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**FEDERAL DEPOSIT INSURANCE CORPORATION  
WASHINGTON, D.C. 20429**

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**FORM 8-K**

**CURRENT REPORT PURSUANT TO  
SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934**

Date of report (Date of earliest event reported): December 12, 2022

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**NORTHEAST BANK**

(Exact name of registrant as specified in its charter)

**Maine**  
\_\_\_\_\_  
(State or other jurisdiction of  
incorporation)

**01-0029040**  
\_\_\_\_\_  
(IRS Employer Identification  
No.)

**27 Pearl Street  
Portland, Maine**  
\_\_\_\_\_  
(Address of principal executive  
offices)

**04101**  
\_\_\_\_\_  
(Zip Code)

Registrant's telephone number, including area code **(207) 786-3245**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2). Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

## **Item 7.01 Regulation FD**

On December 12, 2022, Northeast Bank (the “Bank”) issued a press release announcing the commencement of an at-the-market offering of its voting common stock. A copy of the press release is included as Exhibit 99.1 hereto. The offering will be made only by means of an offering circular (the “Offering Circular”), a copy of which is included as Exhibit 99.2 hereto.

The information in this section, including the information contained in the press release included as Exhibit 99.1 hereto and the Offering Circular included as Exhibit 99.2 hereto is being furnished pursuant to this Item 7.01 and shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section. In addition, this information shall not be deemed to be incorporated by reference into any of the Bank’s filings, except as shall be expressly set forth by specific reference in any such filing.

## **Item 8.01 Other Events**

On December 12, 2022, the Bank entered into an Equity Distribution Agreement (the “Agreement”) with Piper Sandler & Co. (“Piper Sandler”) under which the Bank may offer and sell, from time to time, shares of the voting common stock, \$1.00 par value per share (“Common Stock”), of the Bank having an aggregate offering price of up to \$50,000,000.00 (the “Shares”) through Piper Sandler. The issuance and sale, if any, of Shares by the Bank or through Piper Sandler under the Agreement will be made only by means of the Offering Circular.

Piper Sandler may sell the Shares by any method permitted by law deemed to be an “at the market offering” as defined in Rule 415 of the Securities Act of 1933, as amended. Piper Sandler will use commercially reasonable efforts to sell the Shares from time to time, based upon instructions from the Bank (including any price, time or size limits or other customary parameters or conditions the Bank may impose). The Bank will pay Piper Sandler a commission equal to 2% of the aggregate purchase price of the Shares sold in the offering, and also has provided Piper Sandler with customary indemnification rights.

The Bank is not obligated to make any sales of the Shares under the Agreement. The offering of the Shares pursuant to the Agreement will terminate upon the earlier of (i) the sale of all the Shares subject to the Agreement or (ii) termination of the Agreement in accordance with its terms.

The foregoing description of the Agreement is not complete and is qualified in its entirety by reference to the full text of the Agreement, a copy of which is filed herewith as Exhibit 1.1 to this Current Report on Form 8-K and is incorporated herein by reference.

This Current Report on Form 8-K shall not constitute an offer to sell or the solicitation of an offer to buy the securities discussed herein, nor shall there be any offer, solicitation, or sale of the securities in any state in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits.

<b><u>Exhibit Number</u></b>	<b><u>Description</u></b>
1.1	Equity Distribution Agreement, dated December 12, 2022, by and between Northeast Bank and Piper Sandler & Co.
99.1	Press release dated December 12, 2022
99.2	Offering Circular

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

NORTHEAST BANK

By: /s/ Richard Wayne  
Name: Richard Wayne  
Title: President and Chief Executive Officer

Date: December 12, 2022

## EXHIBIT INDEX

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*Execution Version*

NORTHEAST BANK

Up to \$50,000,000

Voting Common Stock, \$1.00 Par Value Per Share

Equity Distribution Agreement

December 12, 2022

Piper Sandler & Co.  
1251 Avenue of the Americas, 6<sup>th</sup> Floor  
New York, New York 10020

Ladies and Gentlemen:

Northeast Bank, a Maine state-chartered bank (the “Company”), proposes, subject to the terms and conditions stated herein, to sell from time to time through Piper Sandler & Co., as sales agent and/or principal (the “Distribution Agent”) shares of the voting common stock, \$1.00 par value per share (“Common Stock”), of the Company having an aggregate offering price of up to \$50,000,000.00 (the “Shares”), on the terms set forth in this agreement (the “Agreement”). The Company agrees that whenever it determines to sell the Common Stock directly to the Distribution Agent, as principal or otherwise other than as set forth in Section 2 hereof, it will enter into a separate agreement, which will include customary terms and conditions consistent with the representations, warranties and provisions in this Agreement and which will be agreed upon by the parties thereto (each, a “Terms Agreement”).

