccrual in Schedule RC-N, Memorandum item 1):					
a. Construction, land development, and other land loans:					
(1) 1-4 family residential construction loans			K158	0	M.1.a.1.
(2) Other construction loans and all land development and other land loans			K159	0	M.1.a.2.
b. Loans secured by 1-4 family residential properties			F576	0	M.1.b.
c. Secured by multifamily (5 or more) residential properties			K160	0	M.1.c.
d. Secured by nonfarm nonresidential properties:					
(1) Loans secured by owner-occupied nonfarm nonresidential properties			K161	0	M.1.d.1.
(2) Loans secured by other nonfarm nonresidential properties			K162	0	M.1.d.2.
e. Commercial and industrial loans			K256	0	M.1.e.
Memorandum items 1.e.1 and 2 are to be completed by banks with $300 millon or more in total assets. (1) (sum of Memorandum items 1.e.1 and 2 must equal Memorandum item 1.e.):					
(1) To U.S. addressees (domicile)	K163	NR			M.1.e.1.
(2) To non-U.S. addressees (domicile)	K164	NR			M.1.e.2.
f. All other loans (include loans to individuals for household, family, and other personal expenditures)			K165	0	M.1.f.
Itemize loan categories included in Memorandum item 1.f, above that exceed 10% of total loans restructured in troubled debt restructurings that are in compliance with their modified terms (sum of Memorandum items 1.a through 1.e plus 1.f):					
(1) Loans secured by farmland	K166	0			M.1.f.1.
(2)-(3) Not applicable					

1 The $300 million asset size test is based on the total assets reported on the June 30, 2018, Report of Condition.

Schedule RC-C—Continued

Part I—Continued

Memoranda—Continued

Dollar Amounts in Thousands			RCON	Amount	
1.f. (4) Loans to individuals for household, family, and other personal expenditures:					
(a) Credit cards	K098	0			M.1.f.4.a.
(b) Automobile loans	K203	0			M.1.f.4.b.
(c) Other (includes revolving credit plans other than credit cards and other consumer loans)	K204	0			M.1.f.4.c.
Memorandum item 1.f.(5) is to be completed by: (1) *• Banks with $300 millon or more in total assets* *• Banks with less than $300 millon in total assets that have loans to finance agricultural production and other loans to farmers (Schedule RC-C, Part I, item 3) exceeding 5 percent of total loans*					
(5) Loans to finance agricultural production and other loans to farmers included in Schedule RC-C, Part I, Memorandum item 1.f, above	K168	NR			M.1.f.5.
g. Total loans restructured in troubled debt restructurings that are in compliance with their modified terms (sum of Memorandum items 1.a.(1) through 1.e plus 1.f)			HK25	0	M.1.g.
2. Maturity and repricing data for loans and leases (excluding those in nonaccrual status):					
a. Closed-end loans secured by first liens on 1-4 family residential properties (reported in Schedule RC-C, Part I, item 1.c.(2)(a), column B, above) with a remaining maturity or next repricing date of: (2), (3)					
(1) Three months or less			A564	1,079	M.2.a.1.
(2) Over three months through 12 months			A565	967	M.2.a.2.
(3) Over one year through three years			A566	2,861	M.2.a.3.
(4) Over three years through five years			A567	8,487	M.2.a.4.
(5) Over five years through 15 years			A568	1,140	M.2.a.5.
(6) Over 15 years			A569	0	M.2.a.6.
b. All loans and leases (reported in Schedule RC-C, Part I, items 1 through 10, column B, above) EXCLUDING closed-end loans secured by first liens on 1-4 family residential properties (reported in Schedule RC-C, Part I, item 1.c.(2)(a), column B, above) with a remaining maturity or next repricing date of: (2), (4)					
(1) Three months or less			A570	50,849	M.2.b.1.
(2) Over three months through 12 months			A571	2,092	M.2.b.2.
(3) Over one year through three years			A572	34,388	M.2.b.3.
(4) Over three years through five years			A573	74,523	M.2.b.4.
(5) Over five years through 15 years			A574	54,431	M.2.b.5.
(6) Over 15 years			A575	1,968	M.2.b.6.
c. Loans and leases (reported in Schedule RC-C, Part I, items 1 through 10, column B, above) with a REMAINING MATURITY of one year or less (excluding those in nonaccrual status)			A247	11	M.2.c.

1 The $300 million asset size test and the 5 percent of total loans test are based on the total assets and total loans reported on the June 30, 2018, Report of Condition.

2 Report fixed rate loans and leases by remaining maturity and floating rate loans by next repricing date.

3 Sum of Memorandum items 2.a.(1) through 2.a.(6) plus total nonaccrual closed-end loans secured by first liens on 1 –4 family residential properties included in Schedule RC-N, 1.c.(2)(a), column C, must equal total closed-end loans secured by first liens on 1 –4 family residential properties from Schedule RC-C, part I, item 1.c.(2)(a), column B.

4 Sum of Memorandum items 2.b.(1) through 2.b.(6), plus total nonaccrual loans and leases from Schedule RC-N, item 9, column C, minus nonaccrual closed-end loans secured by first liens on 1 –4 family residential properties included in Schedule RC-N, item 1.c.(2)(a), column C, must equal total loans and leases from Schedule RC-C, Part I, sum of items 1 through 10, column B, minus total closed-end loans secured by first liens on 1 –4 family residential properties from Schedule RC-C, Part I, item 1.c.(2)(a), column B.

Schedule RC-C—Continued

Part I—Continued

Memoranda—Continued

Dollar Amounts in Thousands	RCON	Amount	
3. Loans to finance commercial real estate, construction, and land development activities (not secured by real estate) included in Schedule RC-C, Part I, items 4 and 9, column B (1)	2746	0	M.3.
4. Adjustable rate closed-end loans secured by first liens on 1-4 family residential properties (included in Schedule RC-C, Part I, item 1.c.(2)(a), column B)	5370	13,952	M.4.
5. To be completed by banks with $300 million or more in total assets: (2) Loans secured by real estate to non-U.S. addressees (domicile) (included in Schedule RC-C, Part I, items 1.a through 1.e, column B)	B837	NR	M.5.
Memorandum item 6 is to be completed by banks that (1) together with affiliated institutions, have outstanding credit card receivables (as defined in the instructions) that exceed $500 million as of the report date or (2) are credit card specialty banks as defined for Uniform Bank Performance Report purposes.			
6. Outstanding credit card fees and finance charges included in Schedule RC-C, Part I, item 6.a.	C391	NR	M.6.
Memorandum items 7.a, 7.b, and 8.a are to be completed by all banks semiannually in the June and December reports only. (3)			
7. Purchased credit-impaired loans held for investment accounted for in accordance with FASB ASC 310-30 (former AICPA Statement of Position 03-3) (exclude loans held for sale):			
a. Outstanding balance	C779	0	M.7.a.
b. Amount included in Schedule RC-C, Part I, items 1 through 9	C780	0	M.7.b.
8. Closed-end loans with negative amortization features secured by 1-4 family residential properties:			
a. Total amount of closed-end loans with negative amortization features secured by 1-4 family residential properties (included in Schedule RC-C, Part I, items 1.c.(2)(a) and (b))	F230	0	M.8.a.
Memorandum items 8.b and 8.c are to be completed semiannually in the June and December reports only by banks that had closed-end loans with negative amortization features secured by 1–4 family residential properties (as reported in Schedule RC-C, Part I, Memorandum item 8.a.) as of December 31, 2018, that exceeded the lesser of $100 million or 5 percent of total loans and leases held for investment and held for sale (as reported in Schedule RC-C, Part I, item 12, column B).			
b. Total maximum remaining amount of negative amortization contractually permitted on closed-end loans secured by 1-4 family residential properties	F231	NR	M.8.b.
c. Total amount of negative amortization on closed-end loans secured by 1-4 family residential properties included in the amount reported in Memorandum item 8.a above	F232	NR	M.8.c.
9. Loans secured by 1-4 family residential properties in process of foreclosure (included in Schedule RC-C, Part I, items 1.c.(1), 1.c.(2)(a), and 1.c.(2)(b))	F577	0	M.9.
10. and 11. Not applicable			

1 Exclude loans secured by real estate that are included in Schedule RC-C, part I, items 1.a through 1.e, column B.

2 The $300 million asset size test is based on the total assets reported on the June 30, 2018, Report of Condition.

3 **Memorandum item 7 is to be completed only by institutions that have not yet adopted ASU 2016-13.**

Schedule RC-C—Continued

Part I—Continued

Memoranda—Continued

Dollar Amounts in Thousands	(Column A) Fair Value of Acquired Loans and Leases at Acquisition Date RCON	Amount	(Column B) Gross Contractual Amounts Receivable at Acquisition Date RCON	Amount	(Column C) Best Estimate at Acquisition Date of Contractual Cash Flows Not Expected to be Collected RCON	Amount	
Memorandum items 12.a, 12.b, 12.c, and 12.d are to be completed semiannually in the June and December reports only.							
12. Loans (not subject to the requirements of FASB ASC 310-30 (former AICPA Statement of Position 03-3)) and leases held for investment that were acquired in business combinations with acquisition dates in the current calendar year: (1)							
a. Loans secured by real estate	G091	0	G092	0	G093	0	M.12.a.
b. Commercial and industrial loans	G094	0	G095	0	G096	0	M.12.b.
c. Loans to individuals for household, family, and other personal expenditures	G097	0	G098	0	G099	0	M.12.c.
d. All other loans and all leases	G100	0	G101	0	G102	0	M.12.d.

Dollar Amounts in Thousands	RCON	Amount	
Memoranda item 13 is to be completed by banks that had construction, land development, and other land loans (as reported in Schedule RC-C, Part I, item 1.a, column B) that exceeded 100 percent of total capital (as reported in Schedule RC-R, Part I,item 35.a) as of December 31, 2018.			
13. Construction, land development, and other land loans with interest reserves:			
a. Amount of loans that provide for the use of interest reserves (included in Schedule RC-C, Part I, item 1.a, column B)	G376	0	M.13.a.
b. Amount of interest capitalized from interest reserves on construction, land development, and other land loans that is included in interest and fee income on loans during the quarter (included in Schedule RI, item 1.a.(1)(b))	RIAD G377	0	M.13.b.
Memorandum item 14 is to be completed by all banks.			
14. Pledged loans and leases	RCON G378	0	M.14.
Memorandum item 15 is to be completed for the December report only.			
15. Reverse mortgages:			
a. Reverse mortgages outstanding that are held for investment (included in Schedule RC-C, Part I, item 1.c, above):			
(1) Home Equity Conversion Mortgage (HECM) reverse mortgages	J466	0	M.15.a.1.
(2) Proprietary reverse mortgages	J467	0	M.15.a.2.
b. Estimated number of reverse mortgage loan referrals to other lenders during the year from whom compensation has been received for services performed in connection with the origination of the reverse mortgages:		Number	
(1) Home Equity Conversion Mortgage (HECM) reverse mortgages	J468	0	M.15.b.1.
(2) Proprietary reverse mortgages	J469	0	M.15.b.2.
c. Principal amount of reverse mortgage originations that have been sold during the year:	RCON	Amount	
(1) Home Equity Conversion Mortgage (HECM) reverse mortgages	J470	0	M.15.c.1.
(2) Proprietary reverse mortgages	J471	0	M.15.c.2.

1 **Institutions that have adopted ASU 2016-13 should report only loans held for investment not considered purchased credit-deteriorated in Memorandum item 12.**

Schedule RC-C—Continued

Part II. Loans to Small Businesses and Small Farms

Report the number and amount currently outstanding as of the report date of business loans with "original amounts" of $1,000,000 or less and farm loans with "original amounts" of $500,000 or less. The following guidelines should be used to determine the "original amount" of a loan:
(1) For loans drawn down under lines of credit or loan commitments, the "original amount" of the loan is the size of the line of credit or loan commitment when the line of credit or loan commitment was most recently approved, extended, or renewed prior to the report date. However, if the amount currently outstanding as of the report date exceeds this size, the "original amount" is the amount currently outstanding on the report date.
(2) For loan participations and syndications, the "original amount" of the loan participation or syndication is the entire amount of the credit originated by the lead lender.
(3) For all other loans, the "original amount" is the total amount of the loan at origination or the amount currently outstanding as of the report date, whichever is larger.

Loans to Small Businesses

	RCON	YES / NO	
1. Indicate in the appropriate box at the right whether all or substantially all of the dollar volume of your bank's "Loans secured by nonfarm nonresidential properties" reported in Schedule RC-C, Part I, items 1.e.(1) and 1.e.(2), and all or substantially all of the dollar volume of your bank's "Commercial and industrial loans" reported in Schedule RC-C, Part I, item 4, (1) have original amounts of $100,000 or less (If your bank has no loans outstanding in both of these two loan categories, place an "X" in the box marked "NO.")	6999	NO	1.

If YES, complete items 2.a and 2.b below, skip items 3 and 4, and go to item 5.
If NO and your bank has loans outstanding in either loan category, skip items 2.a and 2.b, complete items 3 and 4 below, and go to item 5.
If NO and your bank has no loans outstanding in both loan categories, skip items 2 through 4, and go to item 5.

	Number of Loans		
	RCON	Number	
2. Report the total number of loans currently outstanding for each of the following Schedule RC-C, Part I, loan categories:			
a. "Loans secured by nonfarm nonresidential properties" reported in Schedule RC-C, Part I, items 1.e.(1) and 1.e.(2) (Note: Sum of items 1.e.(1) and 1.e.(2) divided by the number of loans should NOT exceed $100,000.)	5562	NR	2.a.
b. "Commercial and industrial loans" reported in Schedule RC-C, Part I, item 4. (1) (Note: Item 4, (1) divided by the number of loans should NOT exceed $100,000.)	5563	NR	2.b.

Dollar Amounts in Thousands	(Column A) Number of Loans		(Column B) Amount Currently Outstanding		
	RCON	Number	RCON	Amount	
3. Number and amount currently outstanding of "Loans secured by nonfarm nonresidential properties" reported in Schedule RC-C, Part I, items 1.e.(1) and 1.e.(2) (sum of items 3.a through 3.c must be less than or equal to Schedule RC-C, Part I, sum of items 1.e.(1) and 1.e.(2)):					
a. With original amounts of $100,000 or less	5564	6	5565	518	3.a.
b. With original amounts of more than $100,000 through $250,000	5566	30	5567	4,386	3.b.
c. With original amounts of more than $250,000 through $1,000,000	5568	64	5569	31,375	3.c.
4. Number and amount currently outstanding of "Commercial and industrial loans" reported in Schedule RC-C, Part I, item 4 (1) (sum of items 4.a through 4.c must be less than or equal to Schedule RC-C, Part I, item 4 (1)):					
a. With original amounts of $100,000 or less	5570	39	5571	1,443	4.a.
b. With original amounts of more than $100,000 through $250,000	5572	46	5573	5,154	4.b.
c. With original amounts of more than $250,000 through $1,000,000	5574	49	5575	17,365	4.c.

1 Banks with $300 million or more in total assets should provide the requested information for "Commercial and industrial loans" based on the loans reported in Schedule RC-C, Part I, item 4.a, column A, "Commercial and industrial loans to U.S. addressees."

Schedule RC-C—Continued

Part II—Continued

Agricultural Loans to Small Farms

5. Indicate in the appropriate box at the right whether all or substantially all of the dollar volume of your bank's "Loans secured by farmland (including farm residential and other improvements)" reported in Schedule RC-C, Part I, item 1.b, and all or substantially all of the dollar volume of your bank's "Loans to finance agricultural production and other loans to farmers" reported in Schedule RC-C, Part I, item 3, have original amounts of $100,000 or less (If your bank has no loans outstanding in both of these two loan categories, place an "X" in the box marked "NO.")

	RCON	YES / NO	
Item 5	6860	NO	5.

If YES, complete items 6.a and 6.b below, and do not complete items 7 and 8.
If NO and your bank has loans outstanding in either loan category, skip items 6.a and 6.b and complete items 7 and 8 below.
If NO and your bank has no loans outstanding in both loan categories, do not complete items 6 through 8.

	Number of Loans		
	RCON	Number	
6. Report the total number of loans currently outstanding for each of the following Schedule RC-C, Part I, loan categories:			
a. "Loans secured by farmland (including farm residential and other improvements)" reported in Schedule RC-C, Part I, item 1.b, (Note: Item 1.b divided by the number of loans should NOT exceed $100,000.)	5576	NR	6.a.
b. "Loans to finance agricultural production and other loans to farmers" reported in Schedule RC-C, Part I, item 3 (Note: Item 3 divided by the number of loans should NOT exceed $100,000.)	5577	NR	6.b.

Dollar Amounts in Thousands	(Column A) Number of Loans		(Column B) Amount Currently Outstanding		
	RCON	Number	RCON	Amount	
7. Number and amount currently outstanding of "Loans secured by farmland (including farm residential and other improvements)" reported in Schedule RC-C, Part I, item 1.b (sum of items 7.a through 7.c must be less than or equal to Schedule RC-C, Part I, item 1.b):					
a. With original amounts of $100,000 or less	5578	NR	5579	NR	7.a.
b. With original amounts of more than $100,000 through $250,000	5580	NR	5581	NR	7.b.
c. With original amounts of more than $250,000 through $500,000	5582	NR	5583	NR	7.c.
8. Number and amount currently outstanding of "Loans to finance agricultural production and other loans to farmers" reported in Schedule RC-C, Part I, item 3 (sum of items 8.a through 8.c must be less than or equal to Schedule RC-C, Part I, item 3):					
a. With original amounts of $100,000 or less	5584	NR	5585	NR	8.a.
b. With original amounts of more than $100,000 through $250,000	5586	NR	5587	NR	8.b.
c. With original amounts of more than $250,000 through $500,000	5588	NR	5589	NR	8.c.

Schedule RC-E—Deposit Liabilities

Dollar Amounts in Thousands	Transaction Accounts: (Column A) Total Transaction Accounts (Including Total Demand Deposits) RCON	Amount	Transaction Accounts: (Column B) Memo: Total Demand Deposits (1) (Included in Column A) RCON	Amount	Nontransaction Accounts: (Column C) Total Nontransaction Accounts (Including MMDAs) RCON	Amount	
Deposits of:							
1. Individuals, partnerships, and corporations	B549	89,382			B550	150,507	1.
2. U.S. Government	2202	0			2520	0	2.
3. States and political subdivisions in the U.S.	2203	0			2530	17,681	3.
4. Commercial banks and other depository institutions in the U.S.	B551	0			B552	9,955	4.
5. Banks in foreign countries	2213	0			2236	0	5.
6. Foreign governments and official institutions (including foreign central banks)	2216	0			2377	0	6.
7. Total (sum of items 1 through 6) (sum of columns A and C must equal Schedule RC, item 13.a)	2215	89,382	2210	89,382	2385	178,143	7.

Memoranda

Dollar Amounts in Thousands	RCON	Amount	
1. Selected components of total deposits (i.e., sum of item 7, columns A and C):			
a. Total Individual Retirement Accounts (IRAs) and Keogh Plan accounts	6835	2,867	M.1.a.
b. Total brokered deposits	2365	31,308	M.1.b.
c. Brokered deposits of $250,000 or less (fully insured brokered deposits) (2)	HK05	31,308	M.1.c.
d. Maturity data for brokered deposits:			
(1) Brokered deposits of $250,000 or less with a remaining maturity of one year or less (included in Memorandum item 1.c above)	HK06	31,308	M.1.d.1.
(2) Not applicable			
(3) Brokered deposits of more than $250,000 with a remaining maturity of one year or less (included in Memorandum item 1.b. above)	K220	0	M.1.d.3.
e. Preferred deposits (uninsured deposits of states and political subdivisions in the U.S. reported in item 3 above which are secured or collateralized as required under state law) (to be completed for the December report only)	5590	0	M.1.e.
f. Estimated amount of deposits obtained through the use of deposit listing services that are not brokered deposits	K223	9,047	M.1.f.
g. Total reciprocal deposits	JH83	31,308	M.1.g.

1 Includes interest-bearing and noninterest-bearing demand deposits.
2 The dollar amount used as the basis for reporting in Memorandum item 1.c reflects the deposit insurance limit in effect on the report date.

Schedule RC-E—Continued

Memoranda—Continued

Dollar Amounts in Thousands	RCON	Amount	
2. Components of total nontransaction accounts (sum of Memorandum items 2.a through 2.d must equal item 7, column C above):			
a. Savings deposits:			
(1) Money market deposit accounts (MMDAs)	6810	63,115	M.2.a.1.
(2) Other savings deposits (excludes MMDAs)	0352	13,661	M.2.a.2.
b. Total time deposits of less than $100,000	6648	18,338	M.2.b.
c. Total time deposits of $100,000 through $250,000	J473	66,302	M.2.c.
d. Total time deposits of more than $250,000 (sum of Memoranda items 4.a.(1) through 4.a.(4) below)	J474	16,728	M.2.d.
e. Individual Retirement Accounts (IRAs) and Keogh Plan accounts of $100,000 or more included in Memorandum items 2.c and 2.d above	F233	2,297	M.2.e.
3. Maturity and repricing data for time deposits of $250,000 or less:			
a. Time deposits of $250,000 or less with a remaining maturity or next repricing date of: (1), (2)			
(1) Three months or less	HK07	11,477	M.3.a.1.
(2) Over three months through 12 months	HK08	39,342	M.3.a.2.
(3) Over one year through three years	HK09	32,136	M.3.a.3.
(4) Over three years	HK10	1,685	M.3.a.4.
b. Time deposits of $250,000 or less with a REMAINING MATURITY of one year or less (included in Memorandum items 3.a.(1) and 3.a.(2) above) (3)	HK11	50,819	M.3.b.
4. Maturity and repricing data for time deposits of more than $250,000:			
a. Time deposits of more than $250,000 with a remaining maturity or next repricing date of: (1), (4)			
(1) Three months or less	HK12	2,688	M.4.a.1.
(2) Over three months through 12 months	HK13	7,099	M.4.a.2.
(3) Over one year through three years	HK14	6,676	M.4.a.3.
(4) Over three years	HK15	265	M.4.a.4.
b. Time deposits of more than $250,000 with a REMAINING MATURITY of one year or less (included in Memorandum items 4.a.1 and 4.a.2 above) (3)	K222	9,787	M.4.b.

	RCON	YES / NO	
5. Does your institution offer one or more consumer deposit account products, i.e., transaction account or nontransaction savings account deposit products intended primarily for individuals for personal, household, or family use?	P752	YES	M.5.

Memorandum items 6 and 7 are to be completed by institutions with $1 billion or more in total assets (5) that answered "Yes" to Memorandum item 5 above.

Dollar Amounts in Thousands	RCON	Amount	
6. Components of total transaction account deposits of individuals, partnerships, and corporations (sum of Memorandum items 6.a and 6.b must be less than or equal to item 1, column A, above):			
a. Total deposits in those noninterest-bearing transaction account deposit products intended primarily for individuals for personal, household, or family use	P753	NR	M.6.a.
b. Total deposits in those interest-bearing transaction account deposit products intended primarily for individuals for personal, household, or family use	P754	NR	M.6.b.

1 Report fixed rate time deposits by remaining maturity and floating rate time deposits by next repricing date.
2 Sum of Memorandum items 3.a.(1) through 3.a.(4) must equal Schedule RC-E, sum of Memorandum items 2.b and 2.c.
3 Report both fixed-and floating-rate time deposits by remaining maturity. Exclude floating-rate time deposits with a next repricing date of one year or less that have a remaining maturity of over one year.
4 Sum of Memorandum items 4.a.(1) through 4.a.(4) must equal Schedule RC-E, Memorandum item 2.d.
5 The $1 billion asset size test is based on the total assets reported on the June 30, 2018, Report of Condition.

Schedule RC-E—Continued

Memoranda—Continued

Dollar Amounts in Thousands	RCON	Amount	
7. Components of total nontransaction account deposits of individuals, partnerships, and corporations (sum of Memorandum items 7.a.(1), 7.a.(2), 7.b.(1), and 7.b.(2) plus all time deposits of individuals, partnerships, and corporations must equal item 1, column C, above):			
a. Money market deposit accounts (MMDAs) of individuals, partnerships, and corporations (sum of Memorandum items 7.a.(1) and 7.a.(2) must be less than or equal to Memorandum item 2.a.(1) above):			
(1) Total deposits in those MMDA deposit products intended primarily for individuals for personal, household, or family use	P756	NR	M.7.a.1.
(2) Deposits in all other MMDAs of individuals, partnerships, and corporations	P757	NR	M.7.a.2.
b. Other savings deposit accounts of individuals, partnerships, and corporations (sum of Memorandum items 7.b.(1) and 7.b.(2) must be less than or equal to Memorandum item 2.a.(2) above):			
(1) Total deposits in those other savings deposit account deposit products intended primarily for individuals for personal, household, or family use	P758	NR	M.7.b.1.
(2) Deposits in all other savings deposit accounts of individuals, partnerships, and corporations	P759	NR	M.7.b.2.

