

FEDERAL DEPOSIT INSURANCE CORPORATION

Re: The Millyard Bank
(In Organization)
Nashua, Hillsborough County, New Hampshire

Application for Federal Deposit Insurance

ORDER

The undersigned, acting on behalf of the Board of Directors of the Federal Deposit Insurance Corporation (FDIC), pursuant to delegated authority, has fully considered all available facts and information relevant to the factors of Section 6 of the Federal Deposit Insurance Act, as they relate to the application for Federal deposit insurance with membership in the Deposit Insurance Fund for The Millyard Bank (Bank), a proposed new state non-member bank to be located at 57 Northeastern Boulevard, Nashua, Hillsborough County, New Hampshire 03060, and has concluded that the application should be approved.

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

1. The Bank shall provide initial paid-in capital funds of not less than \$20,000,000.
2. The Bank will maintain a Tier 1 capital to assets leverage ratio (as defined in the FDIC's capital regulations) at not less than eight percent throughout the first three years of operation and that the Bank provide for an adequate allowance for loan and lease losses.
3. Any changes in proposed management or proposed ownership to the extent of 10 percent or more of stock, including new acquisitions of or subscriptions to 10 percent or more of stock must be approved by the FDIC prior to the Bank's opening for business.
4. The person(s) selected to serve as the principal operating officer(s) shall be acceptable to the appropriate Regional Director.
5. The Bank will adopt an accrual accounting system for maintaining the Bank's books.
6. The Bank must obtain adequate fidelity coverage prior to the effective date of Federal deposit insurance.
7. The Bank will obtain an audit of its financial statements by an independent public accountant annually for at least the first three years after deposit insurance is effective and submit to the appropriate FDIC Office (i) a copy of the audited annual financial statements and the independent public auditor's report within 90 days after

the end of the Bank's fiscal year, (ii) a copy of any other reports by the independent auditor (including any management letters) within 15 days after receipt by the Bank, and (iii) written notification within 15 days when a change in the Bank's independent auditor occurs.

8. The Bank shall operate within the parameters of the business plan submitted to the FDIC. During the first three years of operation, the Bank shall seek the FDIC's prior approval for any proposed major deviation or material change from the submitted business plan.
9. The Bank will develop and implement a Community Reinvestment Act plan appropriate for its business strategy.
10. During the first three years of operation, the Bank shall notify the appropriate FDIC Regional Director of any plans to establish a loan production office at least 60 days prior to opening the facility.
11. Prior to commencing operations and during the first three years of operation, the Bank shall submit written notice to and obtain the written non-objection of the appropriate Regional Director regarding any proposed addition of any individual to the board of directors or the employment of any individual as senior executive officer. Such notice shall be submitted at least 30 days prior to the proposed election to the board or appointment to senior executive officer position, and shall include a complete *Interagency Biographical and Financial Report* for each proposed individual. The terms "director" and "senior executive officer" shall have the meaning set for in 12 C.F.R. § 303.101.
12. Prior to executing final employment agreements and compensation arrangements for any senior executive officer, and prior to the Bank commencing operations, the Bank shall submit copies of, and obtain the appropriate Regional Director's written non-objection to the final employment agreements and compensation arrangements (including a written description of salary, benefits, deferred compensation, stock compensation or incentives, and bonus and severance payments, as applicable) for the Bank's senior executive officers. The term "senior executive officer" shall have the meaning set forth in 12 C.F.R. § 303.101.
13. During the first three years of operation, the Bank shall submit copies of and obtain the written non-objection of the appropriate Regional Director prior to implementing any stock benefit plan, including with respect to stock options, stock warrants, stock grants, or other similar stock-based compensation.
14. Federal deposit insurance will not become effective until the Bank has been granted a charter as a depository institution; has authority to conduct such business; and its establishment and operation have been fully approved by the appropriate State supervisory authority.

15. Until Federal deposit insurance becomes effective, the FDIC retains the right to alter, suspend, or withdraw its commitment should any interim development be deemed by the FDIC to warrant such action.
16. If Federal deposit insurance has not become effective within one year from the date of this ORDER, or unless, in the meantime, a written request for an extension of time by the Bank has been approved by the FDIC, the consent granted shall expire at the end of this time period on said date.

Dated at New York, New York, this 30th day of July 2019.

/S/

John F. Vogel
Regional Director

FEDERAL DEPOSIT INSURANCE CORPORATION

Re: The Millyard Bank (Proposed)
Nashua, Hillsborough, New Hampshire

Application for Federal Deposit Insurance
and to Establish a Domestic Branch

STATEMENT

Pursuant to the provisions of Section 5 of the Federal Deposit Insurance Act ("FDI Act") (12 U.S.C. §1815), the Federal Deposit Insurance Corporation ("FDIC") received an Interagency Charter and Federal Deposit Insurance Application on behalf of The Millyard Bank (the "Bank"), a proposed new state-chartered nonmember bank with a main office located at 57 Northeastern Boulevard, Nashua, Hillsborough County, New Hampshire. The organizers concurrently applied to the State of New Hampshire Banking Department for a state bank charter.

Notice of the Federal deposit insurance application, in a form approved by the FDIC, was published pursuant to the FDI Act on December 28, 2018.

The Bank will not have a holding company. The opening capital of the Bank will be realized from a private placement offering of a minimum of 1,962,000 shares of common stock and a maximum of 2,462,000 shares of common stock, at a price of \$10.00 per share. A minimum of \$20,000,000 of the proceeds from the common stock offering will capitalize the Bank in exchange for 100% of the voting stock of the Bank. Net of organizational expenses, the Bank's opening capital will approximate a minimum of \$19,030,000.

The Bank's business plan is for a community bank that serves the needs of small- and medium-sized businesses and individuals in Nashua and the nearby communities of Amherst, Hollis, Hudson, and Merrimack, New Hampshire. The Bank will offer traditional products and services and will be overseen by an experienced management team, as well as a diverse and knowledgeable Board of Directors who is committed to serving the local community.

The Bank will operate with sufficient capital and managerial resources to accomplish the strategies and goals in the business plan. The Bank will be capitalized with an amount sufficient to achieve and maintain a Tier 1 capital to assets leverage ratio, as defined in the capital regulations of the FDIC, of not less than eight percent (8.00%) throughout the Bank's first three years of operation. Projected growth and earnings appear attainable, and the investment in fixed assets is reasonable. The Bank's plans appear to satisfy the convenience and needs of the community. Corporate powers to be exercised are consistent with the purposes of the FDI Act, and no undue risk to the Deposit Insurance Fund is apparent.

Accordingly, based upon careful evaluation of all available facts and information, and in

consideration of the factors of Section 6 of the FDI Act, as well as in consideration of the Community Reinvestment Act, the National Historic Preservation Act, and the National Environmental Protection Act, the New York Regional Director, acting under delegated authority, has concluded that approval of the application is warranted, subject to certain prudential conditions.

REGIONAL DIRECTOR
DIVISION OF RISK MANAGEMENT SUPERVISION
FEDERAL DEPOSIT INSURANCE CORPORATION