The Shares will be sold without being registered under the Securities Act of 1933, as amended (the “1933 Act”), in reliance upon the exemption therefrom provided under Section 3(a)(2) of the 1933 Act. The Company has prepared an offering circular dated December 12, 2022 (the “Offering Circular”) setting forth information concerning the Company and the Shares. Any reference herein to “amend”, “amendment” or “supplement” with respect to any Offering Circular shall be deemed to refer to and include any documents filed with the Federal Deposit Insurance Corporation (the “FDIC”) after such date under the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder (collectively, the “Exchange Act”) that are deemed to be incorporated by reference therein. Copies of the Offering Circular will be delivered by the Company to the Distribution Agent pursuant to the terms of this Agreement. The Company hereby confirms that it has authorized the use of the Offering Circular in connection with the offering of the Shares by the Distribution Agent in the manner contemplated by this Agreement. Capitalized terms used but not defined herein shall have the meanings given to such terms in the Offering Circular.

For purposes of this Agreement, all references to the Offering Circular, any Issuer Written Communication (as hereinafter defined) or any amendment or supplement to any of the foregoing shall be deemed to include the copy, if any, filed with the FDIC.

All references in this Agreement to financial statements and schedules and other information which is “contained,” “included” or “stated” (or other references of like import) in the Offering Circular, or any amendment or supplement thereto, shall be deemed to mean and include all such financial statements and schedules and other information which is incorporated by reference in the Offering Circular or any amendment or supplement thereto.

As used in this Agreement:

“Applicable Time” means, with respect to any Shares, the time of sale of such Shares pursuant to this Agreement or any relevant Terms Agreement.

“General Disclosure Package” means (i) the Offering Circular, (ii) the Issuer Written Communication, if any, identified in Schedule I hereto and (iii) any other Issuer Written Communication that the parties hereto shall hereafter expressly agree in writing to treat as part of the General Disclosure Package.

“Issuer Written Communications” means any “written communication” (within the meaning of the regulations of the U.S. Securities and Exchange Commission (the “Commission”)), other than the Offering Circular, prepared by or on behalf of the Company, or used or referred to by the Company, that constitutes an offer to sell or a solicitation of an offer to buy the Shares, including, without limitation, any such written communication that would, if the sale of the Shares were to be conducted as a public offering pursuant to a registration statement filed with the Commission and the Offering Circular were to be considered a prospectus satisfying the requirements of Section 10(a) of the 1933 Act, constitute an “issuer free writing prospectus,” as defined in Rule 433 under the 1933 Act, whether or not required to be filed with the Commission.

For the purpose of this Agreement, the term “subsidiary” or “subsidiaries” shall include each direct or indirect subsidiary of the Company listed on Schedule II hereto.

1. Representations and Warranties of the Company. The Company represents and warrants to the Distribution Agent, as of the date hereof, each Representation Date (as defined in Section 5(m) below), each Applicable Time and each Delivery Date (as defined in Section 2(i) below), and agrees with the Distribution Agent, as follows:

(a) *Offering Circular.* As of the date of the Offering Circular and any amendment or supplement thereto, at each Applicable Time and at each Delivery Date, neither the Offering Circular nor any amendment or supplement thereto contained, contains, or will contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that the Company makes no representation and warranty with respect to any statements or omissions made in reliance upon and in conformity with information relating to the Distribution Agent that is furnished to the Company in writing by the Distribution Agent or through the Distribution Agent expressly for use in the Offering Circular and any amendment or supplement thereto, it being understood and agreed that the only such information furnished by the Distribution Agent consists of the information described as such in Section 8(b) hereof.