Schedule RC-F—Other Assets[1]

Dollar Amounts in Thousands			RCON	Amount	
1. Accrued interest receivable (2)			B556	583	1.
2. Net deferred tax assets (3)			2148	774	2.
3. Interest-only strips receivable (not in the form of a security) (4)			HT80	0	3.
4. Equity investments without readily determinable fair values (5)			1752	87	4.
5. Life insurance assets:					
a. General account life insurance assets			K201	0	5.a.
b. Separate account life insurance assets			K202	0	5.b.
c. Hybrid account life insurance assets			K270	0	5.c.
6. All other assets (itemize and describe amounts greater than $100,000 that exceed 25% of this item)			2168	1,096	6.
a. Prepaid expenses	2166	173			6.a.
b. Repossessed personal property (including vehicles)	1578	0			6.b.
c. Derivatives with a positive fair value held for purposes other than trading	C010	0			6.c.
d. FDIC loss-sharing indemnification assets	J448	0			6.d.
e. Computer software	FT33	0			6.e.
f. Accounts receivable	FT34	130			6.f.
g. Receivables from foreclosed government-guaranteed mortgage loans	FT35	0			6.g.
h. TEXT 3549	3549	0			6.h.
i. TEXT 3550 deferred loan costs	3550	699			6.i.
j. TEXT 3551	3551	0			6.j.
7. Total (sum of items 1 through 6) (must equal Schedule RC, item 11)			2160	2,540	7.

1 **Institutions that have adopted ASU 2016-13 should report asset amounts in Schedule RC-F net of any applicable allowance for credit losses.**

2 Includes accrued interest receivable on loans, leases, debt securities, and other interest-bearing assets. **Exclude accrued interest receivable on interest-bearing assets that is reported elsewhere on the balance sheet.**

3 See discussion of deferred income taxes in Glossary entry on "income taxes."

4 Report interest-only strips receivable in the form of a security as available-for-sale securities in Schedule RC, item 2.b, or as trading assets in Schedule RC, item 5, as appropriate.

5 Includes Federal Reserve stock, Federal Home Loan Bank stock, and bankers' bank stock.

Schedule RC-G—Other Liabilities

Dollar Amounts in Thousands			RCON	Amount	
1. a. Interest accrued and unpaid on deposits (1)			3645	237	1.a.
b. Other expenses accrued and unpaid (includes accrued income taxes payable)			3646	1,739	1.b.
2. Net deferred tax liabilities (2)			3049	218	2.
3. Allowance for credit losses on off-balance sheet credit exposures (3)			B557	0	3.
4. All other liabilities (itemize and describe amounts greater than $100,000 that exceed 25% of this item)			2938	63	4.
a. Accounts payable	3066	63			4.a.
b. Deferred compensation liabilities	C011	0			4.b.
c. Dividends declared but not yet payable	2932	0			4.c.
d. Derivatives with a negative fair value held for purposes other than trading	C012	0			4.d.
e. TEXT 3552	3552	0			4.e.
f. TEXT 3553	3553	0			4.f.
g. TEXT 3554	3554	0			4.g.
5. Total (sum of items 1 through 4) (must equal Schedule RC, item 20)			2930	2,257	5.

1 For savings banks, include "dividends" accrued and unpaid on deposits.

2 See discussion of deferred income taxes in Glossary entry on "income taxes."

3 **Institutions that have adopted ASU 2016-13 should report in item 3 the allowance for credit losses on those off-balance sheet credit exposures that fall within the scope of the standard.**

Schedule RC-K—Quarterly Averages[1]

Dollar Amounts in Thousands	RCON	Amount	
Assets			
1. Interest-bearing balances due from depository institutions	3381	47,873	1.
2. U.S. Treasury securities and U.S. Government agency obligations (2) *(excluding mortgage-backed securities)*	B558	0	2.
3. Mortgage-backed securities (2)	B559	1,803	3.
4. All other debt securities (2) and equity securities with readily determinable fair values not held for trading purposes (3)	B560	0	4.
5. Federal funds sold and securities purchased under agreements to resell	3365	0	5.
6. Loans:			
a. Total loans	3360	226,353	6.a.
b. Loans secured by real estate:			
(1) Loans secured by 1-4 family residential properties	3465	13,946	6.b.1.
(2) All other loans secured by real estate	3466	171,304	6.b.2.
c. Commercial and industrial loans	3387	52,920	6.c.
d. Loans to individuals for household, family, and other personal expenditures:			
(1) Credit cards	B561	0	6.d.1.
(2) Other (includes revolving credit plans other than credit cards, automobile loans, and other consumer loans)	B562	10	6.d.2.
Item 7 is to be completed by (1) banks that reported total trading assets of $10 million or more in any of the four preceding calendar quarters and (2) all banks meeting the FDIC's definition of a large or highly complex institution for deposit insurance assessment purposes. (4)			
7. Trading Assets	3401	NR	7.
8. Lease financing receivables (net of unearned income)	3484	0	8.
9. Total assets (4)	3368	276,877	9.
Liabilities			
10. Interest-bearing transaction accounts (interest-bearing demand deposits, NOW accounts, ATS accounts, and telephone and preauthorized transfer accounts)	3485	13,023	10.
11. Nontransaction accounts:			
a. Savings deposits (includes MMDAs)	B563	74,778	11.a.
b. Time deposits of $250,000 or less	HK16	82,617	11.b.
c. Time deposits of more than $250,000	HK17	15,891	11.c.
12. Federal funds purchased and securities sold under agreements to repurchase	3353	0	12.
13. To be completed by banks with $100 million or more in total assets: (5) Other borrowed money (includes mortgage indebtedness)	3355	0	13.

1 For all items, banks have the option of reporting either (1) an average of DAILY figures for the quarter, or (2) an average of WEEKLY figures (i.e., the Wednesday of each week of the quarter).

2 Quarterly averages for all debt securities should be based on amortized cost.

3 For institutions that have adopted ASU 2016-01, which includes provisions governing the accounting for investments in equity securities, quarterly averages for equity securities with readily determinable fair values should be based on fair value. For institutions that have not adopted ASU 2016-01, quarterly averages for equity securities with readily determinable fair values should be based on historical cost.

4 The quarterly average for total assets should reflect securities not held for trading as follows:
a) Debt securities at amortized cost.
b) For institutions that have adopted ASU 2016-01, equity securities with readily determinable fair values at fair value. For institutions that have not adopted ASU 2016-01, equity securities with readily determinable fair values at the lower of cost or fair value.
c) For institutions that have adopted ASU 2016-01, equity investments without readily determinable fair values, their balance sheet carrying values (i.e., fair value or, if elected, cost minus impairment, if any, plus or minus changes resulting from observable price changes). For institutions that have not adopted ASU 2016-01, equity investments without readily determinable fair values at historical cost.

5 The $100 million asset-size test is based on the total assets reported on the June 30, 2018, Report of Condition.

Schedule RC-K—Quarterly Averages[1]—Continued

Memorandum

Dollar Amounts in Thousands	RCON	Amount	
Memorandum item 1 is to be completed by: (2) *• banks with $300 million or more in total assets, and* *• banks with less than $300 million in total assets that have loans to finance agricultural production and other loans to farmers (Schedule RC-C, Part I, item 3) exceeding 5 percent of total loans.*			
1. Loans to finance agricultural production and other loans to farmers	3386	NR	M.1.

1 For all items, banks have the option of reporting either (1) an average of DAILY figures for the quarter, or (2) an average of WEEKLY figures (i.e., the Wednesday of each week of the quarter).

2 The $300 million asset-size test and the 5 percent of total loans test are based on the total assets and total loans reported on the June 30, 2018, Report of Condition.

Schedule RC-L—Derivatives and Off-Balance Sheet Items

Please read carefully the instructions for the preparation of Schedule RC-L. Some of the amounts reported in Schedule RC-L are regarded as volume indicators and not necessarily as measures of risk.

Dollar Amounts in Thousands	RCON	Amount	
1. Unused commitments:			
a. Revolving, open-end lines secured by 1-4 family residential properties, e.g., home equity lines	3814	0	1.a.
Item 1.a.(1) is to be completed for the December report only.			
(1) Unused commitments for reverse mortgages outstanding that are held for investment (included in item 1.a. above)	HT72	0	1.a.1.
b. Credit card lines	3815	0	1.b.
Items 1.b.(1) and 1.b.(2) are to be completed semiannually in the June and December reports only by banks with either $300 million or more in total assets or $300 million or more in credit card lines. (1) (Sum of items 1.b.(1) and 1.b.(2) must equal item 1.b)			
(1) Unused consumer credit card lines	J455	NR	1.b.1.
(2) Other unused credit card lines	J456	NR	1.b.2.
c. Commitments to fund commercial real estate, construction, and land development loans:			
(1) Secured by real estate:			
(a) 1-4 family residential construction loan commitments	F164	6,229	1.c.1.a.
(b) Commercial real estate, other construction loan, and land development loan commitments	F165	14,217	1.c.1.b.
(2) NOT secured by real estate	6550	0	1.c.2.
d. Securities underwriting	3817	0	1.d.
e. Other unused commitments:			
(1) Commercial and industrial loans	J457	24,509	1.e.1.
(2) Loans to financial institutions	J458	0	1.e.2.
(3) All other unused commitments	J459	353	1.e.3.
2. Financial standby letters of credit	3819	0	2.
Item 2.a is to be completed by banks with $1 billion or more in total assets. (1)			
a. Amount of financial standby letters of credit conveyed to others — 3820: NR			2.a.
3. Performance standby letters of credit	3821	0	3.
Item 3.a is to be completed by banks with $1 billion or more in total assets. (1)			
a. Amount of performance standby letters of credit conveyed to others — 3822: NR			3.a.
4. Commercial and similar letters of credit	3411	0	4.
5. Not applicable			
6. Securities lent and borrowed:			
a. Securities lent (including customers' securities lent where the customer is indemnified against loss by the reporting bank)	3433	0	6.a.
b. Securities borrowed	3432	0	6.b.

7. Credit derivatives:	(Column A) Sold Protection RCON	Amount	(Column B) Purchased Protection RCON	Amount	
a. Notional amounts:					
(1) Credit default swaps	C968	0	C969	0	7.a.1.
(2) Total return swaps	C970	0	C971	0	7.a.2.
(3) Credit options	C972	0	C973	0	7.a.3.
(4) Other credit derivatives	C974	0	C975	0	7.a.4.

1 The asset size tests and the $300 million credit card lines test are based on the total assets and credit card lines reported in the June 30, 2018, Report of Condition.

Schedule RC-L—Continued

Dollar Amounts in Thousands	RCON	(Column A) Sold Protection Amount	RCON	(Column B) Purchased Protection Amount	RCON	Amount	
7. b. Gross fair values:							
(1) Gross positive fair value	C219	0	C221	0			7.b.1.
(2) Gross negative fair value	C220	0	C222	0			7.b.2
7. c. Notional amounts by regulatory capital treatment: (1)							
(1) Positions covered under the Market Risk Rule:							
(a) Sold protection					G401	0	7.c.1.a.
(b) Purchased protection					G402	0	7.c.1.b.
(2) All other positions:							
(a) Sold protection					G403	0	7.c.2.a.
(b) Purchased protection that is recognized as a guarantee for regulatory capital purposes					G404	0	7.c.2.b.
(c) Purchased protection that is not recognized as a guarantee for regulatory capital purposes					G405	0	7.c.2.c.

Dollar Amounts in Thousands	RCON	Remaining Maturity of: (Column A) One Year or Less Amount	RCON	(Column B) Over One Year Through Five Years Amount	RCON	(Column C) Over Five Years Amount	
7. d. Notional amounts by remaining maturity:							
(1) Sold credit protection: (2)							
(a) Investment grade	G406	0	G407	0	G408	0	7.d.1.a.
(b) Subinvestment grade	G409	0	G410	0	G411	0	7.d.1.b.
(2) Purchased credit protection: (3)							
(a) Investment grade	G412	0	G413	0	G414	0	7.d.2.a.
(b) Subinvestment grade	G415	0	G416	0	G417	0	7.d.2.b.

	RCON	Amount	RCON	Amount	
8. Not applicable					
9. All other off-balance sheet liabilities (exclude derivatives) (itemize and describe each component of this item over 25% of Schedule RC, item 27.a, "Total bank equity capital")			3430	0	9.
a. Not applicable					
b. Commitments to purchase when-issued securities	3434	0			9.b.
c. Standby letters of credit issued by another party (e.g., a Federal Home Loan Bank) on the bank's behalf	C978	0			9.c.
d. TEXT 3555	3555	0			9.d.
e. TEXT 3556	3556	0			9.e.
f. TEXT 3557	3557	0			9.f.
10. All other off-balance sheet assets (exclude derivatives) (itemize and describe each component of this item over 25% of Schedule RC, item 27.a, "Total bank equity capital")			5591	0	10.
a. Commitments to sell when-issued securities	3435	0			10.a.
b. TEXT 5592	5592	0			10.b.
c. TEXT 5593	5593	0			10.c.
d. TEXT 5594	5594	0			10.d.
e. TEXT 5595	5595	0			10.e.

1 Sum of items 7.c.(1)(a) and 7.c.(2)(a) must equal sum of items 7.a.(1) through (4), column A. Sum of items 7.c.(1)(b), 7.c.(2)(b), and 7.c.(2)(c) must equal sum of items 7.a.(1) through (4), column B.
2 Sum of items 7.d.(1)(a) and (b), columns A through C, must equal sum of items 7.a.(1) through (4), column A.
3 Sum of items 7.d.(2)(a) and (b), columns A through C, must equal sum of items 7.a.(1) through (4), column B.

Schedule RC-L—Continued

Items 11.a and 11.b are to be completed semiannually in the June and December reports only.

	RCON	Amount	
11. Year-to-date merchant credit card sales volume:			
a. Sales for which the reporting bank is the acquiring bank	C223	0	11.a.
b. Sales for which the reporting bank is the agent bank with risk	C224	0	11.b.

Dollar Amounts in Thousands Derivatives Position Indicators	(Column A) Interest Rate Contracts Amount	(Column B) Foreign Exchange Contracts Amount	(Column C) Equity Derivative Contracts Amount	(Column D) Commodity and Other Contracts Amount	
12. Gross amounts (e.g., notional amounts) (for each column, sum of items 12.a through 12.e must equal sum of items 13 and 14):					
a. Futures contracts	RCON 8693 0	RCON 8694 0	RCON 8695 0	RCON 8696 0	12.a.
b. Forward contracts	RCON 8697 0	RCON 8698 0	RCON 8699 0	RCON 8700 0	12.b.
c. Exchange-traded option contracts:					
(1) Written options	RCON 8701 0	RCON 8702 0	RCON 8703 0	RCON 8704 0	12.c.1.
(2) Purchased options	RCON 8705 0	RCON 8706 0	RCON 8707 0	RCON 8708 0	12.c.2.
d. Over-the-counter option contracts:					
(1) Written options	RCON 8709 0	RCON 8710 0	RCON 8711 0	RCON 8712 0	12.d.1.
(2) Purchased options	RCON 8713 0	RCON 8714 0	RCON 8715 0	RCON 8716 0	12.d.2.
e. Swaps	RCON 3450 0	RCON 3826 0	RCON 8719 0	RCON 8720 0	12.e.
13. Total gross notional amount of derivative contracts held for trading	RCON A126 0	RCON A127 0	RCON 8723 0	RCON 8724 0	13.
14. Total gross notional amount of derivative contracts held for purposes other than trading	RCON 8725 0	RCON 8726 0	RCON 8727 0	RCON 8728 0	14.
a. Interest rate swaps where the bank has agreed to pay a fixed rate	RCON A589 0				14.a.
15. Gross fair values of derivative contracts:					
a. Contracts held for trading:					
(1) Gross positive fair value	RCON 8733 0	RCON 8734 0	RCON 8735 0	RCON 8736 0	15.a.1.
(2) Gross negative fair value	RCON 8737 0	RCON 8738 0	RCON 8739 0	RCON 8740 0	15.a.2
b. Contracts held for purposes other than trading:					
(1) Gross positive fair value	RCON 8741 0	RCON 8742 0	RCON 8743 0	RCON 8744 0	15.b.1.
(2) Gross negative fair value	RCON 8745 0	RCON 8746 0	RCON 8747 0	RCON 8748 0	15.b.2.

Schedule RC-L—Continued

Dollar Amounts in Thousands	(Column A) Banks and Securities Firms RCON	Amount	(Columns B - D) Not applicable			(Column E) Corporations and All Other Counterparties RCON	Amount	
Item 16 is to be completed only by banks with total assets of $10 billion or more. (1)								
16. Over-the counter derivatives:								
a. Net current credit exposure	G418	NR				G422	NR	16.a.
b. Fair value of collateral:								
(1) Cash—U.S. dollar	G423	NR				G427	NR	16.b.1.
(2) Cash—Other currencies	G428	NR				G432	NR	16.b.2.
(3) U.S. Treasury securities	G433	NR				G437	NR	16.b.3.
(4) through (6) Not applicable								
(7) All other collateral	G453	NR				G457	NR	16.b.7.
(8) Total fair value of collateral (sum of items 16.b.(1) through (7))	G458	NR				G462	NR	16.b.8.

1 The $10 billion asset size test is based on the total assets reported on the June 30, 2018, Report of Condition.

Schedule RC-M — Memoranda

Dollar Amounts in Thousands			RCON	Amount	
1. Extensions of credit by the reporting bank to its executive officers, directors, principal shareholders, and their related interests as of the report date:					
a. Aggregate amount of all extensions of credit to all executive officers, directors, principal shareholders, and their related interests			6164	21,502	1.a.
b. Number of executive officers, directors, and principal shareholders to whom the amount of all extensions of credit by the reporting bank (including extensions of credit to related interests) equals or exceeds the lesser of $500,000 or 5 percent of total capital as defined for this purpose in agency regulations	6165	Number: 6			1.b.
2. Intangible assets:					
a. Mortgage servicing assets			3164	0	2.a.
(1) Estimated fair value of mortgage servicing assets	A590	0			2.a.1.
b. Goodwill			3163	0	2.b.
c. All other intangible assets			JF76	0	2.c.
d. Total (sum of items 2.a, 2.b, and 2.c) (must equal Schedule RC, item 10)			2143	0	2.d.
3. Other real estate owned:					
a. Construction, land development, and other land			5508	0	3.a.
b. Farmland			5509	0	3.b.
c. 1-4 family residential properties			5510	0	3.c.
d. Multifamily (5 or more) residential properties			5511	0	3.d.
e. Nonfarm nonresidential properties			5512	0	3.e.
f. Total (sum of items 3.a through 3.e) (must equal Schedule RC, item 7)			2150	0	3.f.
4. Cost of equity securities with readily determinable fair values not held for trading (the fair value of which is reported in Schedule RC, item 2.c) (1)			JA29	0	4.
5. Other borrowed money:					
a. Federal Home Loan Bank advances:					
(1) Advances with a remaining maturity or next repricing date of: (2)					
(a) One year or less			F055	0	5.a.1.a.
(b) Over one year through three years			F056	0	5.a.1.b.
(c) Over three years through five years			F057	0	5.a.1.c.
(d) Over five years			F058	0	5.a.1.d.
(2) Advances with a REMAINING MATURITY of one year or less (included in item 5.a.(1)(a) above) (3)			2651	0	5.a.2.
(3) Structured advances (included in items 5.a.(1)(a) - (d) above)			F059	0	5.a.3.
b. Other borrowings:					
(1) Other borrowings with a remaining maturity or next repricing date of: (4)					
(a) One year or less			F060	0	5.b.1.a.
(b) Over one year through three years			F061	0	5.b.1.b.
(c) Over three years through five years			F062	0	5.b.1.c.
(d) Over five years			F063	0	5.b.1.d.
(2) Other borrowings with a REMAINING MATURITY of one year or less (included in item 5.b.(1)(a) above) (5)			B571	0	5.b.2.
c. Total (sum of items 5.a.(1)(a)–(d) and items 5.b.(1)(a)–(d)) (must equal Schedule RC, item 16)			3190	0	5.c.

1 Item 4 is to be completed only by insured state banks that have adopted ASU 2016-01, which includes provisions governing the accounting for investments in equity securities, and have been approved by the FDIC to hold grandfathered equity investments. See instructions for further detail on ASU 2016-01.

2 Report fixed rate advances by remaining maturity and floating-rate advances by next repricing date.

3 Report both fixed and floating-rate advances by remaining maturity. Exclude floating-rate advances with a next repricing date of one year or less that have a remaining maturity of over one year.

4 Report fixed rate other borrowings by remaining maturity and floating-rate other borrowings by next repricing date.

5 Report both fixed and floating-rate other borrowings by remaining maturity. Exclude floating-rate other borrowings with a next repricing date of one year or less that have a remaining maturity of over one year.

Schedule RC-M — Continued

Dollar Amounts in Thousands	RCON	YES / NO	
6. Does the reporting bank sell private label or third-party mutual funds and annuities?	B569	NO	6.

	RCON	Amount	
7. Assets under the reporting bank's management in proprietary mutual funds and annuities	B570	0	7.

8. Internet Website addresses and physical office trade names:

a. Uniform Resource Locator (URL) of the reporting institution's primary Internet Web site (home page), if any (Example: www.examplebank.com):

	TEXT		
	4087	http:// www.primarybanknh.com	8.a.

b. URLs of all other public-facing Internet websites that the reporting institution uses to accept or solicit deposits from the public, if any (Example: www.examplebank.biz): (1)

(1)	TE01 N528	http://	8.b.1.
(2)	TE02 N528	http://	8.b.2.
(3)	TE03 N528	http://	8.b.3.
(4)	TE04 N528	http://	8.b.4.
(5)	TE05 N528	http://	8.b.5.
(6)	TE06 N528	http://	8.b.6.
(7)	TE07 N528	http://	8.b.7.
(8)	TE08 N528	http://	8.b.8.
(9)	TE09 N528	http://	8.b.9.
(10)	TE10 N528	http://	8.b.10.

c. Trade names other than the reporting institution's legal title used to identify one or more of the institution's physical offices at which deposits are accepted or solicited from the public, if any:

(1)	TE01 N529		8.c.1.
(2)	TE02 N529		8.c.2.
(3)	TE03 N529		8.c.3.
(4)	TE04 N529		8.c.4.
(5)	TE05 N529		8.c.5.
(6)	TE06 N529		8.c.6.

Item 9 is to be completed annually in the December report only.

	RCON	YES / NO	
9. Do any of the bank's Internet websites have transactional capability, i.e., allow the bank's customers to execute transactions on their accounts through the website?	4088	YES	9.
10. Secured liabilities:	RCON	Amount	
a. Amount of "Federal funds purchased" that are secured (included in Schedule RC, item 14.a)	F064	0	10.a.
b. Amount of "Other borrowings" that are secured (included in Schedule RC-M, items 5.b.(1)(a) - (d))	F065	0	10.b.

	RCON	YES / NO	
11. Does the bank act as trustee or custodian for Individual Retirement Accounts, Health Savings Accounts, and other similar accounts?	G463	YES	11.
12. Does the bank provide custody, safekeeping, or other services involving the acceptance of orders for the sale or purchase of securities?	G464	NO	12.

1 Report only highest level URLs (for example, report www.examplebank.biz, but do not also report www.examplebank.biz/checking). Report each top level domain name used (for example, report both www.examplebank.biz and www.examplebank.net).

Schedule RC-M — Continued

Dollar Amounts in Thousands	RCON	Amount	
13. Assets covered by loss-sharing agreements with the FDIC:			
a. Loans and leases (included in Schedule RC, items 4.a and 4.b):			
(1) Loans secured by real estate:			
(a) Construction, land development, and other land loans:			
(1) 1-4 family residential construction loans	K169	0	13.a.1a1
(2) Other construction loans and all land development and other land loans	K170	0	13.a.1a2
(b) Secured by farmland	K171	0	13.a.1b
(c) Secured by 1-4 family residential properties:			
(1) Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit	K172	0	13.a.1c1
(2) Closed-end loans secured by 1-4 family residential properties:			
(a) Secured by first liens	K173	0	13.a.1.c2a
(b) Secured by junior liens	K174	0	13.a.1.c2b
(d) Secured by multifamily (5 or more) residential properties	K175	0	13.a.1d
(e) Secured by nonfarm nonresidential properties:			
(1) Loans secured by owner-occupied nonfarm nonresidential properties	K176	0	13.a.1e1
(2) Loans secured by other nonfarm nonresidential properties	K177	0	13.a.1e2
(2) - (4) Not applicable			
(5) All other loans and all leases	K183	0	13.a.5
b. Other real estate owned (included in Schedule RC, item 7):			
(1) Construction, land development, and other land	K187	0	13.b.1.
(2) Farmland	K188	0	13.b.2.
(3) 1-4 family residential properties	K189	0	13.b.3.
(4) Multifamily (5 or more) residential properties	K190	0	13.b.4.
(5) Nonfarm nonresidential properties	K191	0	13.b.5.
(6) Not applicable			
(7) Portion of covered other real estate owned included in items 13.b.1 through 5 above that is protected by FDIC loss-sharing agreements	K192	0	13.b.7.
c. Debt securities (included in Schdule RC, items 2.a and 2.b)	J461	0	13.c.
d. Other assets (exclude FDIC loss-sharing indemnification assets)	J462	0	13.d.
Items 14.a and 14.b are to be completed annually in the December report only.			
14. Captive insurance and reinsurance subsidiaries:			
a. Total assets of captive insurance subsidiaries (1)	K193	0	14.a.
b. Total assets of captive reinsurance subsidiaries (1)	K194	0	14.b.
Item 15 is to be completed by institutions that are required or have elected to be treated as a Qualified Thrift Lender.			
15. Qualified Thrift Lender (QTL) test:			
a. Does the institution use the Home Owners' Loan Act (HOLA) QTL test or the Internal Revenue Service Domestic Building and Loan Association (IRS DBLA) test to determine its QTL compliance?		Number	
(for the HOLA QTL test, enter 1; for the IRS DBLA test, enter 2)	L133	NR	15.a.
b. Has the institution been in compliance with the HOLA QTL test as of each month end		YES / NO	
during the quarter or the IRS DBLA test for its most recent taxable year, as applicable?	L135	NR	15.b.

1 Report total assets before eliminating intercompany transactions between the consolidated insurance or reinsurance subsidiary and other offices or consolidated subsidiaries of the reporting bank.

Schedule RC-M — Continued

Item 16.a and, if appropriate, items 16.c and 16.d are to be completed semiannually in the June and December reports only. Item 16.b is to be completed annually in the June report only.

16. International remittance transfers offered to consumers: (1)	RCON	YES / NO	
a. As of the report date, did your institution offer to consumers in any state any of the following mechanisms for sending international remittance transfers?			
(1) International wire transfers	N517	NO	16.a.1.
(2) International ACH transactions	N518	NO	16.a.2.
(3) Other proprietary services operated by your institution	N519	NO	16.a.3.
(4) Other proprietary services operated by another party	N520	NO	16.a.4.
b. Did your institution provide more than 100 international remittance transfers in the previous calendar year or does your institution estimate that it will provide more than 100 international remittance transfers in the current calendar year?	N521	NR	16.b.
Items 16.c and 16.d are to be completed by institutions that answered "Yes" to item 16.b in the current report or, if item 16.b is not required to be completed in the current report, in the most recent prior report in which item 16.b was required to be completed.			
c. Indicate which of the mechanisms described in items 16.a.(1), (2), and (3) above is the mechanism that your institution estimates accounted for the largest number of international remittance transfers your institution provided during the two calendar quarters ending on the report date. (For international wire transfers, enter 1; for international ACH transactions, enter 2; for other proprietary services operated by your institution, enter 3. If your institution did not provide any international remittance transfers using the mechanisms described in items 16.a.(1), (2), and (3) above during the two calendar quarters ending on the report date, enter 0.)	RCON	Number	
	N522	NR	16.c.
d. Estimated number and dollar value of international remittance transfers provided by your institution during the two calendar quarters ending on the report date:	RCON	Number	
(1) Estimated number of international remittance transfers	N523	NR	16.d.1.
	RCON	Amount	
(2) Estimated dollar value of international remittance transfers	N524	NR	16.d.2.
(3) Estimated number of international remittance transfers for which your institution applied the temporary exception	RCON	Number	
	N527	NR	16.d.3.

1 Report information about international electronic transfers of funds offered to consumers in the United States that:
(a) are "remittance transfers" as defined by subpart B of Regulation E (12 CFR § 1005.30(e)), or
(b) would qualify as "remittance transfers" under subpart B of Regulation E (12 CFR § 1005.30(e)) but are excluded from that definition only because the provider is not providing those transfers in the normal course of its business. See 12 CFR § 1005.30(f).
For purposes of this item 16, such transfers are referred to as international remittance transfers.
Exclude transfers sent by your institution as a correspondent bank for other providers. With the exception of item 16.a.(4), report information only about transfers for which the reporting institution is the provider. For item 16.a.(4), report information about transfers for which another party is the provider, and the reporting institution is an agent or a similar type of business partner interacting with the consumers sending the international remittance transfers.

Schedule RC-N—Past Due and Nonaccrual Loans, Leases, and Other Assets

Dollar Amounts in Thousands	RCON	(Column A) Past due 30 through 89 days and still accruing Amount	RCON	(Column B) Past due 90 days or more and still accruing Amount	RCON	(Column C) Nonaccrual Amount	
1. Loans secured by real estate:							
a. Construction, land development, and other land loans:							
(1) 1-4 family residential construction loans	F172	0	F174	0	F176	1,239	1.a.1.
(2) Other construction loans and all land development and other land loans	F173	0	F175	0	F177	595	1.a.2.
b. Secured by farmland	3493	0	3494	0	3495	0	1.b.
c. Secured by 1-4 family residential properties:							
(1) Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit	5398	0	5399	0	5400	0	1.c.1.
(2) Closed-end loans secured by 1-4 family residential properties:							
(a)Secured by first liens	C236	0	C237	0	C229	385	1.c.2.a.
(b) Secured by junior liens	C238	0	C239	0	C230	0	1.c.2.b.
d. Secured by multifamily (5 or more) residential properties	3499	0	3500	0	3501	158	1.d.
e. Secured by nonfarm nonresidential properties:							
(1) Loans secured by owner-occupied nonfarm nonresidential properties	F178	0	F180	0	F182	0	1.e.1.
(2) Loans secured by other nonfarm nonresidential properties	F179	0	F181	0	F183	675	1.e.2.
2. Loans to depository institutions and acceptances of other banks	B834	0	B835	0	B836	0	2.
3. Not applicable							
4. Commercial and industrial loans	1606	0	1607	0	1608	971	4.
5. Loans to individuals for household, family, and other personal expenditures:							
a. Credit cards	B575	0	B576	0	B577	0	5.a.
b. Automobile loans	K213	0	K214	0	K215	0	5.b.
c. Other (includes revolving credit plans other than credit cards and other consumer loans)	K216	0	K217	0	K218	0	5.c.
6. Not applicable							
7. All other loans (1)	5459	0	5460	0	5461	0	7.
8. Lease financing receivables	1226	0	1227	0	1228	0	8.
9. Total loans and leases (sum of items 1 through 8)	1406	0	1407	0	1403	4,023	9.
10. Debt securities and other assets (exclude other real estate owned and other repossessed assets)	3505	0	3506	0	3507	0	10.

1 Includes past due and nonaccrual "Loans to finance agricultural production and other loans to farmers," "Obligations (other than securities and leases) of states and political subdivisions in the U.S.," and "Loans to nondepository financial institutions and other loans."

Schedule RC-N—Continued

Amounts reported by loan and lease category in Schedule RC-N, items 1 through 8, include guaranteed and unguaranteed portions of past due and nonaccrual loans and leases. Report in items 11 and 12 below certain guaranteed loans and leases that have already been included in the amounts reported in items 1 through 8.

Dollar Amounts in Thousands	RCON	(Column A) Past due 30 through 89 days and still accruing Amount	RCON	(Column B) Past due 90 days or more and still accruing Amount	RCON	(Column C) Nonaccrual Amount	
11. Loans and leases reported in items 1 through 8 above that are wholly or partially guaranteed by the U.S. Government, excluding loans and leases covered by loss-sharing agreements with the FDIC	K036	0	K037	0	K038	971	11.
a. Guaranteed portion of loans and leases included in item 11 above, excluding rebooked "GNMA loans"	K039	0	K040	0	K041	709	11.a.
b. Rebooked "GNMA loans" that have been repurchased or are eligible for repurchase included in item 11 above	K042	0	K043	0	K044	0	11.b.
12. Loans and leases reported in items 1 through 8 above that are covered by loss-sharing agreements with the FDIC:							
a. Loans secured by real estate:							
(1) Construction, land development, and other land loans:							
(a) 1-4 family residential construction loans	K045	0	K046	0	K047	0	12.a.1.a.
(b) Other construction loans and all land development and other land loans	K048	0	K049	0	K050	0	12.a.1.b.
(2) Secured by farmland	K051	0	K052	0	K053	0	12.a.2.
(3) Secured by 1-4 family residential properties:							
(a) Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit	K054	0	K055	0	K056	0	12.a.3.a.
(b) Closed-end loans secured by 1-4 family residential properties:							
(1) Secured by first liens	K057	0	K058	0	K059	0	12.a.3.b1.
(2) Secured by junior liens	K060	0	K061	0	K062	0	12.a.3.b2.
(4) Secured by multifamily (5 or more) residential properties	K063	0	K064	0	K065	0	12.a.4.
(5) Secured by nonfarm nonresidential properties:							
(a) Loans secured by owner-occupied nonfarm nonresidential properties	K066	0	K067	0	K068	0	12.a.5.a.
(b) Loans secured by other nonfarm nonresidential properties	K069	0	K070	0	K071	0	12.a.5.b.
b. - d. Not applicable							
e. All other loans and all leases	K087	0	K088	0	K089	0	12.e.
f. Portion of covered loans and leases included in items 12.a through 12.e above that is protected by FDIC loss-sharing agreements	K102	0	K103	0	K104	0	12.f.

Schedule RC-N—Continued

Memoranda

Dollar Amounts in Thousands	RCON	(Column A) Past due 30 through 89 days and still accruing Amount	RCON	(Column B) Past due 90 days or more and still accruing Amount	RCON	(Column C) Nonaccrual Amount	
1. Loans restructured in troubled debt restructurings included in Schedule RC-N, items 1 through 7, above (and not reported in Schedule RC-C, Part I, Memorandum item 1):							
a. Construction, land development, and other land loans:							
(1) 1-4 family residential construction loans	K105	0	K106	0	K107	0	M.1.a.1.
(2) Other construction loans and all land development and other land loans	K108	0	K109	0	K110	0	M.1.a.2.
b. Loans secured by 1-4 family residential properties	F661	0	F662	0	F663	0	M.1.b.
c. Secured by multifamily (5 or more) residential properties	K111	0	K112	0	K113	0	M.1.c.
d. Secured by nonfarm nonresidential properties:							
(1) Loans secured by owner-occupied nonfarm nonresidential properties	K114	0	K115	0	K116	0	M.1.d.1.
(2) Loans secured by other nonfarm nonresidential properties	K117	0	K118	0	K119	0	M.1.d.2.
e. Commercial and industrial loans	K257	0	K258	0	K259	0	M.1.e.
Memorandum items 1.e.(1) and (2) are to be completed by banks with $300 millon or more in total assets (sum of Memorandum items 1.e.(1) and (2) must equal Memorandum item 1.e):[1]							
(1) To U.S. addressees (domicile)	K120	NR	K121	NR	K122	NR	M.1.e.1.
(2) To non-U.S. addressees (domicile)	K123	NR	K124	NR	K125	NR	M.1.e.2.
f. All other loans (include loans to individuals for household, family, and other personal expenditures)	K126	0	K127	0	K128	0	M.1.f.
Itemize loan categories included in Memorandum item 1.f, above that exceed 10% of total loans restructured in troubled debt restructurings that are past due 30 days or more or in nonaccural status (sum of Memorandum items 1.a through 1.e plus 1.f, columns A through C):							
(1) Loans secured by farmland	K130	0	K131	0	K132	0	M.1.f.1.
(2 - 3) Not applicable							

1 The $300 million asset size test is based on the total assets reported on the June 30, 2018, Report of Condition.

Schedule RC-N—Continued

Memoranda—Continued

Dollar Amounts in Thousands	RCON	(Column A) Past due 30 through 89 days and still accruing Amount	RCON	(Column B) Past due 90 days or more and still accruing Amount	RCON	(Column C) Nonaccrual Amount	
1. f. (4) Loans to individuals for household, family, and other personal expenditures:							
(a) Credit cards	K274	0	K275	0	K276	0	M.1.f.4.a.
(b) Automobile loans	K277	0	K278	0	K279	0	M.1.f.4.b.
(c) Other (includes revolving credit plans other than credit cards and other consumer loans)	K280	0	K281	0	K282	0	M.1.f.4.c.
Memorandum item 1.f.5. is to be completed by: (1) *• Banks with $300 million or more in totalassets* *• Banks with less than $300 milion in total assets that have loans to finance agricultural production and other loans to farmers (Schedule RC-C, Part I, item 3) exceeding 5 percent of total loans*							
(5) Loans to finance agricultural production and other loans to farmers included in Schedule RC-N, Memorandum item 1.f, above	K138	NR	K139	NR	K140	NR	M.1.f.5.
1.g. Total loans restructured in troubled debt restructurings included in Schedule RC-N items 1 through 7, above (sum of Memorandum items 1.a.(1) through 1.e plus 1.f) (2)	HK26	0	HK27	0	HK28	0	M.1.g.
2. Loans to finance commercial real estate, construction, and land development activities (not secured by real estate) included in Schedule RC-N, items 4 and 7, above	6558	0	6559	0	6560	0	M.2.
3. *Memorandum items 3.a through 3.d are to be completed by banks with $300 million or more in total assets: (1)*							
a. Loans secured by real estate to non-U.S. addressees (domicile) (included in Schedule RC-N, item 1, above)	1248	NR	1249	NR	1250	NR	M.3.a.
b. Loans to and acceptances of foreign banks (included in Schedule RC-N, item 2, above)	5380	NR	5381	NR	5382	NR	M.3.b.
c. Commercial and industrial loans to non-U.S. addressees (domicile) (included in Schedule RC-N, item 4, above)	1254	NR	1255	NR	1256	NR	M.3.c.

1 The $300 million asset size test and the five percent of total loans test are based on the total assets and total loans reported on the June 30, 2018, Report of Condition.

2 Exclude amounts reported in Memorandum items 1.e.(1), 1.e.(2), and 1.f.(1) through 1.f.(5) when calculating the total in Memorandum item 1.g.

Schedule RC-N—Continued

Memoranda—Continued

Dollar Amounts in Thousands	RCON	(Column A) Past due 30 through 89 days and still accruing Amount	RCON	(Column B) Past due 90 days or more and still accruing Amount	RCON	(Column C) Nonaccrual Amount	
3 d. Leases to individuals for household, family, and other personal expenditures (included in Schedule RC-N, item 8, above)	F166	NR	F167	NR	F168	NR	M.3.d.
Memorandum item 4 is to be completed by: (1) • *banks with $300 million or more in total assets* • *banks with less than $300 million in total assets that have loans to finance agricultural production and other loans to farmers (Schedule RC-C, Part I, item 3) exceeding 5 percent of total loans:*							
4. Loans to finance agricultural production and other loans to farmers (included in Schedule RC-N, item 7, above)	1594	NR	1597	NR	1583	NR	M.4.
5. Loans and leases held for sale (included in RC-N, items 1 through 8, above)	C240	0	C241	0	C226	0	M.5.
6. Not applicable							

Memorandum items 7, 8, 9.a, and 9.b are to be completed semiannually in the June and December reports only.

	RCON	Amount	
7. Additions to nonaccrual assets during the previous six months	C410	0	M.7.
8. Nonaccrual assets sold during the previous six months	C411	0	M.8.

Dollar Amounts in Thousands	RCON	(Column A) Past due 30 through 89 days and still accruing Amount	RCON	(Column B) Past due 90 days or more and still accruing Amount	RCON	(Column C) Nonaccrual Amount	
9. Purchased credit-impaired loans accounted for in accordance with FASB ASC 310-30 (former AICPA Statement of Position 03-3): (2)							
a. Outstanding balance	L183	0	L184	0	L185	0	M.9.a
b. Amount included in Schedule RC-N, items 1 through 7, above	L186	0	L187	0	L188	0	M.9.b

1 The $300 million asset-size test and the 5 percent of total loans test are based on the total assets and total loans reported on the June 30, 2018, Report of Condition.

2 **Memorandum items 9.a and 9.b should be completed only by institutions that have not yet adopted ASU 2016-13.**

Schedule RC-O—Other Data for Deposit Insurance Assessments

All FDIC-insured depository institutions must complete items 1 and 2, 4 through 9, 10, and 11, Memorandum item 1, and, if applicable, item 9.a, Memorandum items 2, 3, and 6 through 18 each quarter. Unless otherwise indicated, complete items 1 through 11 and Memorandum items 1 through 3 on an "unconsolidated single FDIC certificate number basis" (see instructions) and complete Memorandum items 6 through 18 on a fully consolidated basis.

Dollar Amounts in Thousands	RCON	Amount	
1. Total deposit liabilities before exclusions (gross) as defined in Section 3(l) of the Federal Deposit Insurance Act and FDIC regulations	F236	267,762	1.
2. Total allowable exclusions, including interest accrued and unpaid on allowable exclusions	F237	0	2.
3. Not applicable			
4. Average consolidated total assets for the calendar quarter	K652	276,877	4.
a. Averaging method used (for daily averaging, enter 1, for weekly averaging, enter 2)	K653	Number: 1	4.a
5. Average tangible equity for the calendar quarter (1)	K654	29,188	5.
6. Holdings of long-term unsecured debt issued by other FDIC-insured depository institutions	K655	0	6.
7. Unsecured "Other borrowings" with a remaining maturity of (sum of items 7.a through 7.d must be less than or equal to Schedule RC-M, items 5.b.(1)(a)-(d) minus item 10.b):			
a. One year or less	G465	0	7.a.
b. Over one year through three years	G466	0	7.b.
c. Over three years through five years	G467	0	7.c.
d. Over five years	G468	0	7.d.
8. Subordinated notes and debentures with a remaining maturity of (sum of items 8.a. through 8.d. must equal Schedule RC, item 19):			
a. One year or less	G469	0	8.a.
b. Over one year through three years	G470	0	8.b.
c. Over three years through five years	G471	0	8.c.
d. Over five years	G472	0	8.d.
9. **Brokered reciprocal deposits (included in Schedule RC-E, Memorandum item 1.b)**	G803	31,308	9.
Item 9.a is to be completed on a fully consolidated basis by all institutions that own another insured depository institution.			
a. **Fully consolidated brokered reciprocal deposits**	L190	NR	9.a
10. Banker's bank certification:			
Does the reporting institution meet both the statutory definition of a banker's bank and the business conduct test set forth in FDIC regulations?	K656	YES / NO: NO	10.
If the answer to item 10 is "YES", complete items 10.a and 10.b.		Amount	
a. Banker's bank deduction	K657	NR	10.a
b. Banker's bank deduction limit	K658	NR	10.b
11. Custodial bank certification:			
Does the reporting institution meet the definition of a custodial bank set forth in FDIC regulations?	K659	YES / NO: NO	11.
If the answer to item 11 is "YES", complete items 11.a and 11.b. (2)		Amount	
a. Custodial bank deduction	K660	NR	11.a
b. Custodial bank deduction limit	K661	NR	11.b

1 See instructions for averaging methods. Tangible equity is defined as Tier 1 capital as set forth in the banking agencies' regulatory capital standards and reported in Schedule RC-R, Part I, for deposit insurance assessment purposes, item 26, except as described in the instructions.
2 If the amount reported in item 11.b is zero, item 11.a may be left blank.

Schedule RC-O—Continued

Memoranda

Dollar Amounts in Thousands			RCON	Amount	
1. Total deposit liabilities of the bank, including related interest accrued and unpaid, less allowable exclusions, including related interest accrued and unpaid (sum of Memorandum items 1.a.(1), 1.b.(1), 1.c.(1), and 1.d.(1) must equal Schedule RC-O, item 1 less item 2):					
a. Deposit accounts (excluding retirement accounts) of $250,000 or less: (1)					
(1) Amount of deposit accounts (excluding retirement accounts) of $250,000 or less			F049	130,835	M.1.a.1.
(2) Number of deposit accounts (excluding retirement accounts) of $250,000 or less	F050	Number 2,602			M.1.a.2.
b. Deposit accounts (excluding retirement accounts) of more than $250,000: (1)					
(1) Amount of deposit accounts (excluding retirement accounts) of more than $250,000			F051	134,060	M.1.b.1.
(2) Number of deposit accounts (excluding retirement accounts) of more than $250,000	F052	Number 181			M.1.b.2.
c. Retirement deposit accounts of $250,000 or less: (1)					
(1) Amount of retirement deposit accounts of $250,000 or less			F045	2,867	M.1.c.1.
(2) Number of retirement deposit accounts of $250,000 or less	F046	Number 59			M.1.c.2.
1. d. Retirement deposit accounts of more than $250,000: (1)					
(1) Amount of retirement deposit accounts of more than $250,000			F047	0	M.1.d.1.
(2) Number of retirement deposit accounts of more than $250,000	F048	Number 0			M.1.d.2.
Memorandum item 2 is to be completed by banks with $1 billion or more in total assets. (2)					
2. Estimated amount of uninsured assessable deposits, including related interest accrued and unpaid (see instructions) (3)			5597	NR	M.2.

3. Has the reporting institution been consolidated with a parent bank or savings association in that parent bank's or parent savings association's Call Report?
If so, report the legal title and FDIC Certificate Number of the parent bank or parent savings association:

TEXT		RCON	FDIC Cert. No.	
A545		A545	00000	M.3.

4. and 5. Not applicable

1 The dollar amounts used as the basis for reporting in Memorandum items 1.a through 1.d reflect the deposit insurance limits in effect on the report date.
2 The $1 billion asset size test is based on the total assets reported on the June 30, 2018, Report of Condition.
3 Uninsured deposits should be estimated based on the deposit insurance limits set forth in Memorandum items 1.a through 1.d.

Schedule RC-O—Continued

Amounts reported in Memorandum items 6 through 9, 14, and 15 will not be made available to the public on an individual institution basis.

Memoranda—Continued

Dollar Amounts in Thousands	RCON	Amount	
Memorandum items 6 through 12 are to be completed by "large institutions" and "highly complex institutions" as defined in FDIC regulations.			
6. Criticized and classified items:			
a. Special mention	K663	NR	M.6.a.
b. Substandard	K664	NR	M.6.b.
c. Doubtful	K665	NR	M.6.c.
d. Loss	K666	NR	M.6.d.
7. "Nontraditional 1-4 family residential mortgage loans" as defined for assessment purposes only in FDIC regulations:			
a. Nontraditional 1-4 family residential mortgage loans	N025	NR	M.7.a.
b. Securitizations of nontraditional 1-4 family residential mortgage loans	N026	NR	M.7.b.
8. "Higher-risk consumer loans" as defined for assessment purposes only in FDIC regulations:			
a. Higher-risk consumer loans	N027	NR	M.8.a.
b. Securitizations of higher-risk consumer loans	N028	NR	M.8.b.
9. "Higher-risk commercial and industrial loans and securities" as defined for assessment purposes only in FDIC regulations:			
a. Higher-risk commercial and industrial loans and securities	N029	NR	M.9.a.
b. Securitizations of higher-risk commercial and industrial loans and securities	N030	NR	M.9.b.
10. Commitments to fund construction, land development, and other land loans secured by real estate:			
a. Total unfunded commitments	K676	NR	M.10.a.
b. Portion of unfunded commitments guaranteed or insured by the U.S. government (including the FDIC)	K677	NR	M.10.b.
11. Amount of other real estate owned recoverable from the U.S. government under guarantee or insurance provisions (excluding FDIC loss-sharing agreements)	K669	NR	M.11.
12. Nonbrokered time deposits of more than $250,000 (included in Schedule RC-E, Memorandum item 2.d)	K678	NR	M.12.
Memorandum item 13.a is to be completed by "large institutions" and "highly complex institutions" as defined in FDIC regulations. Memorandum items 13.b through 13.h are to be completed by "large institutions" only.			
13. Portion of funded loans and securities guaranteed or insured by the U.S. government (including FDIC loss-sharing agreements):			
a. Construction, land development, and other land loans secured by real estate	N177	NR	M.13.a.
b. Loans secured by multifamily residential and nonfarm nonresidential properties	N178	NR	M.13.b.
c. Closed-end loans secured by first liens on 1-4 family residential properties	N179	NR	M.13.c.
d. Closed-end loans secured by junior liens on 1-4 family residential properties and revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit	N180	NR	M.13.d.
e. Commercial and industrial loans	N181	NR	M.13.e.
f. Credit card loans to individuals for household, family, and other personal expenditures	N182	NR	M.13.f.
g. All other loans to individuals for household, family, and other personal expenditures	N183	NR	M.13.g.
h. Non-agency residential mortgage-backed securities	M963	NR	M.13.h.
Memorandum items 14 and 15 are to be completed by "highly complex institutions" as defined in FDIC regulations.			
14. Amount of the institution's largest counterparty exposure	K673	NR	M.14.
15. Total amount of the institution's 20 largest counterparty exposures	K674	NR	M.15.

Schedule RC-R—Regulatory Capital

Part I. Regulatory Capital Components and Ratios

Part I is to be completed on a consolidated basis.

Dollar Amounts in Thousands	RCOA	Amount	
Common Equity Tier 1 Capital			
1. Common stock plus related surplus, net of treasury stock and unearned employee stock ownership plan (ESOP) shares	P742	30,766	1.
2. Retained earnings (1)	KW00	(1,362)	2.
a. **To be completed only by institutions that have adopted ASU 2016-13: Does your institution have a CECL transition election in effect as of the quarter-end report date? (enter "1" for Yes; enter "0" for No.)** (0=No, 1=Yes)	JJ29	NR	2.a.
3. Accumulated other comprehensive income (AOCI)	B530	0	3.
a. AOCI opt-out election (enter "1" for Yes; enter "0" for No.) (Advanced approaches institutions must enter "0" for No.) (0=No, 1=Yes)	P838	0	3.a.
4. Common equity tier 1 minority interest includable in common equity tier 1 capital	P839	0	4.
5. Common equity tier 1 capital before adjustments and deductions (sum of items 1 through 4)	P840	29,404	5.
Common Equity Tier 1 Capital: Adjustments and Deductions			
6. LESS: Goodwill net of associated deferred tax liabilities (DTLs)	P841	0	6.
7. LESS: Intangible assets (other than goodwill and mortgage servicing assets (MSAs)), net of associated DTLs	P842	0	7.
8. LESS: Deferred tax assets (DTAs) that arise from net operating loss and tax credit carryforwards, net of any related valuation allowances and net of DTLs	P843	0	8.
9. AOCI-related adjustments (if entered "1" for Yes in item 3.a, complete only items 9.a through 9.e; if entered "0" for No in item 3.a, complete only item 9.f):			
a. LESS: Net unrealized gains (losses) on available-for-sale securities (if a gain, report as a positive value; if a loss, report as a negative value) (2)	P844	NR	9.a.
b. LESS: Net unrealized loss on available-for-sale preferred stock classified as an equity security under GAAP and available-for-sale equity exposures (report loss as a positive value) (3)	P845	NR	9.b.
c. LESS: Accumulated net gains (losses) on cash flow hedges (if a gain, report as a positive value; if a loss, report as a negative value)	P846	NR	9.c.
d. LESS: Amounts recorded in AOCI attributed to defined benefit postretirement plans resulting from the initial and subsequent application of the relevant GAAP standards that pertain to such plans (if a gain, report as a positive value; if a loss, report as a negative value)	P847	NR	9.d.
e. LESS: Net unrealized gains (losses) on held-to-maturity securities that are included in AOCI (if a gain, report as a positive value; if a loss, report as a negative value)	P848	NR	9.e.
f. To be completed only by institutions that entered "0" for No in item 3.a: LESS: Accumulated net gain (loss) on cash flow hedges included in AOCI, net of applicable income taxes, that relates to the hedging of items that are not recognized at fair value on the balance sheet (if a gain, report as a positive value; if a loss, report as a negative value)	P849	0	9.f.
10. Other deductions from (additions to) common equity tier 1 capital before threshold-based deductions:			
a. LESS: Unrealized net gain (loss) related to changes in the fair value of liabilities that are due to changes in own credit risk (if a gain, report as a positive value; if a loss, report as a negative value)	Q258	0	10.a.
b. LESS: All other deductions from (additions to) common equity tier 1 capital before threshold-based deductions	P850	0	10.b.

1 **Institutions that have adopted ASU 2016-13 and have elected to apply the CECL transition provision should include the applicable portion of the CECL transitional amount in this item.**

2 Institutions that entered "1" for Yes in item 3.a and have adopted ASU 2016-01, which includes provisions governing the accounting for investments in equity securities, should report net unrealized gains (losses) on available-for-sale debt securities in item 9.a. Institutions that entered '1' for Yes in item 3.a and have not adopted ASU 2016-01 should report net unrealized gains (losses) on available-for-sale debt and equity securities in item 9.a.

3 Item 9.b is to be completed only by institutions that entered "1" for Yes in item 3.a and have not adopted ASU 2016-01. See instructions for further detail on ASU 2016-01.

Schedule RC-R—Continued

Part I - Continued

Dollar Amounts in Thousands	RCOA	Amount	
11. LESS: Non-significant investments in the capital of unconsolidated financial institutions in the form of common stock that exceed the 10 percent threshold for non-significant investments	P851	0	11.
12. Subtotal (item 5 minus items 6 through 11)	P852	29,404	12.
13. LESS: Significant investments in the capital of unconsolidated financial institutions in the form of common stock, net of associated DTLs, that exceed the 10 percent common equity tier 1 capital deduction threshold	P853	0	13.
14. LESS: MSAs, net of associated DTLs, that exceed the 10% common equity tier 1 capital deduction threshold	P854	0	14.
15. LESS: DTAs arising from temporary differences that could not be realized through net operating loss carrybacks, net of related valuation allowances and net of DTLs, that exceed the 10 percent common equity tier 1 capital deduction threshold	P855	0	15.
16. LESS: Amount of significant investments in the capital of unconsolidated financial institutions in the form of common stock, net of associated DTLs; MSAs, net of associated DTLs; and DTAs arising from temporary differences that could not be realized through net operating loss carrybacks, net of related valuation allowances and net of DTLs; that exceeds the 15 percent common equity tier 1 capital deduction threshold	P856	0	16.
17. LESS: Deductions applied to common equity tier 1 capital due to insufficient amounts of additional tier 1 capital and tier 2 capital to cover deductions	P857	0	17.
18. Total adjustments and deductions for common equity tier 1 capital (sum of items 13 through 17)	P858	0	18.
19. Common equity tier 1 capital (item 12 minus item 18)	P859	29,404	19.
Additional Tier 1 Capital			
20. Additional tier 1 capital instruments plus related surplus	P860	0	20.
21. Non-qualifying capital instruments subject to phase-out from additional tier 1 capital	P861	0	21.
22. Tier 1 minority interest not included in common equity tier 1 capital	P862	0	22.
23. Additional tier 1 capital before deductions (sum of items 20, 21, and 22)	P863	0	23.
24. LESS: Additional tier 1 capital deductions	P864	0	24.
25. Additional tier 1 capital (greater of item 23 minus item 24, or zero)	P865	0	25.
Tier 1 Capital			
26. Tier 1 capital (sum of items 19 and 25)	8274	29,404	26.
Tier 2 Capital			
27. Tier 2 capital instruments plus related surplus	P866	0	27.
28. Non-qualifying capital instruments subject to phase-out from tier 2 capital	P867	0	28.
29. Total capital minority interest that is not included in tier 1 capital	P868	0	29.
30. a. Allowance for loan and lease losses includable in tier 2 capital (1,2)	5310	2,868	30.a.
b. (Advanced approaches institutions that exit parallel run only): Eligible credit reserves	RCOW		
includable in tier 2 capital	5310	NR	30.b.
31. Unrealized gains on available-for-sale preferred stock classified as an equity security under	RCOA		
GAAP and available-for-sale equity exposures includable in tier 2 capital (3)	Q257	0	31.
32. a. Tier 2 capital before deductions (sum of items 27 through 30.a, plus item 31)	P870	2,868	32.a.
b. (Advanced approaches institutions that exit parallel run only): Tier 2 capital before deductions	RCOW		
(sum of items 27 through 29, plus items 30.b and 31)	P870	NR	32.b.
	RCOA		
33. LESS: Tier 2 capital deductions	P872	0	33.
34. a. Tier 2 capital (greater of item 32.a minus item 33, or zero)	5311	2,868	34.a.
b. (Advanced approaches institutions that exit parallel run only): Tier 2 capital (greater of item	RCOW		
32.b minus item 33, or zero)	5311	NR	34.b.
Total Capital	RCOA		
35. a. Total capital (sum of items 26 and 34.a)	3792	32,272	35.a.
b. (Advanced approaches institutions that exit parallel run only): Total capital (sum	RCOW		
of items 26 and 34.b)	3792	NR	35.b.

1 **Institutions that have adopted ASU 2016-13 should report the amount of adjusted allowances for credit losses (AACL), as defined in the regulatory capital rule, includable in tier 2 capital in item 30.a.**

2 **Institutions that have adopted ASU 2016-13 and have elected to apply the CECL transition provision should subtract the applicable portion of the AACL transitional amount from the AACL, as defined in the regulatory capital rule, before determining the amount of AACL includable in tier 2 capital. See instructions for further detail on the CECL transition provision.**

3 Item 31 is to be completed only by institutions that have not adopted ASU 2016-01, which includes provisions governing the accounting for investments in equity securities. See instructions for further detail on ASU 2016-01.

Schedule RC-R—Continued

Part I - Continued

Dollar Amounts in Thousands	RCOA	Amount	
Total Assets for the Leverage Ratio			
36. Average total consolidated assets (1)	KW03	276,877	36.
37. LESS: Deductions from common equity tier 1 capital and additional tier 1 capital (sum of items 6, 7, 8, 10.b, 11, 13 through 17, and certain elements of item 24 - see instructions)	P875	0	37.
38. LESS: Other deductions from (additions to) assets for leverage ratio purposes	B596	0	38.
39. Total assets for the leverage ratio (item 36 minus items 37 and 38)	A224	276,877	39.
Total Risk-Weighted Assets			
40. a. Total risk-weighted assets (from Schedule RC-R, Part II, item 31)	A223	253,535	40.a.
b. (Advanced approaches institutions that exit parallel run only): Total risk-weighted assets using advanced approaches rule (from FFIEC 101 Schedule A, item 60)	RCOW A223	NR	40.b.

Risk-Based Capital Ratios *

	Column A		Column B		
	RCOA	Percentage	RCOW	Percentage	
41. Common equity tier 1 capital ratio (Column A: item 19 divided by item 40.a) (Advanced approaches institutions that exit parallel run only: Column B: item 19 divided by item 40.b)	P793	11.5976%	P793	NR	41.
42. Tier 1 capital ratio (Column A: item 26 divided by item 40.a) (Advanced approaches institutions that exit parallel run only: Column B: item 26 divided by item 40.b)	7206	11.5976%	7206	NR	42.
43. Total capital ratio (Column A: item 35.a divided by item 40.a) (Advanced approaches institutions that exit parallel run only: Column B: item 35.b divided by item 40.b)	7205	12.7288%	7205	NR	43.

Leverage Capital Ratios *	RCOA	Percentage	
44. Tier 1 leverage ratio (item 26 divided by item 39)	7204	10.6199%	44.
45. Advanced approaches institutions only: Supplementary leverage ratio information:		Amount	
a. Total leverage exposure (1)	H015	NR	45.a.
		Percentage	
b. Supplementary leverage ratio	H036	NR	45.b.

Capital Buffer *

46. Institution-specific capital buffer necessary to avoid limitations on distributions and discretionary bonus payments:	RCOA	Percentage	
a. Capital conservation buffer	H311	4.7288%	46.a.
b. (Advanced approaches institutions that exit parallel run only): Total applicable capital buffer	RCOW H312	NR	46.b.

Dollar Amounts in Thousands	RCOA	Amount	
Institutions must complete items 47 and 48 if the amount in item 46.a is less than or equal to the applicable minimum capital conservation buffer:			
47. Eligible retained income	H313	NR	47.
48. Distributions and discretionary bonus payments during the quarter	H314	NR	48.

* Report each ratio and buffer as a percentage, rounded to four decimal places, e.g., 12.3456.

1 **Institutions that have adopted ASU 2016-13 and have elected to apply the CECL transition provision should include the applicable portion of the CECL transitional amount in item 36 and item 45.a.**

Schedule RC-R—Continued

Part II. Risk-Weighted Assets

Institutions are required to assign a 100 percent risk weight to all assets not specifically assigned a risk weight under Subpart D of the federal banking agencies' regulatory capital rules (1) and not deducted from tier 1 or tier 2 capital.

	(Column A)	(Column B)	(Column C)	(Column D)	(Column E)	(Column F)	(Column G)	(Column H)	(Column I)	(Column J)	
	Totals *From Schedule RC*	Adjustments to Totals Reported in Column A	Allocation by Risk-Weight Category								
			0%	2%	4%	10%	20%	50%	100%	150%	
Dollar Amounts in Thousands	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	
Balance Sheet Asset Categories (2)											
1. Cash and balances due from depository institutions	RCON D957 59,480	RCON S396 0	RCON D958 46,126				RCON D959 13,354	RCON S397 0	RCON D960 0	RCON S398 0	1.
2. Securities:											
a. Held-to-maturity securities (3)	RCON D961 1,753	RCON S399 0	RCON D962 192	RCON HJ74 0	RCON HJ75 0		RCON D963 1,561	RCON D964 0	RCON D965 0	RCON S400 0	2.a.
b. Available-for-sale debt securities and equity securities with readily determinable fair values not held for trading	RCON JA21 0	RCON S402 0	RCON D967 0	RCON HJ76 0	RCON HJ77 0		RCON D968 0	RCON D969 0	RCON D970 0	RCON S403 0	2.b.
3. Federal funds sold and securities purchased under agreements to resell:											
a. Federal funds sold	RCON D971 0		RCON D972 0				RCON D973 0	RCON S410 0	RCON D974 0	RCON S411 0	3.a.
b. Securities purchased under agreements to resell	RCON H171 0	RCON H172 0									3.b.
4. Loans and leases held for sale:											
a. Residential mortgage exposures	RCON S413 0	RCON S414 0	RCON H173 0				RCON S415 0	RCON S416 0	RCON S417 0		4.a.
b. High volatility commercial real estate exposures	RCON S419 0	RCON S420 0	RCON H174 0				RCON H175 0	RCON H176 0	RCON H177 0	RCON S421 0	4.b.

1 For national banks and federal savings associations, 12 CFR Part 3; for state member banks, 12 CFR Part 217; and for state nonmember banks and state savings associations, 12 CFR Part 324.
2 All securitization exposures held as on-balance sheet assets of the reporting institution are to be excluded from items 1 through 8 and are to be reported instead in item 9.
3 **Institutions that have adopted ASU 2016-13 and have reported held-to-maturity securities net of allowances for credit losses in item 2.a, column A, should report as a negative number in item 2.a., column B, those allowances for credit losses eligible for inclusion in tier 2 capital, which excludes allowances for credit losses on purchased credit-deteriorated assets.**

Schedule RC-R—Continued

Part II—Continued

Dollar Amounts in Thousands	(Column K)	(Column L)	(Column M)	(Column N)	(Column O)	(Column P)	(Column Q)	(Column R)	(Column S)	
	Allocation by Risk-Weight Category							Application of Other Risk-Weighting Approaches (1)		
	250% (2)	300%	400%	600%	625%	937.5%	1250%	Exposure Amount	Risk-Weighted Asset Amount	
	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	
Balance Sheet Asset Categories (continued)										
1. Cash and balances due from depository institutions										1.
2. Securities:										
a. Held-to-maturity securities										2.a.
b. Available-for-sale debt securities and equity securities with readily determinable fair values not held for trading	RCON H270 NR	RCON S405 0		RCON S406 0				RCON H271 0	RCON H272 0	2.b.
3. Federal funds sold and securities purchased under agreements to resell:										
a. Federal funds sold										3.a.
b. Securities purchased under agreements to resell										3.b.
4. Loans and leases held for sale:										
a. Residential mortgage exposures								RCON H273 0	RCON H274 0	4.a.
b. High volatility commercial real estate exposures								RCON H275 0	RCON H276 0	4.b.

1 Includes, for example, investments in mutual funds/investment funds, exposures collateralized by securitization exposures or mutual funds, separate account bank-owned life insurance, and default fund contributions to central counterparties.

2 Column K - 250% risk weight is applicable to advanced approaches institutions only. The 250% risk weight currently is not applicable to non-advanced approaches institutions.

Schedule RC-R—Continued

Part II—Continued

Dollar Amounts in Thousands	(Column A) Totals From Schedule RC	(Column B) Adjustments to Totals Reported in Column A	(Column C) 0%	(Column D) 2%	(Column E) 4%	(Column F) 10%	(Column G) 20%	(Column H) 50%	(Column I) 100%	(Column J) 150%	
			Allocation by Risk-Weight Category								
	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	
4. Loans and leases held for sale (continued):											
c. Exposures past due 90 days or more or on nonaccrual (1)	RCON S423 0	RCON S424 0	RCON S425 0	RCON HJ78 0	RCON HJ79 0		RCON S426 0	RCON S427 0	RCON S428 0	RCON S429 0	4.c.
d. All other exposures	RCON S431 0	RCON S432 0	RCON S433 0	RCON HJ80 0	RCON HJ81 0		RCON S434 0	RCON S435 0	RCON S436 0	RCON S437 0	4.d.
5. Loans and leases held for investment (2):											
a. Residential mortgage exposures	RCON S439 0	RCON S440 0	RCON H178 0				RCON S441 0	RCON S442 0	RCON S443 0		5.a.
b. High volatility commercial real estate exposures	RCON S445 8,929	RCON S446 0	RCON H179 0				RCON H180 0	RCON H181 0	RCON H182 0	RCON S447 8,929	5.b.
c. Exposures past due 90 days or more or on nonaccrual (3)	RCON S449 4,040	RCON S450 0	RCON S451 0	RCON HJ82 0	RCON HJ83 0		RCON S452 0	RCON S453 0	RCON S454 4,040	RCON S455 0	5.c.
d. All other exposures	RCON S457 223,538	RCON S458 0	RCON S459 12,349	RCON HJ84 0	RCON HJ85 0		RCON S460 0	RCON S461 0	RCON S462 211,189	RCON S463 0	5.d.
6. LESS: Allowance for loan and lease losses (4)	RCON 3123 2,868	RCON 3123 2,868									6.

1 For loans and leases held for sale, exclude residential mortgage exposures, high volatility commercial real estate exposures, or sovereign exposures that are past due 90 days or more or on nonaccrual.

2 **Institutions that have adopted ASU 2016-13 should report as a positive number in column B of items 5.a through 5.d, as appropriate, any allowances for credit losses on purchased credit-deteriorated assets reported in column A of items 5.a through 5.d, as appropriate.**

3 For loans and leases held for investment, exclude residential mortgage exposures, high volatility commercial real estate exposures, or sovereign exposures that are past due 90 days or more or on nonaccrual.

4 **Institutions that have adopted ASU 2016-13 should report the allowance for credit losses on loans and leases in item 6, columns A and B.**

Schedule RC-R—Continued

Part II—Continued

Dollar Amounts in Thousands	(Column K)	(Column L)	(Column M)	(Column N)	(Column O)	(Column P)	(Column Q)	(Column R)	(Column S)	
	Allocation by Risk-Weight Category							Application of Other Risk-Weighting Approaches (1)		
	250% (2)	300%	400%	600%	625%	937.5%	1250%	Exposure Amount	Risk-Weighted Asset Amount	
	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	
4. Loans and leases held for sale (continued):										
c. Exposures past due 90 days or or more or on nonaccrual (3)								RCON H277 0	RCON H278 0	4.c.
d. All other exposures								RCON H279 0	RCON H280 0	4.d.
5. Loans and leases held for investment:										
a. Residential mortgage exposures								RCON H281 0	RCON H282 0	5.a.
b. High volatility commercial real estate exposures								RCON H283 0	RCON H284 0	5.b.
c. Exposures past due 90 days or more or on nonaccrual (4)								RCON H285 0	RCON H286 0	5.c.
d. All other exposures								RCON H287 0	RCON H288 0	5.d.
6. LESS: Allowance for loan and lease losses										6.

1 Includes, for example, investments in mutual funds/investment funds, exposures collateralized by securitization exposures or mutual funds, separate account bank-owned life insurance, and default fund contributions to central counterparties.

2 Column K - 250% risk weight is applicable to advanced approaches institutions only. The 250% risk weight currently is not applicable to non-advanced approaches institutions.

3 For loans and leases held for sale, exclude residential mortgage exposures, high volatility commercial real estate exposures, or sovereign exposures that are past due 90 days or more or on nonaccrual.

4 For loans and leases held for investment, exclude residential mortgage exposures, high volatility commercial real estate exposures, or sovereign exposures that are past due 90 days or more or on nonaccrual.

Schedule RC-R—Continued

Part II—Continued

Dollar Amounts in Thousands	(Column A) Totals From Schedule RC	(Column B) Adjustments to Totals Reported in Column A	(Column C) 0%	(Column D) 2%	(Column E) 4%	(Column F) 10%	(Column G) 20%	(Column H) 50%	(Column I) 100%	(Column J) 150%	
			Allocation by Risk-Weight Category								
	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	
7. Trading assets	RCON D976 0	RCON S466 0	RCON D977 0	RCON HJ86 0	RCON HJ87 0		RCON D978 0	RCON D979 0	RCON D980 0	RCON S467 0	7.
8. All other assets (1,2,3)	RCON D981 4,314	RCON S469 0	RCON D982 0	RCON HJ88 0	RCON HJ89 0		RCON D983 87	RCON D984 0	RCON D985 4,227	RCON H185 0	8.
a. Separate account bank-owned life insurance											8.a.
b. Default fund contributions to central counterparties											8.b.

1 Includes premises and fixed assets; other real estate owned; investments in unconsolidated subsidiaries and associated companies; direct and indirect investments in real estate ventures; intangible assets; and other assets.

2 **Institutions that have adopted ASU 2016-13 and have elected to apply the CECL transition provision should report as a positive number in item 8, column B, the applicable portion of the DTA transitional amount.**

3 **Institutions that have adopted ASU 2016-13 and have reported any assets, net of allowances for credit losses in item 8, column A, should report as a negative number in item 8, column B, those allowances for credit losses eligible for inclusion in tier 2 capital, which excludes allowances for credit losses on purchased credit-deteriorated assets.**

Schedule RC-R—Continued

Part II—Continued

Dollar Amounts in Thousands	(Column K)	(Column L)	(Column M)	(Column N)	(Column O)	(Column P)	(Column Q)	(Column R)	(Column S)	
	Allocation by Risk-Weight Category							Application of Other Risk-Weighting Approaches (1)		
	250% (2)	300%	400%	600%	625%	937.5%	1250%	Exposure Amount	Risk-Weighted Asset Amount	
	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	
7. Trading assets	RCON H289 NR	RCON H186 0	RCON H290 0	RCON H187 0				RCON H291 0	RCON H292 0	7.
8. All other assets (3)	RCON H293 NR	RCON H188 0	RCON S470 0	RCON S471 0				RCON H294 0	RCON H295 0	8.
a. Separate account bank-owned life insurance								RCON H296 0	RCON H297 0	8.a.
b. Default fund contributions to central counterparties								RCON H298 0	RCON H299 0	8.b.

1 Includes, for example, investments in mutual funds/investment funds, exposures collateralized by securitization exposures or mutual funds, separate account bank-owned life insurance, and default fund contributions to central counterparties.

2 Column K - 250% risk weight is applicable to advanced approaches institutions only. The 250% risk weight currently is not applicable to non-advanced approaches institutions.

3 Includes premises and fixed assets; other real estate owned; investments in unconsolidated subsidiaries and associated companies; direct and indirect investments in real estate ventures; intangible assets; and other assets.

Schedule RC-R—Continued

Part II—Continued

Dollar Amounts in Thousands	(Column A) Totals	(Column B) Adjustments to Totals Reported in Column A	(Column Q) Allocation by Risk-Weight Category (Exposure Amount) 1250%	(Column T) Total Risk-Weighted Asset Amount by Calculation Methodology SSFA (1)	(Column U) Total Risk-Weighted Asset Amount by Calculation Methodology Gross-Up	
	Amount	Amount	Amount	Amount	Amount	
Securitization Exposures: On- and Off-Balance Sheet						
9. On-balance sheet securitization exposures:	RCON S475	RCON S476	RCON S477	RCON S478	RCON S479	
a. Held-to-maturity securities (2)	0	0	0	0	0	9.a.
	RCON S480	RCON S481	RCON S482	RCON S483	RCON S484	
b. Available-for-sale securities	0	0	0	0	0	9.b.
	RCON S485	RCON S486	RCON S487	RCON S488	RCON S489	
c. Trading assets	0	0	0	0	0	9.c.
	RCON S490	RCON S491	RCON S492	RCON S493	RCON S494	
d. All other on-balance sheet securitization exposures	0	0	0	0	0	9.d.
	RCON S495	RCON S496	RCON S497	RCON S498	RCON S499	
10. Off-balance sheet securitization exposures	0	0	0	0	0	10.

Dollar Amounts in Thousands	(Column A) Total From *Schedule RC*	(Column B) Adjustments to Totals Reported in Column A	(Column C) Allocation by Risk-Weight Category 0%	(Column D) 2%	(Column E) 4%	(Column F) 10%	(Column G) 20%	(Column H) 50%	(Column I) 100%	(Column J) 150%	
	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	
	RCON 2170	RCON S500	RCON D987	RCON HJ90	RCON HJ91		RCON D988	RCON D989	RCON D990	RCON S503	
11. Total balance sheet assets (3)	299,186	(2,868)	58,667	0	0		15,002	0	219,456	8,929	11.

Dollar Amounts in Thousands	(Column K) Allocation by Risk-Weight Category 250% (17)	(Column L) 300%	(Column M) 400%	(Column N) 600%	(Column O) 625%	(Column P) 937.5%	(Column Q) 1250%	(Column R) Application of Other Risk-Weighting Approaches Exposure Amount	
	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	
	RCON S504	RCON S505	RCON S506	RCON S507			RCON S510	RCON H300	
11. Total balance sheet assets (3)	NR	0	0	0			0	0	11.

1 Simplified Supervisory Formula Approach.
2 **Institutions that have adopted ASU 2016-13 and have reported held-to-maturity securities, net of allowances for credit losses in item 9.a, column A, should report as a negative number in item 9.a., column B, those allowances for credit losses eligible for inclusion in tier 2 capital, which excludes allowances for credit losses on purchased credit-deteriorated assets.**
3 For each of columns A through R of item 11, report the sum of items 1 through 9. For item 11, the sum of columns B through R must equal column A. Item 11, column A, must equal Schedule RC, item 12.
4 Column K - 250% risk weight is applicable to advanced approaches institutions only. The 250% risk weight currently is not applicable to non-advanced approaches institutions.

Schedule RC-R—Continued

Part II—Continued

Dollar Amounts in Thousands	(Column A) Face, Notional, or Other Amount	CCF (1)	(Column B) Credit Equivalent Amount (2)	(Column C) 0%	(Column D) 2%	(Column E) 4%	(Col F) 10%	(Column G) 20%	(Column H) 50%	(Column I) 100%	(Column J) 150%	
				Allocation by Risk-Weight Category								
	Amount		Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	
Derivatives, Off-Balance Sheet Items, and Other Items Subject to Risk Weighting (Excluding Securitization Exposures) (3)												
12. Financial standby letters of credit	RCON D991 0	1.0	RCON D992 0	RCON D993 0	RCON HJ92 0	RCON HJ93 0		RCON D994 0	RCON D995 0	RCON D996 0	RCON S511 0	12.
13. Performance standby letters of credit and transaction-related contingent items	RCON D997 0	0.5	RCON D998 0	RCON D999 0				RCON G603 0	RCON G604 0	RCON G605 0	RCON S512 0	13.
14. Commercial and similar letters of credit with an original maturity of one year or less	RCON G606 0	0.2	RCON G607 0	RCON G608 0	RCON HJ94 0	RCON HJ95 0		RCON G609 0	RCON G610 0	RCON G611 0	RCON S513 0	14.
15. Retained recourse on small business obligations sold with recourse	RCON G612 0	1.0	RCON G613 0	RCON G614 0				RCON G615 0	RCON G616 0	RCON G617 0	RCON S514 0	15.

1 Credit conversion factor.
2 Column A multiplied by credit conversion factor. For each of items 12 through 21, the sum of columns C through J plus column R must equal column B.
3 All derivatives and off-balance sheet items that are securitization exposures are to be excluded from items 12 through 21 and are to be reported instead in item 10.

Schedule RC-R—Continued

Part II—Continued

Dollar Amounts in Thousands	(Column A) Face, Notional, or Other Amount	CCF (1)	(Column B) Credit Equivalent Amount (2)	(Column C)	(Column D)	(Column E)	(Col F)	(Column G)	(Column H)	(Column I)	(Column J)	
				Allocation by Risk-Weight Category								
				0%	2%	4%	10%	20%	50%	100%	150%	
	Amount		Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	
16. Repo-style transactions (3)	RCON S515 0	1.0	RCON S516 0	RCON S517 0	RCON S518 0	RCON S519 0		RCON S520 0	RCON S521 0	RCON S522 0	RCON S523 0	16.
17. All other off-balance sheet liabilities	RCON G618 0	1.0	RCON G619 0	RCON G620 0				RCON G621 0	RCON G622 0	RCON G623 0	RCON S524 0	17.
18. Unused commitments (exclude unused commitments to asset-backed commercial paper conduits):												
a. Original maturity of one year or less	RCON S525 16,564	0.2	RCON S526 3,313	RCON S527 0	RCON HJ96 0	RCON HJ97 0		RCON S528 0	RCON S529 0	RCON S530 3,313	RCON S531 0	18.a.
b. Original maturity exceeding one year	RCON G624 28,743	0.5	RCON G625 14,372	RCON G626 0	RCON HJ98 0	RCON HJ99 0		RCON G627 0	RCON G628 0	RCON G629 14,372	RCON S539 0	18.b.
19. Unconditionally cancelable commitments	RCON S540 0	0.0	RCON S541 0									19.
20. Over-the-counter derivatives			RCON S542 0	RCON S543 0	RCON HK00 0	RCON HK01 0	RCON S544 0	RCON S545 0	RCON S546 0	RCON S547 0	RCON S548 0	20.
21. Centrally cleared derivatives			RCON S549 0	RCON S550 0	RCON S551 0	RCON S552 0		RCON S554 0	RCON S555 0	RCON S556 0	RCON S557 0	21.
22. Unsettled transactions (failed trades) (4)	RCON H191 0			RCON H193 0				RCON H194 0	RCON H195 0	RCON H196 0	RCON H197 0	22.

1 Credit conversion factor.
2 For items 16 through 19, column A multiplied by credit conversion factor.
3 Includes securities purchased under agreements to resell (reverse repos), securities sold under agreements to repurchase (repos), securities borrowed, and securities lent.
4 For item 22, the sum of columns C through Q must equal column A.

Schedule RC-R—Continued

Part II—Continued

Dollar Amounts in Thousands	(Column O)	(Column P)	(Column Q)	(Column R)	(Column S)	
	Allocation by Risk-Weight Category			Application of Other Risk-Weighting Approaches (1)		
	625%	937.5%	1250%	Credit Equivalent Amount	Risk-Weighted Asset Amount	
	Amount	Amount	Amount	Amount	Amount	
16. Repo-style transactions (2)				RCON H301 0	RCON H302 0	16.
17. All other off-balance sheet liabilities						17.
18. Unused commitments (excludes unused commitments to asset-backed commercial paper conduits):						
a. Original maturity of one year or less				RCON H303 0	RCON H304 0	18.a.
b. Original maturity exceeding one year				RCON H307 0	RCON H308 0	18.b.
19. Unconditionally cancelable commitments						19.
20. Over-the-counter derivatives				RCON H309 0	RCON H310 0	20.
21. Centrally cleared derivatives						21.
22. Unsettled transactions (failed trades) (3)	RCON H198 0	RCON H199 0	RCON H200 0			22.

1 Includes, for example, exposures collateralized by securitization exposures or mutual funds.
2 Includes securities purchased under agreements to resell (reverse repos), securities sold under agreements to repurchase (repos), securities borrowed, and securities lent.
3 For item 22, the sum of columns C through Q must equal column A.

Schedule RC-R—Continued

Part II—Continued

Dollar Amounts in Thousands	(Column C)	(Column D)	(Column E)	(Column F)	(Column G)	(Column H)	(Column I)	(Column J)	
	Allocation by Risk-Weight Category								
	0%	2%	4%	10%	20%	50%	100%	150%	
	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	
23. Total assets, derivatives, off-balance sheet items, and other items subject to risk weighting by risk-weight category (for each of columns C through P, sum of items 11 through 22; for column Q, sum of items 10 through 22)	RCON G630 58,667	RCON S558 0	RCON S559 0	RCON S560 0	RCON G631 15,002	RCON G632 0	RCON G633 237,141	RCON S561 8,929	23.
24. Risk weight factor	X 0%	X 2%	X 4%	X 10%	X 20%	X 50%	X 100%	X 150%	24.
25. Risk-weighted assets by risk-weight category (for each column, item 23 multiplied by item 24)	RCON G634 0	RCON S569 0	RCON S570 0	RCON S571 0	RCON G635 3,000	RCON G636 0	RCON G637 237,141	RCON S572 13,394	25.

Schedule RC-R—Continued

Part II—Continued

Dollar Amounts in Thousands	(Column K)	(Column L)	(Column M)	(Column N)	(Column O)	(Column P)	(Column Q)	
	Allocation by Risk-Weight Category							
	250% (1)	300%	400%	600%	625%	937.5%	1250%	
	Amount	Amount	Amount	Amount	Amount	Amount	Amount	
23. Total assets, derivatives, off-balance sheet items, and other items subject to risk weighting by risk-weight category (for each of columns C through P, sum of items 11 through 22; for column Q, sum of items 10 through 22)	RCON S562 NR	RCON S563 0	RCON S564 0	RCON S565 0	RCON S566 0	RCON S567 0	RCON S568 0	23.
24. Risk weight factor	X 250%	X 300%	X 400%	X 600%	X 625%	X 937.5%	X 1250%	24.
25. Risk-weighted assets by risk-weight category (for each column, item 23 multiplied by item 24)	RCON S573 NR	RCON S574 0	RCON S575 0	RCON S576 0	RCON S577 0	RCON S578 0	RCON S579 0	25.

Dollar Amounts in Thousands	RCON	Totals Amount	
26. Risk-weighted assets base for purposes of calculating the allowance for loan and lease losses 1.25 percent threshold (2)	S580	253,535	26.
27. Standardized market-risk weighted assets (applicable only to banks that are covered by the market risk capital rules)	S581	0	27.
28. Risk-weighted assets before deductions for excess allowance for loan and lease losses and allocated transfer risk reserve (3,4)	B704	253,535	28.
29. LESS: Excess allowance for loan and lease losses (5,6)	A222	0	29.
30. LESS: Allocated transfer risk reserve	3128	0	30.
31. Total risk-weighted assets (item 28 minus items 29 and 30)	G641	253,535	31.

1 Column K - 250% risk weight is applicable to advanced approaches institutions only. The 250% risk weight currently is not applicable to non-advanced approaches institutions.

2 **For institutions that have adopted ASU 2016-13, the risk-weighted assets base reported in item 26 is for purposes of calculating the adjusted allowances for credit losses (AACL) 1.25 percent threshold.**

3 Sum of items 2.b through 20, column S; items 9.a, 9.b, 9.c, 9.d, and 10, columns T and U; item 25, columns C through Q; and item 27 (if applicable).

4 **For institutions that have adopted ASU 2016-13, the risk-weighted assets reported in item 28 represents the amount of risk-weighted assets before deductions for excess AACL and allocated transfer risk reserve.**

5 **Institutions that have adopted ASU 2016-13 should report the excess AACL.**

6 **Institutions that have adopted ASU 2016-13 and have elected to apply the CECL transition provision should subtract the applicable portion of the AACL transitional amount from the AACL, as defined in the regulatory capital rule, before determining the amount of excess AACL.**

WOLF
& COMPANY, P.C.

Primary Bank

Consolidated Financial Statements

Years Ended December 31, 2018 and 2017

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WOLF
& COMPANY, P.C.

Independent Auditors' Report

To the Audit Committee of Primary Bank:

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Primary Bank and subsidiary, which comprise the consolidated balance sheets as of December 31, 2018 and 2017, and the related consolidated statements of operations, changes in stockholders' equity and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Primary Bank and subsidiary as of December 31, 2018 and 2017, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Wolf & Company, P.C.

Boston, Massachusetts
February 27, 2019

Primary Bank

Consolidated Balance Sheets

December 31, 2018 and 2017

Assets

	2018	2017
Cash and due from banks	$ 1,008,628	$ 1,937,853
Interest-bearing deposits	25,252,875	27,500,000
Total cash and cash equivalents	26,261,503	29,437,853
Securities held to maturity, at amortized cost	2,323,944	2,997,296
Federal Home Loan Bank stock, at cost	87,300	42,400
Loans, net	175,150,135	114,734,101
Premises and equipment, net	142,094	192,688
Accrued interest receivable	437,051	239,474
Deferred tax asset	195,643	-
Other assets	268,969	196,833
	$ 204,866,639	$ 147,840,645

Liabilities and Stockholders' Equity

	2018	2017
Deposits	$177,335,268	$ 122,141,845
Accrued expenses and other liabilities	623,986	373,751
Total liabilities	177,959,254	122,515,596
Commitments and contingencies (Notes 5 and 10)		
Stockholders' equity:		
Common stock, $0.01 par value; 10,000,000 shares authorized; 3,046,536 shares issued and outstanding	30,465	30,465
Additional paid-in capital	30,582,416	30,419,350
Retained deficit	(3,705,496)	(5,124,766)
Total stockholders' equity	26,907,385	25,325,049
	$ 204,866,639	$ 147,840,645

The accompanying notes are an integral part of these consolidated financial statements.

Primary Bank

Consolidated Statements of Operations

Years Ended December 31, 2018 and 2017

	2018	2017
Interest and dividend income:		
Interest and fees on loans	$ 7,123,830	$ 3,755,712
Interest on securities	48,945	55,549
Interest on short-term investments	606,325	329,986
Total interest income	7,779,100	4,141,247
Interest expense:		
Interest on deposits	1,872,973	899,482
Total interest expense	1,872,973	899,482
Net interest income	5,906,127	3,241,765
Provision for loan losses	643,576	623,572
Net interest income, after provision for loan losses	5,262,551	2,618,193
Other income	88,278	57,769
Operating expenses:		
Salaries and employee benefits	2,652,458	2,047,237
Occupancy and equipment	242,679	276,074
Data processing	468,433	410,429
Marketing	94,160	114,364
Professional	281,953	197,868
FDIC insurance	114,392	66,579
Other general and administrative	268,127	229,102
Total operating expenses	4,122,202	3,341,653
Income (loss) before income taxes	1,228,627	(665,691)
Income tax benefit	(190,643)	-
Net income (loss)	$ 1,419,270	$ (665,691)
Net income (loss) per share	$0.47	($0.22)
Weighted-average shares outstanding	3,046,536	3,046,536

The accompanying notes are an integral part of these consolidated financial statements.

Primary Bank

Consolidated Statements of Changes in Stockholders' Equity

Years Ended December 31, 2018 and 2017

	Shares of Common Stock	Common Stock	Additional Paid-In Capital	Retained Deficit	Total
Balance at December 31, 2016	3,046,536	$ 30,465	$ 30,382,108	$ (4,459,075)	$ 25,953,498
Net loss	-	-	-	(665,691)	(665,691)
Stock-based compensation	-	-	37,242	-	37,242
Balance at December 31, 2017	3,046,536	30,465	30,419,350	(5,124,766)	25,325,049
Net income	-	-	-	1,419,270	1,419,270
Stock-based compensation	-	-	163,066	-	163,066
Balance at December 31, 2018	3,046,536	$ 30,465	$ 30,582,416	$ (3,705,496)	$ 26,907,385

The accompanying notes are an integral part of these consolidated financial statements.

Primary Bank

Consolidated Statements of Cash Flows

Years Ended December 31, 2018 and 2017

	2018	2017
Cash flows from operating activities:		
Net income (loss)	$ 1,419,270	$ (665,691)
Adjustments to reconcile net loss to net cash provided (used) by operating activities:		
Provision for loan losses	643,576	623,572
Amortization of net deferred loan costs	67,809	52,322
Share-based compensation expense	163,066	37,242
Net amortization of premiums on securities	15,448	20,575
Depreciation and amortization	52,020	59,139
Deferred income tax benefit	(195,643)	-
Net change in:		
Accrued interest receivable	(197,577)	(108,844)
Other, net	178,099	191,352
Net cash provided by operating activities	2,146,068	209,667
Cash flows from investing activities:		
Paydowns of securities held to maturity	657,904	851,187
Purchase of Federal Home Loan Bank stock	(44,900)	(24,100)
Loan originations, net of principal repayments	(61,127,419)	(49,689,402)
Additions to premises and equipment	(1,426)	(2,252)
Net cash used by investing activities	(60,515,841)	(48,864,567)
Cash flows from financing activities:		
Net increase in deposits	55,193,423	57,755,766
Net cash provided by financing activities	55,193,423	57,755,766
Net change in cash and cash equivalents	(3,176,350)	9,100,866
Cash and cash equivalents at beginning of period	29,437,853	20,336,987
Cash and cash equivalents at end of period	$ 26,261,503	$ 29,437,853
Supplementary information:		
Interest paid on deposit accounts	$ 1,783,385	$ 846,481
Income taxes paid	5,000	-

The accompanying notes are an integral part of these consolidated financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and basis of presentation

Primary Bank (the "Bank") is organized under the laws of the State of New Hampshire and commenced operations on July 28, 2015. Through a subscription offering, the Bank issued 3,046,536 shares of common stock at a price of $10 per share.

Principles of consolidation

The consolidated financial statements include the accounts of the Bank and its wholly-owned subsidiary, Primary Holdings, LLC. All significant intercompany balances and transactions have been eliminated in consolidation.

Business

The Bank provides a variety of financial services to small and medium-sized businesses, professionals, municipalities and not-for-profit organizations through its offices in Bedford and Manchester, New Hampshire. The Manchester office opened for business in January 2019. Its primary deposit products are savings, checking, money market and term certificate accounts, and its primary lending products are commercial business and commercial mortgage loans.

Significant group concentrations of credit risk

Most of the Bank's lending activities are with customers located within New Hampshire. The Bank does not have any significant concentrations to any one industry or customer.

Earnings per share

Basic net income or net loss per share is computed by dividing the net income or loss for the period by the weighted-average number of shares outstanding during the period. Basic and diluted net income or net loss per share are considered to be the same for periods in which a net loss is reported, as the inclusion of potential common shares such as warrants and options would be antidilutive. The dilutive impact of potential common shares in 2018 is considered immaterial.

Use of estimates

In preparing consolidated financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the balance sheet and reported amounts of revenues and expenses during the

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of estimates (concluded)

reporting period. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant change in the near term relate to the determination of the allowance for loan losses and the valuation of deferred tax assets.

Cash and cash equivalents

Cash and cash equivalents include cash, balances due from banks and interest-bearing deposits on an overnight basis. The Bank may from time to time have deposits in financial institutions which exceed the federally insured limits. The Bank has not experienced any losses in said amounts and does not believe it is exposed to any significant credit risk on this cash.

Securities held to maturity

Debt securities that management has the positive intent and ability to hold to maturity are classified as "held to maturity" and recorded at amortized cost.

Purchase premiums and discounts are recognized in interest income using the interest method over the terms of the securities.

The Bank evaluates securities for other-than-temporary impairment ("OTTI"), at least quarterly. If the fair value of a security is less than its amortized cost basis, OTTI is required to be recognized if: (1) the Bank intends to sell the security; (2) it is "more likely than not" that the Bank will be required to sell the security before recovery of its amortized cost basis; or (3) the present value of expected cash flows is not sufficient to recover the entire amortized cost basis. No OTTI has been recognized to date.

Federal Home Loan Bank Stock

The Bank, as a member of the Federal Home Loan Bank ("FHLB") system, is required to maintain an investment in capital stock of the FHLB. Based on redemption provisions, the stock has no quoted market value and is carried at cost. At its discretion, the FHLB may declare dividends on the stock. The Bank reviews for impairment based on the ultimate recoverability of the cost basis in the stock. As of December 31, 2018 and 2017, no impairment has been recognized.

Loans

The Bank's loan portfolio includes segments related to 1-4 and multi-family real estate, commercial owner and non-owner occupied real estate, construction, and commercial business loans.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Loans (concluded)

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or pay-off generally are reported at their outstanding unpaid principal balances adjusted for charge-offs, the allowance for loan losses, and any deferred fees or costs on originated loans. Interest income is accrued on the unpaid principal balance. Loan origination costs, net of certain direct origination fees, are deferred and recognized as an adjustment of the related loan yield using the interest method.

The accrual of interest on loans is discontinued at the time the loan is 90 days past due unless the credit is well-secured and in process of collection. Past due status is based on the contractual terms of the loan. In all cases, loans are placed on non-accrual or charged off at an earlier date if collection of principal or interest is considered doubtful. At December 31, 2018 and 2017, no loans were maintained on a non-accrual basis.

All interest accrued but not collected for loans that are placed on non-accrual or charged off is reversed against interest income. The interest on these loans is accounted for on the cash-basis or cost-recovery method, until qualifying for return to accrual. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

Allowance for loan losses

The allowance for loan losses is an estimate of uncollectible amounts of the loan portfolio that is established through a provision for loan losses charged to earnings. Loan losses are charged against the allowance when management believes the uncollectibility of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance.

The allowance for loan losses is evaluated on a regular basis by management. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available. The allowance consists of a general component, as further described below.

General component

The general component of an allowance for loan losses is typically based on historical loss experience adjusted for qualitative factors stratified by the various loan segments. The Bank has no historical loss experience and has considered the allowance coverage ratios of national and local peer groups when assessing allowance adequacy. Prospectively, the Bank will consider relevant peer group statistics, as well as its own historical loss experience. Consideration is also given to the following qualitative factors: volume and severity of past due, non-accrual and adversely classified loans; nature, volume and terms

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Allowance for loan losses (concluded)

General component (concluded)

of loans; quality of the loan review system; effects of any concentrations of credit; lending policies and procedures; experience/ability/depth of lending management and staff; international, national, regional and local economic and business conditions and other external factors. During 2018, the allowance for loan loss methodology was revised to weight the qualitative factors assigned to each loan segment based on the Bank's risk rating system. The effect on the December 31, 2018 allowance for loan losses was not material. There were no other changes to the Bank's policies or methodology pertaining to the general component of the allowance for loan losses during 2018.

The qualitative factors are determined based on the various risk characteristics of each loan segment. Risk characteristics relevant to each portfolio segment are as follows:

1-4 and multi-family real estate – The Bank generally does not originate loans with a loan-to-value ratio greater than 80 percent and does not generally grant loans that would be classified as subprime upon origination. Loans in this segment are generally collateralized by non-owner occupied real estate. The overall health of the economy, including unemployment rates and housing prices, will have an effect on the credit quality in this segment.

Commercial owner and non-owner occupied real estate – Loans in this segment are primarily income-producing properties. The underlying cash flows generated by the properties can be adversely impacted by a downturn in the economy as evidenced by increased vacancy rates, which in turn, could have an effect on the credit quality in this segment. Management obtains rent rolls for non-owner occupied properties or financial information for owner-occupied properties annually to monitor the cash flows of these loans.

Construction loans – Loans in this segment primarily relate to speculative real estate development loans for which payment will be derived from sale of the properties. In addition, the Bank also grants construction loans for commercial properties that will be leased to related and/or unrelated commercial tenants. Credit risk is affected by cost overruns, time to sell at an adequate price, and market conditions.

Commercial business loans – Loans in this segment are made to businesses and are generally secured by assets of the business. Repayment is expected from the cash flows of the business. A weakened economy, and resultant decreased consumer spending, could have an effect on the credit quality in this segment.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Premises and equipment

Leasehold improvements and equipment are carried at cost, less accumulated depreciation and amortization computed on the straight-line method over the estimated useful lives of the assets, or the original term of the lease, if shorter. The estimated useful lives of the assets are as follows:

	Years
Furniture, fixtures and equipment	3-10
Leasehold improvements	Term of lease

Transfers of financial assets

Transfers of an entire financial asset, a group of entire financial assets, or a participating interest in an entire financial asset are accounted for as sales when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when (1) the assets have been isolated from the Bank, (2) the transferee obtains the right to pledge or exchange the transferred assets, and (3) the Bank does not maintain effective control over the transferred assets.

During the normal course of business, the Bank may transfer a portion of a financial asset, for example, a participation loan. In order to be eligible for sales treatment, the transfer of the portion of the loan must meet the criteria of a participating interest. If it does not meet the criteria of a participating interest, the transfer must be accounted for as a secured borrowing. In order to meet the criteria for a participating interest, all cash flows from the loan must be divided proportionately, the rights of each loan holder must have the same priority, the loan holders must have no recourse to the transferor other than standard representations and warranties and no loan holder has the right to pledge or exchange the entire loan.

Marketing

Marketing expenses are charged to earnings when incurred.

Stock-based compensation plan

The Bank measures and recognizes compensation cost relating to share-based payment transactions based on the grant-date fair value of the equity instruments issued. Stock-based compensation is recognized over the period the employee is required to provide services for the award. Reductions in compensation expense associated with forfeited options are accounted for by recognizing forfeitures of awards as they occur. The Bank uses the Black-Scholes option-pricing model to determine the fair value of stock options granted.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes

Deferred tax assets and liabilities are reflected at currently enacted income tax rates applicable to the period in which the deferred tax assets or liabilities are expected to be realized or settled. As changes in tax laws or rates are enacted, deferred tax assets and liabilities are adjusted accordingly through the provision for income taxes. Accordingly, changes resulting from the Tax Cuts and Jobs Act enacted on December 22, 2017 have been recognized in the consolidated financial statements as of and for the year ended December 31, 2017. A valuation allowance is established against deferred tax assets when, based upon the available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. See Note 8.

Recent accounting pronouncements

Effective January 1, 2018, the Bank adopted Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) 2014-09, *Revenue from Contracts with Customers*. This Update provides a revenue recognition framework for any entity that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of non-financial assets unless those contracts are within the scope of other accounting standards. The Bank's revenue relates principally to financial instruments, which are explicitly excluded from the scope of the new guidance. The Bank adopted this Update on January 1, 2018 and the impact to the consolidated financial statements upon adopting was not material.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The amendments in this ASU require that lessees recognize the following for all leases (with the exception of short-term leases) at the commencement date: (a) a lease liability, which is a lessee‘s obligation to make lease payments arising from a lease, measured on a discounted basis; and (b) a right-of-use asset, which is an asset that represents the lessee’s right to use, or control the use of, a specified asset for the lease term. For public business entities, the amendments are effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Early application is permitted. Management does not believe there will be a material impact to the consolidated financial statements as a result of adopting this ASU. As of December 31, 2018, the Bank had $1,506,917 of future lease payments outstanding on operating leases pertaining to banking premises.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

Recent accounting pronouncements (concluded)

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments —Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. Among other things, these amendments require the measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. Entities will now use forward-looking information to better form their credit loss estimates. For public business entities that are not SEC filers, the ASU is effective for fiscal years beginning after December 15, 2020, and interim periods within those fiscal years. Early application will be permitted for all organizations for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. The Bank is currently evaluating the impact this ASU will have on its consolidated financial statements.

2. RESTRICTIONS ON CASH AND DUE FROM BANKS

The Bank is required to maintain average balances with the Federal Reserve Bank. At December 31, 2018, this reserve balance amounted to $457,000. There was no such requirement at December 31, 2017.

3. SECURITIES HELD TO MATURITY

The amortized cost and fair value of securities held to maturity, with gross unrealized losses, follows:

	Amortized Cost	Gross Unrealized Losses	Fair Value
December 31, 2018:			
Debt securities:			
Government-sponsored residential mortgage-backed securities	$ 2,323,944	$ (88,104)	$ 2,235,840
December 31, 2017:			
Debt securities:			
Government-sponsored residential mortgage-backed securities	$ 2,997,296	$ (63,078)	$ 2,934,218

At December 31, 2018, residential mortgage-backed securities with carrying values of $900,815 were pledged as collateral to the FHLBB against borrowing capacity.

SECURITIES HELD TO MATURITY (concluded)

Contractual maturities of mortgage-backed securities, which amortize monthly, at December 31, 2018 follow:

Final Maturity	Amortized Cost	Fair Value
2023	$ 358,660	$ 342,075
2025 - 2030	1,659,071	1,591,759
2045	306,213	302,006
	$ 2,323,944	$ 2,235,840

At December 31, 2018, all of the Bank's securities have been in a continuous loss position for over twelve months. All of these securities are guaranteed by the U.S. Government or an agency thereof. Accordingly, it is expected that the securities would not be settled at a price less than the par value of the investment. The decline in market value is attributable to changes in interest rates and not to credit quality. The Bank does not intend to sell the securities and it is more likely than not that the Bank will not be required to sell the securities before recovery of their amortized cost bases, which may be maturity. Accordingly, the Bank does not consider these securities to be other-than-temporarily impaired at December 31, 2018.

4. LOANS

A summary of the balances of loans follows:

	December 31,	
	2018	2017
1-4 & multi-family real estate	$ 33,322,109	$ 21,936,092
Commercial non-owner occupied	49,873,189	34,715,528
Commercial owner occupied	30,855,262	15,302,819
Construction	21,047,162	19,306,576
Commercial business	41,791,172	24,892,605
Consumer	182,337	4,913
Total loans	177,071,231	116,158,533
Allowance for loan losses	(2,120,018)	(1,476,442)
Deferred loan costs, net	198,922	52,010
Loans, net	$175,150,135	$114,734,101

LOANS (continued)

The Bank has transferred portions of originated commercial real estate and construction loans to participating lenders. The amounts transferred have been accounted for as sales and are therefore not included on the Bank's accompanying consolidated balance sheets. The Bank and participating lenders share ratably in cash flows and any gains or losses that may result from a borrower's lack of compliance with contractual terms of the loans. The Bank continues to service the loans on behalf of the participating lenders and, as such, collects cash payments from the borrowers, remits payments (net of servicing fees) to the participating lenders and disburses required escrow funds to relevant parties. At December 31, 2018 and 2017, the Bank was servicing loans for participants aggregating $19,343,189 and $10,447,119, respectively.

Activity in the allowance for loan losses, by loan segment, for the years ended December 31, 2018 and 2017, follows:

	1-4 & Multi Family	Commercial Non-Owner Occupied	Commercial Owner Occupied	Construction	Commercial Business	Consumer	Total
Balance at December 31, 2016	$ 82,273	$ 392,637	$ 122,580	$ 108,068	$ 147,312	$ -	$ 852,870
Provision for loan losses	137,088	41,307	68,705	181,531	194,941	-	623,572
Balance at December 31, 2017	219,361	433,944	191,285	289,599	342,253	-	1,476,442
Provision for loan losses	115,557	161,038	181,815	22,647	162,519	-	643,576
Balance at December 31, 2018	$ 334,918	$ 594,982	$ 373,100	$ 312,246	$ 504,772	$ -	$ 2,120,018

There are no past due, impaired or non-accrual loans at December 31, 2018 and 2017.

Credit quality information

The Bank's risk rating system is designed to provide concise and accurate assessments of the quality of the commercial loan portfolio. The risk rating system provides a means of identifying those credits that warrant special handling and/or a greater degree of monitoring for deteriorating situations. The risk rating system is designed in a way that is consistent with the size and complexity of the Bank.

Loans rated 1-5 are considered "pass" rated with low to average risk.

Loans rated 6 are considered "other assets especially mentioned". Borrowers have higher risk profiles but not to the point of justifying a classification of substandard. Although the asset is currently protected, there are potential weaknesses which may, if not checked or corrected, weaken the asset, deteriorate the repayment prospects for the asset, or inadequately protect the Bank's credit position at some future date.

LOANS (concluded)

Credit quality information (concluded)

Loans rated 7 are considered "substandard". Although there may be the distinct possibility that the Bank will sustain some loss if the deficiencies are not corrected, a substandard rating does not necessarily imply a future loss. The bank need not be in an exit mode with the relationship in order for the substandard rating to apply.

Loans rated 8 are considered "doubtful". Weaknesses are so significant that the possibility of a principal loss is extremely high. The loan must be on non-accrual.

Loans rated 9 are considered a "loss". Weaknesses are so significant that the asset is considered uncollectible and of such little value that their continuance as bankable assets is not warranted. Its balance should be written off in the period in which they surface as uncollectable.

The following tables present the Bank's 1-4 and multi-family real estate and commercial loans by risk rating at December 31, 2018 and 2017.

	December 31, 2018				
	1-4 & multi-family real estate	Commercial non-owner occupied	Commercial owner occupied	Construction	Commercial business
Loans rated 1-5	$ 31,900,395	$ 49,070,595	$ 30,855,262	$ 21,047,162	$ 41,791,172
Loans rated 6	174,949	-	-	-	-
Loans rated 7	1,246,765	802,594	-	-	-
	$ 33,322,109	$ 49,873,189	$ 30,855,262	$ 21,047,162	$ 41,791,172

	December 31, 2017				
	1-4 & multi-family real estate	Commercial non-owner occupied	Commercial owner occupied	Construction	Commercial business
Loans rated 1-5	$ 21,936,092	$ 34,715,528	$ 15,302,819	$ 19,306,576	$ 24,892,605
Loans rated 6	-	-	-	-	-
Loans rated 7	-	-	-	-	-
	$ 21,936,092	$ 34,715,528	$ 15,302,819	$ 19,306,576	$ 24,892,605

5. PREMISES AND EQUIPMENT

A summary of the cost and accumulated depreciation and amortization of premises and equipment follows:

	December 31, 2018	December 31, 2017
Furniture, fixtures and equipment	$ 277,051	$ 275,625
Leasehold improvements	56,733	56,733
	333,784	332,358
Less accumulated depreciation and amortization	(191,690)	(139,670)
	$ 142,094	$ 192,688

Depreciation and amortization expense for the years ended December 31, 2018 and 2017 amounted to $52,020 and $59,139, respectively.

Firm commitments relating to the construction of a new branch amount to $346,191 at December 31, 2018.

6. DEPOSITS

A summary of deposit balances, by type, follows:

	December 31, 2018	December 31, 2017
NOW and demand	$ 44,085,620	$ 26,518,193
Money market deposits	55,006,898	44,000,280
Regular savings and other	1,636,297	527,440
Total demand accounts	100,728,815	71,045,913
Term certificates less than $250,000	60,695,371	40,848,179
Term certificates of $250,000 or more	15,911,082	10,247,753
Total certificate accounts	76,606,453	51,095,932
Total deposits	$ 177,335,268	$ 122,141,845

DEPOSITS (concluded)

A summary of certificate accounts by maturity follows:

	December 31,		Weighted Average Rate	
	2018	2017	2018	2017
Within 1 year	$ 24,965,147	$ 11,447,240	2.07%	1.38%
Over 1 year to 2 years	34,989,784	6,546,422	2.31	1.72
Over 2 years to 3 years	15,186,095	26,033,478	2.58	1.91
Over 3 years to 4 years	1,275,403	5,811,382	2.29	2.04
Over 4 years	190,024	1,257,410	2.46	2.29
	$ 76,606,453	$ 51,095,932	2.29%	1.79%

7. LINE OF CREDIT

The Bank has a $2,000,000 unsecured available line of credit with a correspondent bank at an interest rate that adjusts daily. At December 31, 2018 and 2017, there were no amounts outstanding.

8. INCOME TAXES

Allocation of federal and state income taxes between current and deferred portions is as follows:

	2018	2017
Current tax provision:		
Federal	$ -	$ -
State	5,000	-
	5,000	-
Deferred tax provision (benefit):		
Federal	262,673	(187,383)
State	131,754	(49,229)
	394,427	(236,612)
Change in valuation allowance	(590,070)	236,612
	(195,643)	-
Federal rate change - deferred tax asset	-	603,768
Federal rate change - valuation allowance	-	(603,768)
	-	-
	$ (190,643)	$ -

INCOME TAXES (continued)

The reasons for the difference between the statutory federal income tax provision (benefit) and the actual tax provision (benefit) is summarized as follows:

	2018	2017
Statutory federal tax (21% in 2018 and 34% in 2017)	$ 258,012	$ (226,335)
Increase (decrease) resulting from:		
State taxes, net of federal tax benefit	108,036	(32,491)
Change in valuation reserve	(590,070)	236,612
Other, net	33,379	22,214
Total income tax benefit	$ (190,643)	$ -

The effects of each item that give rise to deferred taxes are as follows:

	2018	2017
Organization and start-up costs	$ 246,084	$ 267,319
Net operating loss carryforward	376,458	879,026
Allowance for loan losses	561,575	387,404
Deferred rent expense	13,067	10,674
Depreciation and amortization	(32,630)	(40,030)
Other, net	(24,901)	(25,827)
Deferred loan costs	(143,904)	(94,072)
Charitable contribution carryover	-	5,682
	995,749	1,390,176
Valuation allowance	(800,106)	(1,390,176)
Net deferred tax asset	$ 195,643	$ -

The Bank's net operating loss carryforward at December 31, 2018 amounts to $1,390,015, of which $1,284,277 expires on December 31, 2036 and $105,738 expires on December 31, 2037.

At December 31, 2017, as there was insufficient evidence to conclude that the Bank would have future taxable income in an amount sufficient to realize its deferred tax assets, no deferred tax benefits had been recorded. For the year ended December 31, 2018, the valuation allowance decreased by $590,070 as a result of a decrease in the deferred tax asset, as well as a change in assumption regarding the realizability of the deferred tax asset.

INCOME TAXES (concluded)

At December 31, 2018 and 2017, the Bank had no uncertain tax positions. The Bank accounts for interest and penalties related to uncertain tax positions as part of its provision for federal and state income taxes. The Bank has no interest or penalties recorded for the years ended December 31, 2018 and 2017.

The Bank's income tax returns are subject to review and examination by federal and state taxing authorities. The Bank is currently open to audit under the applicable statutes of limitations by the Internal Revenue Service for the years ended December 31, 2018, 2017, 2016 and 2015. The years open to examination by state taxing authorities vary by jurisdiction; no years prior to 2015 are open.

On December 22, 2017, the President signed into law the Tax Cuts and Jobs Act (the "Act"). The Act includes a number of changes in existing tax law impacting businesses including, among other things, a permanent reduction in the corporate income tax rate from 34% to 21%, effective on January 1, 2018. As a result of this rate reduction, the Bank revalued its net deferred tax asset as of December 22, 2017 resulting in a reduction in the value of the net deferred tax asset of $603,768, which was recorded through a deferred income tax provision and the valuation allowance was reduced accordingly.

9. MINIMUM REGULATORY CAPITAL REQUIREMENTS

The Bank is subject to various regulatory capital requirements administered by the Federal Deposit Insurance Corporation ("FDIC"). Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Bank's consolidated financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of the Bank's assets, liabilities and certain off-balance sheet items as calculated under regulatory accounting practices. The Bank's capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

Federal banking regulations for community banking institutions include minimum capital ratios as set forth in the following table. Additionally, community banking institutions must maintain a capital conservation buffer of common equity Tier 1 capital in an amount greater than 2.5% of total risk-weighted assets to avoid being subject to limitations on capital distributions and discretionary bonuses. The capital conservation buffer and certain deductions from and adjustments to regulatory capital and risk-weighted assets are being phased in over several years. The required minimum conservation buffer is 1.875% as of December 31, 2018 will be increased to 2.50% on January 1, 2019. Also, certain new deductions from and adjustments to regulatory

MINIMUM REGULATORY CAPITAL REQUIREMENTS (concluded)

capital and risk weighted assets will be phased in over several years. Management believes that the Bank's capital levels will remain characterized as "well-capitalized" throughout the phase-in periods.

As of December 31, 2018, the most recent notification from the FDIC categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized, the Bank must maintain minimum total risk-based, common equity Tier 1 risk-based, Tier 1 risk-based and Tier 1 leverage ratios as set forth in the following table. The Bank's actual capital amounts and ratios as of December 31, 2018 and 2017 are also presented in the table. There are no conditions or events since that notification that management believes have changed the Bank's category. Management believes, as of December 31, 2018, that the Bank meets all capital adequacy requirements to which it is subject.

	Actual		Minimum Capital Requirement		Minimum To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
			(Dollars in Thousands)			
December 31, 2018:						
Total capital (to risk weighted assets)	$ 29,027	15.5%	$ 14,969	8.0%	$ 18,711	10.0%
Common equity Tier 1 capital (to risk weighted assets)	26,907	14.4	8,420	4.5	12,162	6.5
Tier 1 capital (to risk weighted assets)	26,907	14.4	11,227	6.0	14,969	8.0
Tier 1 leverage ratio (to average assets)	26,907	12.8	8,435	4.0	10,544	5.0
December 31, 2017:						
Total capital (to risk weighted assets)	$ 26,801	20.3%	$ 10,570	8.0%	$ 13,212	10.0%
Common equity Tier 1 capital (to risk weighted assets)	25,325	19.2	5,946	4.5	8,588	6.5
Tier 1 capital (to risk weighted assets)	25,325	19.2	7,927	6.0	10,570	8.0
Tier 1 leverage ratio (to average assets)	25,325	17.0	11,923	8.0*	11,923	8.0*

* Although the minimum Tier 1 leverage ratio is generally 4%, pursuant to the Bank's de novo status in 2017, the Bank was subject to an 8% minimum Tier 1 leverage ratio. This requirement was in effect for thirty-six months from the Bank's commencement of operations, which was on July 28, 2015.

10. COMMITMENTS AND CONTINGENCIES

Loan commitments

The Bank is a party to credit related financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit and advance funds on lines-of-credit and construction loans. Such commitments involve, to varying degrees, elements of credit and interest-rate risk in excess of the amount recognized in the consolidated balance sheets.

The Bank's exposure to credit loss is represented by the contractual amount of these commitments. The Bank uses the same credit policies in making commitments as it does for on-balance sheet instruments.

At December 31, 2018 and 2017, the following financial instruments were outstanding whose contract amounts represent credit risk:

	2018	2017
Commitments to grant loans	$ 17,368,000	$ 11,185,000
Unadvanced funds on lines-of-credit	14,977,082	7,061,765
Unadvanced funds on construction loans	18,700,463	18,021,514
Unadvanced funds on real estate loans	1,908,813	550,000

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. The commitments for lines-of-credit may expire without being drawn upon. Therefore, the total commitment amounts do not necessarily represent future cash requirements. The Bank evaluates each customer's credit worthiness on a case-by-case basis and the commitments are collateralized by real estate or other business assets.

COMMITMENTS AND CONTINGENCIES (concluded)

Operating lease commitments

Pursuant to the terms of all noncancelable lease agreements in effect at December 31, 2018, pertaining to premises, future minimum rent commitments are as follows:

Years Ending December 31,	Amount
2019	$ 229,643
2020	233,964
2021	238,415
2022	242,999
2023	247,720
Thereafter	314,176
	$ 1,506,917

Additional common area maintenance ("CAM") expenses, insurance expenses, and tax expenses that exceed the base amount are required to be paid out on an annual basis. Leases contain options to extend. The costs of such extensions are not included above.

In September 2018, the Bank entered into a lease agreement commencing in January 2019 for a building located in Manchester, New Hampshire, for the purpose of branch expansion. Future minimum rent commitments for this lease are included above as of December 31, 2018.

Total rent expense for the years ended December 31, 2018 and 2017 amounted to $153,446 and $179,631, respectively. (See Note 12).

Executive employment agreements and change of control

The Bank has entered into employment agreements with certain executives that provide for specified annual compensation and certain other benefits, as defined in the agreements, for original terms of one to two years. Thereafter, the agreements automatically extend for an additional one-year term unless the Board of Directors or the executive has given the other party notice within a specified number of days prior to the anniversary of the agreement.

Such employment may be terminated for cause, as defined, without incurring any continuing obligation. One agreement also provides for a specified lump sum cash payment to the executive upon a change in control of the Bank (as defined in the agreement). If a change of control occurs after the executive has retired in good standing, the executive will be entitled to a reduced lump sum cash payment.

11. RESTRICTIONS ON DIVIDENDS

Federal and state banking regulations place certain restrictions on dividends paid by the Bank. The Board of Directors of the Bank may declare dividends from the Bank's net earnings remaining after deducting all losses and expenses from the two most recent fiscal years. The Board of Directors may also declare dividends from its cumulative retained earnings from the previous fiscal years, provided that it remains well capitalized after the declaration of the dividend under the regulations of the Federal Deposit Insurance Corporation. No dividends have been declared as of December 31, 2018 and 2017.

12. RELATED PARTIES

In the ordinary course of business, the Bank has granted loans to directors and their affiliates amounting to $16,261,937 and $16,316,313 at December 31, 2018 and 2017, respectively. Unadvanced funds on related party lines of credit amounted to $2,079,015 and $1,535,040 at December 31, 2018 and 2017, respectively. Additionally, deposits amounting to $26,904,206 and $18,722,058 at December 31, 2018 and 2017, respectively, are held at the Bank by senior management, directors and their affiliates.

The Bank has entered into an operating lease pertaining to its office premises with a real estate trust, in which four of the Bank's directors have an aggregate ownership interest of 43%. The lease has an original term of ten years with options to renew. Rental expense for the years ended December 31, 2018 and 2017 related to this lease amounted to $153,446 and $179,631, respectively. The Bank has also entered into an operating lease pertaining to the new branch located in Manchester, New Hampshire that is owned by one of the Bank's directors. The lease has an original term of five years with options to renew. Rent does not commence until January 2019, and will be $55,220 per year. (See Note 10).

13. STOCK PLAN

Stock Incentive Plan

The Bank has adopted the 2015 Stock Incentive Plan (the "Stock Plan"), whereby 435,157 shares of the Bank's common stock have been reserved for issuance. Under the Stock Plan, the Bank may grant incentive stock options, non-qualified stock options and restricted stock awards to its employees, officers, directors and consultants. The exercise price for each option will be established at the discretion of the Bank's Board of Directors (the "Board"), but may not be less than the greater of $10.00 per share, or the fair market value of the stock on the grant date. The term of each option will be fixed by the Board and may not exceed ten years from the date of grant. Options and restricted stock awards will generally vest over four years unless otherwise determined by the Board. Vesting may be accelerated upon a change in control, as defined in the Stock Plan. The following table shows the status of options available under the Stock Plan.

Stock Incentive Plan	Options Reserved	Options Outstanding	Options Committed	Available Options
As of December 31, 2017	435,157	49,000	92,850	293,307
As of December 31, 2018	435,157	155,600	-	279,557
As of January 22, 2019	435,157	188,650	-	246,507

Stock option activity is as follows:

	2018	
	Shares	Weighted Average Exercise Price
Shares under option:		
Outstanding at beginning of year	49,000	$ 10.00
Granted	111,100	10.00
Forfeited	(4,500)	10.00
Outstanding at end of year	155,600	$ 10.00
Options exercisable at end of year	76,442	$ 10.00

The weighted average remaining contractual life as of December 31, 2018 on options outstanding and options exercisable is 8.8 years and 8.6 years, respectively.

STOCK PLAN (concluded)

Stock Incentive Plan (concluded)

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model and the following weighted-average inputs. The expected volatility (20.98%) is based on historical volatility of the ABA Community Bank Fund Index. The risk-free interest rate (2.37%) for periods consistent with the expected term (5.89 years) of the awards is based on the U.S. Treasury yield curve in effect at the time of the grant. The average expected life was estimated using the simplified method to determine the expected life based on the vesting period and contractual terms, since the Bank does not have the necessary historical exercise data to determine an expected life for stock options. The dividend yield assumption (0.00%) is based on the expectation of dividend payouts.

The weighted-average grant-date fair value of options granted during the year ended December 31, 2018 and 2017 was $2.62 and $2.58, respectively. For the year ended December 31, 2018 and 2017, share-based compensation expense applicable to the plan amounted to $163,066 and $37,242, respectively. As of December 31, 2018, unrecognized share-based compensation expense related to non-vested options amounted to $209,362. This amount is expected to be recognized over a weighted average period of 1.41 years. Given the limited trading of the Bank's common stock, the intrinsic value of options outstanding is not readily determinable.

Common Stock Warrant Plan

The Bank adopted the Common Stock Warrant Plan (the "Warrant Plan"), whereby warrants for 280,000 shares were granted to original investors in the Bank's predecessor entity while in the organization phase, and that purchased common stock in the Bank's initial stock offering. The warrants allow holders, for a period of ten years after the effective date (November 12, 2015) of the warrants, to purchase Bank common stock for $10 per share. Warrants do not entitle holders to voting rights or dividends. No warrants have been exercised to date.

14. SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 27, 2019, which is the date the consolidated financial statements were available to be issued. Except for stock options granted on January 22, 2019 as noted in Note 13, there were no subsequent events that require adjustment to or disclosure in the consolidated financial statements.

Filed
Date Filed: 02/18/2015
Business ID: 721193
William M. Gardner
Secretary of State

ARTICLES OF AGREEMENT OF PRIMARY BANK

Pursuant to the authority granted under RSA Chapter 392, the undersigned incorporators hereby organize a banking corporation as follows:

ARTICLE 1
Corporate Name

The name by which the banking corporation shall be known is Primary Bank ("Bank").

ARTICLE 2
Corporate Purposes

The Bank shall be a banking corporation and shall have and may exercise all the express, implied and incidental powers conferred upon such corporations under the laws of the State of New Hampshire, as such laws now exist or may be hereafter amended.

ARTICLE 3
Location of Banking Office

The principal place of business of the Bank shall be Bedford, County of Hillsborough, State of New Hampshire, but the Bank may carry on any portion of its business at such other places within or without the State of New Hampshire as may be from time to time permitted under applicable laws, rules, and regulations. Any meetings of shareholders of the Bank may be held within or without the State of New Hampshire.

ARTICLE 4
Duration

The duration of the Bank shall be perpetual.

ARTICLE 5
Capital Stock

5.1 Capitalization. The total number of shares of capital stock which the Bank is authorized to issue is 10,000,000 shares of Common Stock, $0.01 par value per share. The shares may be issued by the Bank from time to time by a vote of its Board of Directors without the approval of its shareholders.

5.2 No Preemptive Right to Acquire Shares. No shareholder shall have any preemptive or preferential right to subscribe for or otherwise to acquire the Bank's unissued shares of Common Stock, or any warrants or other rights to purchase such shares or securities convertible into such shares, whether now or hereafter authorized, except as specifically so granted.

5.3 Voting Rights; Quorum Requirements. Each holder of shares of Common Stock shall be entitled to one vote on all matters for each share held by such holder. A majority of the outstanding shares of Common Stock, represented in person or by proxy, shall constitute a quorum for the transaction of business at any meeting of the shareholders. Except as provided by law or in these Articles of Agreement, a vote of a majority of shares of Common Stock represented in person or by proxy at a duly constituted meeting of the shareholders shall be required to approve any matter presented for consideration. There shall be no cumulative voting rights in the election of Directors.

5.4 Special Meetings Called By Shareholders. Special meetings of the shareholders for any purpose or purposes may be called at any time by the holders of at least 25 percent of all the votes entitled to be cast on an issue proposed to be considered at the proposed special meeting if the holders sign, date, and deliver to the Bank one or more written demands for the meeting describing the purpose or purposes for which it is to be held.

5.5 Dividends. Holders of common stock shall be entitled to receive such dividends as may be declared by the Board of Directors.

5.6 Distribution of Assets. Upon liquidation, dissolution or winding up of the Bank, the holders of shares of Common Stock are entitled to share ratably in the net assets of the Bank available for distribution.

ARTICLE 6
Number of Directors

The number of Directors constituting the Board of Directors shall be fixed in the manner provided in the Bylaws, but shall not be less than 9 Directors nor more than 20 Directors. If any vacancy resulting from an increase in the number of Directors and any vacancy resulting from the death, resignation, retirement, disqualification or removal from office of a Director, or from any other cause, shall be filled by the vote of two-thirds of those Directors then in office, whether or not a quorum, and Directors so chosen shall hold office for a term of office expiring at the next meeting of shareholders at which the term of the class to which they shall have been elected expires.

ARTICLE 7
Classes of Directors

The Board of Directors of the Bank shall be divided into three classes, each class to be as nearly equal in number as possible, the term of office of Directors of the first class to expire at the first annual meeting of shareholders, that of the second class to expire at the second annual meeting of the shareholders and that of the third class to expire at the third annual meeting after their election. At each annual meeting of shareholders after such classification, a number of

Directors equal to the number of the class whose term expires at the time of such meeting shall be elected to hold office until the third succeeding annual meeting.

ARTICLE 8
Limitation on Director Liability

No Director of the Bank shall be personally liable to the Bank or its shareholders for monetary damages for breach of fiduciary duty as a Director notwithstanding any provision of law imposing such liability; provided, however, that this Article shall not eliminate or limit any liability of a Director: (i) for any breach of the Director's duty of loyalty to the Bank or its shareholders; (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; (iii) a violation of RSA 293-A:8.33; or (iv) with respect to any transaction from which the Director derived an improper personal benefit.

No amendment or repeal of this Article shall adversely affect the rights and protection afforded to a Director of the Bank under this Article for acts or omissions occurring prior to such amendment or repeal. In construing the provisions of this Article, it is intended hereby to provide the Directors of the Bank with the full protection available to directors of a business corporation under the New Hampshire Business Corporation Act (RSA 293-A).

ARTICLE 9
Standards for Evaluation of Offers by Board of Directors

The Board of Directors of the Bank, when evaluating any offer to make a tender or exchange offer for any equity security of the Bank, merge or consolidate the Bank with another bank, or purchase or otherwise acquire all or substantially all of the properties and assets of the Bank ("Combination"), shall, in connection with the exercise of its judgment in determining what is in the best interests of the Bank and its shareholders, give due consideration to all relevant factors including, without limitation, (i) the interests of the Bank's employees, suppliers, creditors and customers; (ii) the economy of the state, region and nation; community and social considerations; and (iii) the long-term and short-term interests of the Bank and its shareholders, including the possibility that these interests may be best served by the continued independence of the Bank.

ARTICLE 10
Voting Requirement for Combinations

A majority of the entire Board of Directors of the Bank must approve any Combination proposed by the Bank's Board of Directors for consideration by the Bank's shareholders. Any Combination not proposed by the Bank's Board of Directors may be approved only by a vote of the holders of a two-thirds majority of the shares of common stock entitled to vote at a meeting expressly called for that purpose.

ARTICLE 11
Bylaws

The Bylaws of the Bank may be amended at any time by a majority of the full Board of Directors, subject to repeal or change only by vote of the holders of a two-thirds majority of the shares of common stock entitled to vote at a meeting expressly called for that purpose.

ARTICLE 12
Amendments

These Articles of Agreement may be amended by vote of the holders of a majority of the shares entitled to vote at an annual or special meeting called for that purpose, except for Article 7, Article 8, Article 9, Article 10, Article 11, and this Article 12 which may be amended only by vote of the holders of two-thirds of the shares of common stock entitled to vote at a meeting expressly called for that purpose.

ARTICLE 13
Registered Address and Agent

The initial registered address of the Bank shall be 12 Aspen Lane, Bedford, New Hampshire 03110 and its initial registered agent shall be William Greiner.

ARTICLE 14
Incorporators

The names of the incorporators are William Greiner, 12 Aspen Lane, Bedford, New Hampshire 03110, Daniel W. Sklar, 44 Brick Mill Drive, Bedford, NH 03110 and H. Andrew Crews, 23 Rolling Woods Drive, Bedford, New Hampshire 03110.

Dated:

William Greiner

Daniel W. Sklar

H. Andrew Crews

PRIMARY BANK

BYLAWS

ARTICLE I
SHAREHOLDERS

Section 1.01. Annual Meetings. Annual meetings of the shareholders of Primary Bank (the "Bank") shall be held on such date, at such time and at such place, either within or without the State of New Hampshire, as shall be designated from time to time by the Board of Directors. At each annual meeting of shareholders and in accordance with Section 2.01 of these Bylaws the shareholders shall elect that class of directors to the Board of Directors whose terms have expired and may transact such other business, without regard to whether the notice calling such meeting shall contain a reference thereto, as may properly be brought before the meeting.

Only such business shall be conducted at an annual meeting as shall have been brought before the meeting (i) by or at the direction of the Board of Directors or (ii) by any shareholder of the Bank who complies with the notice procedures set forth in this Section 1.01. For business to be properly brought before an annual meeting by a shareholder, the shareholder must have given timely notice thereof in writing to the Secretary of the Bank. To be timely, a shareholder's notice must be personally delivered or mailed, by United States mail, postage prepaid, and received by the Bank's Secretary at the principal executive offices of the Bank not less than 120 days nor more than 180 days prior to the anniversary date of the immediately preceding annual meeting. A shareholder's notice to the Secretary shall set forth as to each matter the shareholder proposes to bring before the annual meeting (i) a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (ii) the name and address, as they appear on the Bank's books, of the shareholder proposing such business and any other shareholder known by such shareholder to be supporting such proposal, (iii) the class and number of shares of the Bank which are beneficially owned by the shareholder and any other shareholder known by such shareholder to be supporting such proposal, and (iv) any financial interest of the shareholder in such business. Notwithstanding anything in these Bylaws to the contrary, no business shall be conducted at an annual meeting except in accordance with the procedures set forth in this Section 1.01 or as provided in the Bylaws of the Bank. The presiding officer at an annual meeting shall, if the facts warrant, determine and declare to the meeting that business was not properly brought before the meeting in accordance with the provisions of this Section 1.01, and if the presiding officer should so determine, such officer shall so declare to the meeting, and any such business not properly brought before the meeting shall not be transacted.

The foregoing provisions shall not prevent the consideration and approval or disapproval at the annual meeting of reports of officers, Directors and committees of the Board of Directors, but in connection with such reports, no new business shall be acted upon at such annual meeting unless stated, filed and received as herein provided.

Section 1.02. Special Meetings. Special meetings of the shareholders for any purpose or purposes may be called at any time only (i) by the Chairman of the Board or the President or (ii) by the affirmative vote of a majority of the Directors then in office, or (iii) as permitted by Section 5.4 of the Articles of Agreement. A written notice of the special meeting complying with the provisions of these Bylaws shall be given to each shareholder entitled to vote at such special meeting by the Secretary of the Bank or, in the event of his or her failure or inability to act, by any other officer of the Bank or by the Directors calling the special meeting. Special meetings shall be held at the principal office of the Bank at the time specified by the Chairman of the Board, the President, or at such other time and place, either within or without the State of New Hampshire, as may be directed by the affirmative vote of a majority of the Directors then in office. Only those matters set forth in the call of the special meeting may be considered or acted upon at such special meeting, unless otherwise provided by law.

Section 1.03. Notice of Annual and Special Meetings. Except as otherwise expressly required by law, written notice of each meeting of shareholders, whether annual or special, shall be given at least 10 and not more than 60 days prior to the date on which the meeting is to be held to each shareholder entitled to vote at such meeting by delivering it to him or her personally, by electronic means or by mailing it to his or her address appearing on the records of the Bank. Each such notice shall specify the place, day and hour of the meeting and, in the case of a special meeting, shall briefly state the purpose or purposes for which the meeting is called. A written waiver of notice, signed by a shareholder entitled to such notice, whether before or after the date and time fixed for the meeting, shall be deemed the equivalent of such notice. Neither the business to be transacted at, nor the purpose of, the meeting need be specified in any waiver of notice.

Section 1.04. Organization. The Chairman of the Board, if one has been elected and is present, or, if not, the President, or in his or her absence, the Executive Vice President, shall preside and the Secretary, or in his or her absence, such other person as shall be appointed by the presiding officer, shall take the minutes at all meetings of the shareholders.

Section 1.05. Quorum. A shareholders' meeting duly called shall not be organized for the transaction of business unless a quorum is present. A quorum at any meeting shall consist of the holders of a majority of the shares issued and outstanding and entitled to notice of and to vote at such meeting. The shareholders present at a duly organized meeting may continue to do business until adjournment, notwithstanding the withdrawal of such number of shareholders as would leave less than a quorum in attendance. If a meeting cannot be organized because a quorum has not attended, those present may adjourn the meeting from time to time to such time (not more than 30 days after the next previous adjourned meeting) and place as they may determine, without notice other than by announcement at the meeting of the time and place of the adjourned meeting.

Section 1.06. Voting. At every meeting of shareholders, each holder of record of issued and outstanding shares entitled to notice of and to vote at such meeting shall be entitled to vote in person or by proxy. Unless another date has been fixed as provided by Section 5.06 of these Bylaws as the record date for the determination of shareholders entitled to notice of and to vote at such meeting, no person to whom shares of stock have been transferred on the books of the Bank after the close of business on the day next preceding the date on which notice of such meeting is given shall be entitled to notice of or to vote at such meeting in respect of such shares. At any such meeting of the shareholders, resolutions of the shareholders shall be adopted, and any actions taken by the shareholders upon any matter shall be valid, only if at least a majority of the votes cast with respect to any such resolution or matter are cast in favor thereof, except as otherwise expressly provided by law, by the Articles of Agreement, or by these Bylaws. The votes cast by the shareholders at any meeting need not be cast by written ballot unless required by a majority of the shareholders present in person or by proxy and entitled to vote at such meeting, the Board of Directors or the presiding officer.

Section 1.07. Proxies. At all meetings of shareholders, a shareholder may vote by a written or electronic proxy duly executed in writing by the shareholder or by his or her duly authorized attorney-in-fact. Any proxy purporting on its face to have been executed by the attorney-in-fact of a shareholder, unless contested prior to its being voted, shall be conclusively presumed to have been duly authorized. Proxies solicited on behalf of the Board of Directors of the Bank shall be voted as directed by the shareholder or, in the absence of such direction, as determined by the Board of Directors. No proxy shall be valid after the final adjournment of the meeting with respect to which it was granted, unless otherwise provided therein.

Section 1.08. No Action by Consent. Any action required or permitted to be taken by the shareholders of the Bank must be effected at an annual or special meeting of the shareholders called and held in accordance with the provisions of these Bylaws and may not be effected by any consent in writing by the shareholders.

ARTICLE II
DIRECTORS

Section 2.01. Number, Election and Term of Office. Subject to Article 6 of the Articles of Agreement, the number of Directors shall be fixed from time to time by the affirmative vote of a majority of the Directors then in office, whether or not a quorum.

Directors shall be elected by the shareholders at each annual meeting in accordance with the requirements of Article 7 of the Articles of Agreement; except that any vacancy resulting from an increase in the number of Directors and any vacancy resulting from the death, resignation, retirement, disqualification or removal from office of a Director, or from any other cause, shall be filled by the vote of two-thirds of those Directors then in office, whether or not a quorum, and Directors so chosen shall hold office for a term of office expiring at the next meeting of shareholders at which the term of the class to which they shall have been elected expires.

Notwithstanding the expiration of a Director's term of office, each Director shall hold office until his or her or her successor shall be duly elected and qualified or until his or her earlier death, resignation or removal. A Director may resign at any time upon written notice to the Board of Directors. Each Director shall hold office from the time of his or her election but shall be responsible as a director from such time only if he or she consents to his or her election and otherwise from the time he or she accepts office or first attends a meeting of the Board of Directors. Each Director shall, when appointed or elected, take such oath as may be required by the laws of the State of New Hampshire. The Board of Directors shall fix the compensation of its members.

Notwithstanding anything in these Bylaws to the contrary, no person shall be elected as a Director of the Bank unless nominated in accordance with the procedures set forth in this Section 2.01. Ballots bearing the names of all the persons who have been nominated for election as Directors at an annual meeting in accordance with the procedures set forth in this Section 2.01 shall be provided for use at the annual meeting. Ballots may be presented in written or electronic form.

Nominations of candidates for election as Directors at any annual meeting of shareholders may be made (a) by, or at the direction of, a majority of the Board of Directors; or (b) by any shareholder entitled to vote at such annual meeting who has complied with the provisions of this Section 2.01 pertaining to the nomination of Directors by shareholders. Only persons nominated in accordance with the procedures set forth in this Section 2.01 shall be eligible for election as Directors at an annual meeting.

Nominations, other than those made by, or at the direction of, the Board of Directors shall be made by shareholders pursuant to timely notice in writing to the Secretary of the Bank as set forth in this Section 2.01. To be timely, a shareholder's notice must be personally delivered to or mailed, by United States mail, postage prepaid, and received by the Bank's Secretary at the principal executive offices of the Bank not less than 120 days nor more than 180 days prior to the anniversary date of the immediately preceding annual meeting. Such shareholder's notice shall set forth (i) as to each person whom the shareholder proposes to nominate for election or re-election as a Director and as to the shareholder giving the notice (1) the name, age, business address and residence address of each such person, (2) the principal occupation or employment of each such person, (3) the class and number of shares of the Bank's capital stock which are beneficially owned by each such person on the date of such shareholder notice, and (4) such other information relating to each person proposed for nomination, or to the extent then applicable, the person making the nomination, as is required to be disclosed in solicitations of proxies with respect to nominees for election as Directors, pursuant to regulations promulgated by the Securities and Exchange Commission, or any successor agency thereto, under the Securities Exchange Act of 1934, as amended, including, but not limited to, such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected; and (ii) as to the shareholder giving the notice (1) the name and address, as they appear on the Bank's books, of such shareholder and any other shareholder(s) known by such shareholder to be supporting such nominee(s) and (2) the class and number of shares of the Bank's capital stock which are beneficially owned by such shareholder on the date of such shareholder notice and by any other shareholder(s) known by such shareholder to be supporting such nominee(s) on the date of such shareholder notice. At the request of the Board of Directors, any person nominated by, or at the direction of, the Board of Directors for election as a Director at an annual meeting shall furnish to the Secretary of the Bank that information required to be set forth in the shareholder's notice of nomination which pertains to the nominee.

Notwithstanding the foregoing, the Board of Directors shall have the right to conduct a due diligence investigation relating to the qualifications of any nominee proposed for election to Board of Directors, the relationship of that nominee to the shareholder and any relationship such person may have with any entity other than the Bank (i) in which such person holds an equity interest of 2% or more; or (ii) from whom such person has any indemnification or other agreement with respect to the actions such person will take as a Director of the Bank; or (iii) at whose instance such person has agreed to be a nominee for election as a Director of the Bank (a "Related Entity"), and to require an undertaking by such person that if elected as a Director of the Bank, such person will abstain from voting on any matter in which such Related Entity has a direct, material, pecuniary interest.

The Board of Directors may reject any nomination by a shareholder not timely made in accordance with the requirements of this Section 2.01. If the Board of Directors, or a designated committee thereof, determines that the information provided in a shareholder's notice does not satisfy the informational requirements of this Section 2.01 in any material respect, the Secretary of the Bank shall promptly notify such shareholder of the deficiency in the notice. The shareholder shall have an opportunity to cure the deficiency by providing additional information to the Secretary within such period of time, not to exceed seven (7) days from the date such deficiency notice is given to the shareholder, as the Board of Directors or such committee shall reasonably determine. If the deficiency is not cured within such period, or if the Board of Directors or such committee reasonably determines that the additional information provided by the shareholder, together with information previously provided, does not satisfy the requirements of this Section 2.01 in any material respect, then the Board of Directors may reject such shareholder's nomination.

The Secretary of the Bank shall notify a shareholder in writing whether the shareholder's nomination has been made in accordance with the time and informational requirements of this Section 2.01. Notwithstanding the procedure set forth in this Section 2.01, if neither the Board of Directors nor such committee makes a determination as to the validity of any nominations by a shareholder, the presiding officer of the annual meeting shall determine and declare at the annual meeting whether a nomination was made in accordance with the terms of this Section 2.01. If the presiding officer determines that a nomination was made in accordance with the terms of this Section 2.01, such presiding officer shall so declare at the annual meeting and ballots; paper, electronic or both, shall be provided for use at the meeting with respect to such nominee. If the presiding officer determines that a nomination was not made in accordance with the terms of this Section 2.01, such presiding officer shall so declare at the annual meeting and such nomination shall be disregarded.

Section 2.02. Chairman. A Chairman of the Board shall be elected from among the Directors, shall preside at all meetings of the shareholders and of the Board of Directors, and shall have such other powers and duties as from time to time may be prescribed by the Board of Directors.

Section 2.03. Qualifications of Directors. A majority of the Directors shall be citizens and residents of the State of New Hampshire, and each Director shall at all times be a shareholder of the Bank. No Director of the Bank shall be or become a trustee, director or officer of any other bank or bank holding company or other entity deemed to be a bank or a bank holding company under the laws of the State of New Hampshire. The Board of Directors shall adopt a Board of Directors Attendance Policy detailing circumstances by which a Director may be disqualified from further service. This policy shall be reviewed and approved by the Board on an annual basis. Any vacancy created by his or her disqualification shall be filled in the manner provided for in Section 2.01 of these Bylaws.

Section 2.04. Annual Meeting of the Board. An annual meeting of the Board of Directors shall be held each year after the annual meeting of the shareholders, and immediately preceding, and at the place of, the next scheduled regular meeting of the Board of Directors or at the call of the Chairman at such other place, day and hour as shall be specified by the Chairman in such notice as complies with the notice requirements for special meetings of the Board of Directors. Such annual Board of Directors' meeting shall be the organization meeting of the Directors-elect at which meeting the new Board shall organize itself and elect the officers of the Bank for the ensuing year. The Board of Directors shall also elect from among its own number, or from among the officers of the Bank then in office, an Investment Committee, an Executive Committee, an Compensation and Nominating Committee, an Audit Committee and a Loan Committee, each of which Committees shall consist of not less than three members. The provisions of this Article II of these Bylaws shall govern the conduct and affairs of the Committees. The Board of Directors may transact any business that may properly be brought before it at its annual organization meetings.

Section 2.05. Regular Meetings; Notice. The Board of Directors shall meet on a regular basis not less frequently than 9 times per year. Regular meetings of the Board of Directors shall be held at such time and place as shall be designated by the Board of Directors from time to time without further notice. Whenever the time or place of regular meetings shall be initially fixed and then changed, written notice of such action shall be given promptly to each Director not participating in such action. Any business properly brought before a regular meeting of the Board of Directors may be transacted at such meeting.

Section 2.06. Special Meetings; Notice. Special meetings of the Board of Directors may be called at any time by the Chairman, the President, or by the Board of Directors itself. Special meetings shall be held at such place, day and hour as shall be specified by the person calling the meeting. Notice of every special meeting of the Board of Directors stating the place, day and hour thereof shall be given to each Director by delivering it in writing in hand, by courier, by facsimile transmission or by telegraph, orally in person or by telephone or by electronic means, not less than 2 days prior to the date of the meeting or by delivering it in writing by registered or certified mail deposited with the U. S. Post Office, postage prepaid, not less than 5 days prior to the date of the meeting. Any business properly brought before a special meeting of the Board of Directors may be transacted at such meeting.

Section 2.07. Meetings By Telephone or Video Conference. One or more of the Directors may participate in any regular or special meeting of the Board of Directors or of a committee of the Board of Directors by means of conference telephone or similar communications equipment which permits all persons participating in the meeting to simultaneously hear each other. Participation in a meeting in such manner by a Director shall be considered to be attendance in person for all purposes under these Bylaws. If such equipment also allows all of the participants to simultaneously see and hear each other by video conferencing, such video participation shall be deemed physical attendance.

Section 2.08. Organization. At all meetings of the Board of Directors, the presence of a majority of the Directors at the time in office shall be necessary and sufficient to constitute a quorum for the transaction of business. If a quorum is not present at any meeting, the meeting may be adjourned from time to time by the affirmative vote of a majority of the Directors present until a quorum as aforesaid shall be present; provided, however, that notice of the time and place to which such meeting is adjourned shall be given, by any means calculated to result in the receipt of actual notice, to any Directors not present at the meeting so adjourned at least 8 hours prior to the hour of reconvening. At any meeting of the Board of Directors at which a quorum is present, resolutions of the Board shall be adopted, and any action taken by the Board upon any matter shall be valid and effective, upon the affirmative vote of a majority of the Directors present, unless the affirmative-vote of a greater percentage of the Directors is required by law, the Articles of Agreement or these Bylaws. The Chairman of the Board, if present, or if not, such Director as the Board may designate from among its members, shall preside at each meeting of the Board of Directors. The Secretary, or in his or her absence such other person as shall be appointed by the presiding officer, shall take the minutes at each meeting of the Board of Directors.

Section 2.09. Consent of Directors in Lieu of Meeting. Except as otherwise required by law, any action which may be taken at a meeting of the Board of Directors or a committee may be taken without a meeting (and without notice), if a consent or consents in writing, setting forth the action so taken, shall be signed by all of the Directors then constituting all of the appointed members of the board or such committee. The action shall be evidenced by one or more consents describing the action taken, in writing, signed by each Director and filed with the Secretary of the Bank, or delivered by electronic transmission to the Secretary of the Bank from an electronic address of the Director known to and kept on file by the Bank. The action evidenced by such consent or consents shall become effective upon the last Director or committee member to sign such consent, unless the consent specifies a different effective date. Such consent or consents shall, for all purposes, have the same effect as a unanimous vote of the full Board of Directors or committee.

Section 2.10. Presumption of Assent. A Director who is present at a meeting and who does not vote in favor of any action taken at the meeting shall be presumed to have assented to the action taken unless he or she directs the Secretary of the meeting to enter his or her dissent in the minutes of the meeting or unless he or she delivers his or her written dissent to the Secretary in hand after the adjournment of the meeting or by registered or certified mail immediately within 3 business days thereafter. Minutes of each meeting of the Board shall be made available to each Director at or before the next succeeding meeting. Upon the failure of the Board to approve the minutes of any of its meetings, each Director shall be presumed to have approved of the same unless his or her written objection thereto shall be delivered to the Secretary within ten days of his or her receipt of the minutes of such a meeting.

Section 2.11. Resignation; Removal. Any Director may resign by submitting his or her written resignation to the Chairman of the Board or the Secretary, which shall become effective upon its receipt by such officer or as otherwise specified therein. A Director may be removed by a two-thirds vote of the full Board of Directors (not including the Director who is the subject of the removal proceedings) with or without cause and may be removed with or without cause by the shareholders at any meeting of the shareholders duly called for that purpose.

Section 2.12. Interested Directors. No transaction between the Bank and one or more of its Directors or officers, or between the Bank and any other corporation, firm, association or entity in which one or more of its Directors or officers are directors or officers, or have a financial interest, shall be void or voidable if (i) directors' action respecting the transaction was taken in compliance with RSA 293-A:8.62 at any time; (ii) shareholders' action respecting the transaction was taken in compliance with RSA 293-A:8.63 at any time; or (iii) the transaction, judged according to the circumstances at the relevant time, is established to have been fair to the Bank.

Section 2.13. Committees. There shall be standing executive, audit, loan, investment, and compensation and nomination committees of the Board of Directors and, in addition, the Board may from time to time establish standing or ad hoc committees, and invest such committees with such power and authority, subject to such conditions, as it may see fit. Each standing committee shall be governed by a charter approved by the Board which describes its power and authority and its procedural regulations. Any action taken by any committee shall be subject to review, alteration or revocation by the Board of Directors; provided, however, that third parties shall not be prejudiced by such alteration or revocation.

Section 2.14. Appointment. Members of standing committees shall be appointed by the Board of Directors at its annual organization meeting and shall serve for a term expiring at the next succeeding organization meeting of the Board. The committee members shall be Directors and, if deemed advisable by the Board, officers of the Bank; provided, however, a majority of the members shall be Directors. Each standing committee shall have not less than three members, one of whom shall be designated by the Board of Directors as its chairman. Ad hoc committees shall be appointed on such terms and for such purposes as the Board may from time to time determine. The Board may appoint one or more persons as alternate members of any committee to serve on such terms as the Board may direct.

Section 2.15. Meetings; Organization. Committees shall meet with such frequency as their members may deem necessary to serve the purposes for which they were established. Committees shall organize themselves and conduct their affairs in such manner as their members deem appropriate; provided, however, that a majority of the members of a committee shall constitute a quorum at a meeting of the committee and the affirmative vote of a majority of the members present at a duly convened meeting of a committee shall be required to authorize any action which the committee proposes to take.

Section 2.16. Executive Committee. The Executive Committee shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Bank for matters which arise between regular meetings of the Board of Directors needing prompt action, except that the Executive Committee shall not have any power or authority (i) to amend the Articles of Agreement or Bylaws, (ii) to adopt an agreement providing for the merger of the Bank or the sale of a material portion of its assets, (iii) to recommend to the shareholders a dissolution of the Bank or the revocation of a dissolution, (iv) to declare a dividend, (v) to change the number of Directors or fill any vacancy in the Board of Directors or any committee thereof, (vi) to prescribe or change the time or place of any regular meeting of the Board of Directors or (vii) to issue any shares of capital stock.

Section 2.17. Audit Committee. The Audit Committee shall appoint the independent accountants to audit the financial statements of the Bank. The Audit Committee shall review the scope, timing and results of the audit of the Bank's financial statements with the Bank's independent accountants and review the Bank's accounting policies and procedures and systems of internal controls. The independent accountants shall report directly to the Audit Committee.

Section 2.18. Compensation and Nominating Committee. The Compensation and Nominating Committee shall review and recommend to the Board of Directors the salaries of executive personnel and directors and the policies, terms and conditions of employment for the executive employees of the Bank. The Committee shall also review the qualifications of potential candidates for positions on the Board of Directors (including nominees whose names are submitted in writing by the shareholders) and recommend nominees to the Board.

Section 2.19. Investment Committee. The Investment Committee shall consist of at least three directors and such officers as determined by the Board of Directors. The Investment Committee shall be responsible for the oversight of the Bank's investment and asset/liability management practices including the development and regular review of the Bank's Investment Policy and Asset/Liability Management Policy. The Investment Committee shall develop and from time to time review the Bank's investment policies. The Investment Committee, or an officer duly authorized by and operating pursuant to policies approved by the Board of Directors shall approve all investments made by the Bank, including, without limitation, the purchase and sale of all bonds, stocks, notes and other investments.

Section 2.20. Loan Committee. Pursuant to policies approved by the Board of Directors for the making of loans and the documentation thereof, the Committee shall review all loans made by the Bank, and the terms and conditions upon which they are made, including, without limitation, the term, rate of interest, security and purpose thereof. The Committee shall approve loans made by the Bank in amounts exceeding the Officer authority levels established by the Board of Directors. The Committee shall from time to time monitor the status of all outstanding loans. The Committee shall also have responsibility for all matters pertaining to loans which are in default.

ARTICLE III
OFFICERS AND EMPLOYEES

Section 3.01. Officers. The executive officers of the Bank shall include the President, one or more Vice Presidents designated as such, the Treasurer and the Secretary In addition, the Bank may have such other officers, which may include one or more vice presidents, assistant treasurers, or assistant secretaries, as the Board of Directors may in its discretion elect or appoint. All officers shall be elected by and serve at the pleasure of the Board of Directors. Any two or more offices may be held by the same person. Each officer shall hold office from the time of his or her election until the next succeeding annual meeting of the Board of Directors and thereafter until his or her successor is duly elected and qualifies or until his or her earlier death, resignation or removal.

Section 3.02. Qualification. No officer of the Bank shall be or become a trustee, director or officer of any other bank or bank holding company or other entity deemed to be a bank or a bank holding company under the laws of the State of New Hampshire.

Section 3.03. Agents and Employees. Subject to the power and authority of the Board of Directors, the President may employ from time to time such agents, employees, and independent contractors as he or she may deem advisable for the prompt and orderly transaction of the business of the Bank, and he or she may prescribe their duties and the conditions of their employment, fix their compensation and dismiss them, without prejudice to their contract rights, if any.

Section 3.04. President. The President shall be a director and the chief executive officer of the Bank. Subject to the authority of the Board of Directors, the President shall have general policy supervision of and general management and executive powers over all the property, business operations, and affairs of the Bank and shall see that the policies and programs adopted or approved by the Board of Directors are carried out. The President shall exercise such further powers and duties as from time to time may be prescribed in these Bylaws or by the Board of Directors. The President by virtue of his or her office shall be an assistant secretary.

Section 3.05. Vice Presidents. Any vice president who is designated as an executive officer may be given by resolution of the Board of Directors general executive powers, subject to the control of the President, concerning one or more or all segments of the operations of the Bank. One vice president shall be designated the Executive Vice President. The Executive Vice President by virtue of his or her office shall be an assistant secretary. The vice presidents shall exercise such further powers and duties as from time to time may be prescribed in these Bylaws or by the Board of Directors or by the President, At the request of the President, or in his or her absence or disability, the Executive Vice President shall exercise all the powers and duties of the President.

Section 3.06. Secretary and Assistant Secretary(ies). The Secretary (also known as the "Clerk" under state law) (i) shall attend all meetings of the Board of Directors and shareholders of the Bank and record their proceedings; (ii) shall maintain at the principal office of the Bank true and correct copies of the Articles of Agreement and Bylaws of the Bank and the minutes of all meetings of the Board of Directors and shareholders; (iii) shall attend to the giving of such notices of the Bank as may be required by law or these Bylaws; (iv) shall be custodian of the corporate records and material contracts of the Bank and its corporate seal and see that the seal is affixed to such documents as may be necessary or advisable; (v) shall cause to be kept at the principal office of the Bank, or at the office of a transfer agent or registrar, an original or duplicate share register, giving the names of the shareholders in alphabetical order and showing their respective addresses, the number and classes of shares held by each, the number and date of certificates issued for the shares, and the number and date of cancellation of every certificate surrendered for cancellation; (vi) shall see to the filing of all reports and notices required by state and federal authorities having regulatory authority over transactions in or relating to the Bank's securities and corporate affairs; (vii) perform the duties prescribed for clerks or secretaries under New Hampshire law; and (viii) exercise all other powers and duties incident to the office of Secretary and such other powers and duties as may be prescribed by the Board of Directors or by the President from time to time or as required by law. The assistant secretary or secretaries shall assist the Secretary in the performance of his or her duties and shall also exercise such further powers and duties as from time to time may be assigned to them by the Board of Directors, the President or the Secretary. At the direction of the Secretary, or in his or her absence or disability, an assistant secretary shall perform the duties of the Secretary.

Section 3.07. Treasurer and Assistant Treasurer(s). The Treasurer shall be the Bank's chief financial and accounting officer and shall (i) be responsible for the custody and maintenance of the Bank's contracts, insurance policies, leases, and all other business records and all securities, bonds, notes and other instruments representing the investments of the Bank; (ii) see that the lists, books, reports, statements, tax returns, certificates and other documents and records required by law are properly prepared, kept and filed; (iii) be the principal officer in charge of tax and financial matters, and budgeting and accounting; (iv) have charge and custody of and be responsible for the Bank's funds; (v) receive and give receipts for checks, notes, obligations, funds and securities of the Bank, and deposit moneys and other valuable effects in the name and to the credit of the Bank in such depositories as shall be designated by the Board of Directors or the President; (vi) subject to the provisions of Section 6.01 of the Bylaws, cause the funds of the Bank to be disbursed in payment of the lawful obligations of the Bank, in cash or by checks or drafts upon the authorized depositories of the Bank, and cause proper vouchers to be taken and preserved for such disbursements; (vii) render to the President and the Board of Directors whenever they may require it an account of all his or her transactions as Treasurer and reports as to the financial position and operations of the Bank; (viii) maintain complete and accurate books and records of account; and (ix) exercise all powers and duties incident to the office of Treasurer and such other duties as may be prescribed by the Board of Directors or by the President from time to time. The Treasurer by virtue of his or her office shall be an assistant secretary. The assistant treasurer or treasurers shall assist the Treasurer in the performance of his or her duties and shall also exercise such further powers and duties as from time to time may be assigned to them by the Board of Directors, the President or the Treasurer. At the direction of the Treasurer, or in his or her absence or disability, an assistant treasurer shall perform the duties of the Treasurer.

Section 3.08. Vacancies. A vacancy in any office or position by reason of death, resignation, removal, disqualification, disability or other cause, shall be filled in the manner provided in this Article III for a regular election or appointment to such office.

ARTICLE IV
DEPOSITS AND WITHDRAWALS

Section 4.01. Classes of Accounts. The Investment Committee pursuant to policies approved by the Board of Directors will regulate and determine the different classes of accounts and the terms, conditions, rights, privileges, rates of interest, if any, and the obligations of each class.

Section 4.02. Deposit Procedure. Deposits may be made by the depositor in person or by agent and shall be entered on the books of the Bank. Upon the opening of an account, every depositor shall receive appropriate evidence of deposit. For those accounts evidenced by a deposit book, contemporaneously with the making of any deposit or withdrawal, the book shall be presented, the date and amount of such deposit or withdrawal shall be entered therein, and the deposit book shall be a voucher and evidence of the depositor's account. For those accounts not evidenced by a deposit book, all deposits and withdrawals may be recorded on appropriate statements evidencing all transactions and the depositor's balance in the account, which statements shall be forwarded to the depositor on a regular periodic basis and shall serve as vouchers and evidence of the depositor's account.

Section 4.03. Minimum Sums. The Investment Committee may establish minimum sums which may be received on deposit, minimum sums on which interest may be earned, and service charges which may apply to the various types of accounts offered by the Bank. The Investment Committee may determine certain classes of accounts on which no interest shall be paid.

Section 4.04. Agreement of Depositor. Each depositor or his or her agent, when making an initial deposit in an account, may be required to agree to these Bylaws thereby assenting to the same and to all the regulations of the Bank, whether then existing or thereafter enacted, and to agree to specific provisions appropriate to the type of account opened by the depositor, as determined from time to time by the Investment Committee.

Section 4.05. Withdrawal Procedure. Withdrawals may be made on any business day of the Bank. Unless waived, the Investment Committee may require a depositor to give such notice of withdrawal of not less than 30 days, as the Investment Committee may determine or otherwise as is provided for by these Bylaws, the agreement of deposit, or any applicable law or regulation of the State of New Hampshire or the United States. Withdrawals may be made by presentation of the deposit book, a written installment in the form prescribed by the Bank, or by use of such cards as may be issued by the Bank for automated teller service, or by any other communication initiated through an electronic terminal, telephone or magnetic tape authorized by the Bank. Such withdrawals may be made by the depositor, a legally appointed representative of the depositor, or by any other party holding a negotiable written order of withdrawal drawn by the depositor or a legal representative of the depositor. The manner of withdrawal for any type of account shall be more specifically governed by the regulations of the agreement of deposit applicable to that type of account and by any applicable provisions of law. In addition to the withdrawal procedures set forth in the second sentence of this Section 4.05, withdrawals may be made by the Bank in accordance with permanent orders which the depositor has filed with the Bank for the purpose of requesting the periodic deduction of payments from the depositor's account.

Section 4.06. Public Monies. The Investment Committee may accept deposits from any agency of the state or federal government, including deposits by any person for tax obligations, and may do all things required by law in connection with such deposits, including, without limitation, pledging collateral.

ARTICLE V
SHARES OF CAPITAL STOCK

Section 5.01. Share Certificates; Uncertificated Shares. The shares of capital stock of the Bank may be represented by certificates or may be uncertificated. Every holder of fully paid stock of the Bank shall be entitled to a certificate or certificates, to be in such form as the Board of Directors may from time to time prescribe, and signed in facsimile or otherwise, as permitted by law by (i) the Chairman of the Board of Directors, the President or any vice president designated an executive office and (ii) the Secretary, the Treasurer, an assistant secretary or an assistant treasurer which shall represent and certify the number of shares of stock owned by such holder. The Board of Directors may authorize the issuance of certificates for fractional shares or, in lieu thereof, scrip or other evidence of ownership, which may (or may not) as determined by the Board of Directors entitle the holder thereof to voting, liquidation, dividend or other rights of shareholders. All certificates for shares of stock shall be consecutively numbered as the same are issued. The name of the person owning the shares represented thereby with the number of shares and the date of issue thereof shall be registered on the books of the Bank. Upon the issuance of uncertificated shares, the name of the person owning such shares together with the number of shares and the date of issue thereof shall be registered on the books of the Bank; within two (2) business days thereof, the Bank shall send to the registered owner thereof a written statement containing an identification of the capital stock of which such shares are a part, the number of shares registered, the date of registration and such other information as may be required or appropriate.

Section 5.02. Transfer of Shares. Transfers of shares of stock of the Bank shall be made on the books of the Bank only upon (i) surrender to the Bank of the certificate or certificates for such shares properly endorsed by the shareholder or by his or her assignee, agent or legal representative, who shall furnish proper evidence of assignment, authority or legal succession, or by the agent of one of the foregoing thereunto duly authorized by an instrument duly executed and filed with the Bank, in accordance with regular commercial practice; or (ii) receipt of proper transfer instructions from the registered owner of uncertificated shares.

Section 5.03. Lost, Stolen, Destroyed or Mutilated Certificates. New certificates for shares of stock may be issued to replace certificates lost, stolen, destroyed or mutilated upon such conditions as the Board of Directors may from time to time determine. The Board of Directors may require the making of an affidavit by the person claiming the certificate of stock to have been lost, stolen, destroyed or mutilated setting forth the facts and circumstances with respect thereto and may require such person to post a bond in such amount as the Board shall determine as indemnity against any claim that may be made against the Bank with respect to the certificate claimed to have been lost, stolen, destroyed or mutilated.

Section 5.04. Regulations Relating to Shares. The Board of Directors shall have the power and authority to make all such rules and regulations not inconsistent with these Bylaws as it may deem expedient concerning the issue, transfer and registration of certificates representing shares of the Bank and uncertificated shares.

Section 5.05. Holders of Record. The Bank shall be entitled to treat the holder of record of any share or shares of stock of the Bank as the holder and owner in fact thereof for all purposes and shall not be bound to recognize any equitable or other claim to or interest in such shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise expressly provided by law.

Section 5.06. Fixing of Record Date. The Board of Directors may fix a time not less than 10 nor more than 60 days prior to the date of any meeting of shareholders, or the date fixed for the payment of any dividend or distribution, or the date for the allotment of rights, or the date when any change or conversion or exchange of shares will be made or go into effect, as a record date for the determination of the shareholders entitled to notice of, or to vote at, any such meeting, or entitled to receive payment of any such dividend or distribution, or to receive any such allotment of rights, or to exercise the rights in respect to any such change, conversion or exchange of shares. In any such case, only such shareholders as shall be shareholders of record on the date so fixed shall be entitled to notice of, or to vote at, any such meeting, or entitled to receive such dividend, or to receive such allotment of rights, or to exercise such rights, as the case may be, notwithstanding any transfer of any shares on the books of the Bank after any record date fixed as aforesaid.

ARTICLE VI
MISCELLANEOUS CORPORATE TRANSACTIONS AND DOCUMENTS

Section 6.01. Notes, Checks, etc. All notes, bonds, drafts, acceptances, checks, endorsements (other than for deposit), guarantees, and all evidences of indebtedness of the Bank whatsoever, shall be signed by such officers or agents of the Bank, subject to such requirements as to countersignature or other conditions, as the Board of Directors from time to time may determine. Facsimile signatures on checks may be used if authorized by the Board of Directors.

Section 6.02. Execution of Instruments Generally. Except as provided in Section 5.01, all deeds, mortgages, contracts and other instruments requiring execution by the Bank may be signed by the President, any vice president designated as an executive officer or the Treasurer; and authority to sign any such contracts or instruments, which may be general or confined to specific instances, may be conferred by the Board of Directors upon any other person or persons. Any person having authority to sign on behalf of the Bank may delegate from time to time by instrument in writing all or any part of such authority to any person or persons if authorized so to do by the Board of Directors.

Section 6.03. Voting Securities Owned by Bank. Securities having voting power in any other corporation owned by this Bank shall be voted by the President, any vice president designated as an executive officer or the Treasurer, unless the Board confers authority to vote with respect thereto, which may be general or confined to specific investments, upon some other person. Any person authorized to vote securities shall have the power to appoint proxies with general power of substitution.

ARTICLE VII
GENERAL PROVISIONS

Section 7.01. Offices. The principal business of the Bank shall be located in Bedford, New Hampshire, but may be relocated on the recommendation of the Board of Directors by amendment of Article 3 of the Articles of Agreement. The Bank may also have offices at such other places within or without the State of New Hampshire as the business of the Bank may require.

Section 7.02. Corporate Seal. The Board of Directors shall prescribe the form of a suitable corporate seal which shall contain the full name of the Bank and the year and state of its incorporation.

Section 7.03. Fiscal Year. The fiscal year of the Bank shall end on such day as shall be fixed by the Board of Directors.

Section 7.04. Financial Reports to Shareholders. Except as otherwise expressly provided by law, the Board of Directors shall have discretion to determine whether financial reports shall be sent to shareholders, what such reports shall contain, and whether they shall be audited or accompanied by the report of an independent or certified public accountant.

ARTICLE VIII
INDEMNIFICATION AND INSURANCE OF DIRECTORS. OFFICERS, EMPLOYEES AND OTHER PERSONS

Section 8.01. Indemnification of Directors. The Bank shall indemnify any individual made a party to a proceeding because he or she is or was a Director of the Bank, against liability incurred in the proceeding, but only if the Bank has authorized the payment in accordance with

Section 8.04, and a determination has been made in accordance with Section 8.03 that the Director met the standards of conduct in Paragraphs (a), (b), and (c) below.

(a) Standard of Conduct. The individual shall demonstrate that:

(1) he or she conducted himself or herself in good faith; and

(2) he or she reasonably believed: (i) in the case of conduct in his or her official capacity with the Bank, that his or her conduct was in its best interests; (ii) in all other cases, that his or her conduct was at least not opposed to its best interests; and (iii) in the case of any criminal proceeding, he or she had no reasonable cause to believe his conduct was unlawful.

(b) No Indemnification Permitted in Certain Circumstances. The Bank shall not indemnify a Director under this Section 1 in connection with:

(1) a proceeding by or in the right of the Bank in which the Director was adjudged liable to the Bank;

(2) conduct of the Director which is not protected against liability under Article 8 of the Articles of Agreement;

(3) if the Bank has purchased insurance pursuant to Section 8.06, any conduct which is expressly excluded from coverage under said insurance or

(4) any conduct which is expressly prohibited from indemnification under the regulations of the Federal Deposit Insurance Corporation.

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(c) Indemnification in Derivative Actions Limited. Indemnification permitted under this Section 8.01 in connection with a proceeding by or in the right of the Bank is limited to reasonable expenses incurred in connection with the proceeding.

Section 8.02 Advance Expenses for Directors. If a determination is made in accordance with Section 8.03 that the Director has met the following requirements; and if an authorization of payment is made in accordance with Section 8.04, then unless otherwise provided in the Articles of Agreement, the Bank shall pay for or reimburse the reasonable expenses incurred by a Director who is a party to a proceeding for which he or she seeks indemnification under this Article VIII in advance of final disposition of the proceeding, if:

(a) the Director furnishes the Bank a written affirmation of his or her good faith belief that he or she has met the standard of conduct described in Section 8.06;

(b) the Director furnishes the Bank a written undertaking, executed personally or on his or her behalf, to repay the advance if it is ultimately determined that he or she did not meet the standard of conduct (which undertaking must be an unlimited general obligation of the Director but need not be secured and may be accepted without reference to financial ability to make repayment); and

(c) a determination is made that the facts then known to those making the determination would not preclude indemnification under this Article VIII.

Section 8.03. Determination that Indemnification is Permissible. The determination that indemnification of a Director is permissible under this Article VIII shall be made as follows:

(a) by the Board of Directors by majority vote of a quorum consisting of Directors not at the time parties to the proceeding for which the Director seeks indemnification;

(b) if a quorum of the Board of Directors cannot be obtained, then by majority vote of a committee duly designated by the Board of Directors consisting solely of 2 or more Directors not at the time parties to the proceeding for which such indemnification is sought, but Directors who are parties to the proceeding for which the Director seeks indemnification may participate in the designation of the members of said Committee;

(c) by special legal counsel selected by the Board of Directors or a committee of the Directors as specified in Sections 8.03(a) and (b), or if a quorum of the Board of Directors or appointment of a Committee cannot be obtained as specified in said Subsections, by a majority vote of the full Board of Directors in which selection Directors who are parties to the proceeding may participate; or

(d) by a majority vote of the shareholders.

Section 8.04. Authorization of Indemnification. Authorization of indemnification and evaluation as to reasonableness of expenses shall be made in the same manner set forth in Section 8.03, except that if the determination is made by special legal counsel, authorization of indemnification and evaluation as to reasonableness of expenses shall be made by those entitled to select counsel under Section 8.03(c).

Section 8.05. Indemnification of Officers, Agents, and Employees Who Are Not Directors. The Bank shall indemnify and advance expenses to any officer of the Bank who is not a Director of the Bank to the same extent and on the same conditions as set forth in this Article VIII for a Director of the Bank. The Bank may indemnify and advance expenses to any officer, employee, or agent of the Bank who is not a Director of the Bank to any extent, consistent with public policy, as is determined by the Board of Directors.

Section 8.06. Insurance. The Bank may purchase and maintain insurance on behalf of an individual who is or was a Director, officer, employee, or agent of the Bank, or who, while a Director, officer, employee, or agent of the Bank, is or was serving at the request of the Bank as a director, officer, partner, trustee, employee, or agent of another foreign or domestic Bank, partnership, joint venture, trust, employee benefit plan, or other enterprise, against liability asserted against or incurred by him or her in that capacity or arising from his or her status as a Director, officer, employee, or agent, whether or not the Bank would have the power to indemnify him or her against the same liability under this Article VIII. The obligation to indemnify and reimburse set forth in this Article VIII, if applicable, shall be reduced by the amount of any such insurance proceeds paid to such person, or the representatives or successors of such person.

Section 8.07. Right Not Exclusive. The foregoing right of indemnification shall not be exclusive of other rights to which such person, or the legal representatives or successors of such person may be entitled as a matter of law.

Section 8,08. Effect of Bylaw Amendment. No amendment or repeal of this Article VIII shall limit or eliminate the benefits provided to any person under this Article VIII with respect to any act or omission that occurred prior to such amendment or repeal.

Section 8.09. Compliance with Law. If it shall be determined that the indemnification and reimbursement provided pursuant to this Article VIII is beyond the power of the Bank under applicable law to indemnify and reimburse any person, the indemnification and reimbursement provided by this Article shall be limited to the indemnification and reimbursement that the Bank has the power to provide under applicable law and shall be provided to the full extent of that power.

ARTICLE IX
EMERGENCY OPERATIONS IN THE EVENT OF DISASTER

Section 9.01. Identification of Officers in the Event of Disaster or Emergency. During an emergency as defined in New Hampshire RSA 384-C, any three available Directors shall constitute the "officers" within the purview of said statute and shall have the authority to render the opinions and make the determinations provided therein.

Section 9.02. Disaster Preventing Conduct of Business. In the event of a disaster or emergency (i) declared by a proper governmental authority and until declaration of the termination of such disaster or emergency, or (ii) which in the opinion of any three members of the Board of Directors is of sufficient severity to prevent the ordinary conduct and management of the affairs and business of the Bank, and until the effects of such disaster or emergency are overcome, then in such event any three or more available members of the Board of Directors shall constitute a quorum for the full conduct and management of the affairs and business of the Bank, until such time as a quorum of Directors is available. This Bylaw shall be subject to implementation by resolutions of the Board of Directors passed from time to time for that purpose, and any provisions of these Bylaws (other than this Section 9.02) and any resolutions which are contrary to the provisions of this Section 9.02 or to the provisions of any such implementary resolutions shall be suspended during the pendency of such disaster or emergency.

ARTICLE X
AMENDMENTS

Section 10.01. Amendments. These Bylaws may be amended as provided in Article 11 of the Articles of Agreement.

ARTICLE XI
PROCEDURES AND STANDARDS OF CONDUCT

Except as otherwise provided in the Articles of Agreement or these Bylaws or as otherwise required by Title 35 of the New Hampshire Revised Statutes Annotated, the New Hampshire Business Corporation Act (RSA Chapter 293-A) shall establish the procedures and standards of conduct for the regulation of the internal affairs of the Bank to the extent applicable.

Amended to include electronic meeting notice and proxy voting – BOD approved October 2015
Amended section 2.03 Qualifications of Directors – BOD approved March 17, 2016
Amended section 3.01 Officers – BOD approved January 16, 2018
Amended section 3.01 Officers – BOD approved March 19, 2019

PrimaryBank