(b) *General Disclosure Package.* The General Disclosure Package as of each Applicable Time did not, does not and will not, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that the Company makes no representation and warranty with respect to any statements or omissions made in reliance upon and in conformity with information relating to the Distribution Agent that is furnished to the Company in writing by the Distribution Agent or through the Distribution Agent expressly for use in such General Disclosure Package, it being understood and agreed that the only such information furnished by the Distribution Agent consists of the information described as such in Section 8(b) hereof.

(c) *Issuer Written Communication.* The Company (including its agents and representatives, other than the Distribution Agent in its capacity as such) has not prepared, used, authorized, approved or referred to and will not prepare, use, authorize, approve or refer to any Issuer Written Communications other than the documents listed on Schedule I hereto, each electronic road show, if any, and each other written communication approved in writing in advance by the Distribution Agent. Each such Issuer Written Communication, when taken together with the General Disclosure Package, did not, and at each Applicable Time and at each Delivery Date did not, does not and will not, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that the Company makes no representation and warranty with respect to any statements or omissions made in each such Issuer Written Communication or the General Disclosure Package in reliance upon and in conformity with information relating to the Distribution Agent that is furnished to the Company in writing by the Distribution Agent or through the Distribution Agent expressly for use in such Issuer Written Communication or Offering Circular, it being understood and agreed that the only such information furnished by the Distribution Agent consists of the information described as such in Section 8(b) hereof.

(d) *Incorporated Documents.* The documents incorporated by reference in the Offering Circular and the General Disclosure Package, when they were filed with the FDIC, conformed in all material respects to the requirements of the FDIC and the Exchange Act, and none of such documents contained any untrue statement of a material fact or omitted to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; and any further documents so filed and incorporated by reference in the Offering Circular or the General Disclosure Package, when such documents are filed with the FDIC, will conform in all material respects to the requirements of the FDIC and the Exchange Act and will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(e) *Approvals and Authorizations.* Pursuant to the provisions of Title 9-B of the Maine Revised Statutes Annotated, as amended, and the rules and regulations of the Maine Bureau of Financial Institutions (the “MBFI”) thereunder (collectively, the “Banking Act”), the Company has obtained from the MBFI all approvals and authorizations to allow the Shares to be offered or sold under the provisions of the Banking Act, and such approvals and authorizations have not been rescinded or modified and remain in full force and effect.



(f) *Securities Law Exemptions.* It is not necessary, in connection with the sale of the Shares to the Distribution Agent and the offer, resale and delivery of the Shares by the Distribution Agent in the manner contemplated by this Agreement, the General Disclosure Package and the Offering Circular, to register the Shares under the 1933 Act by virtue of Section 3(a)(2) thereunder.

(g) *Insured Depository Institution.* The Company is an insured depository institution under the provisions of the Federal Deposit Insurance Act of 1950, as amended, and the deposit accounts of the Company are insured up to applicable legal limits by the FDIC and no proceedings for the termination or revocation of such insurance are pending or, to the knowledge of the Company, threatened.

(h) *Bank Holding Company.* The Company is not required to register as a bank holding company under the Bank Holding Company Act of 1956, as amended, and Regulation Y of the Board of Governors of the Federal Reserve System.

(i) *Disclosure Compliance.* Each of the General Disclosure Package, Issuer Written Communications and the Offering Circular complies in all material respects with applicable disclosure requirements of the FDIC's Statement of Policy Regarding Use of Offering Circular in Connection with Public Distribution of Bank Securities (61 Fed. Reg. 46808, September 5, 1996; the "FDIC Policy Statement") and the Banking Act, including all applicable regulations and rules promulgated thereunder.

(j) *Accurate Disclosure.* The statements in the General Disclosure Package and the Offering Circular under the heading (i) "Description of Our Voting Common Stock," insofar as such statements purport to constitute a summary of the terms of the Common Stock, are accurate and complete in all material respects and (ii) "Supervision and Regulation," insofar as such statements summarize legal matters, agreements, documents or proceedings discussed therein, are accurate in all material respects and fair summaries of such legal matters, agreements, documents or proceedings.

(k) *No Objections.* Neither the FDIC nor the MBFI has issued any order or taken any similar action preventing or suspending the use of any part of the General Disclosure Package, Issuer Written Communications or the Offering Circular (any such order or action, a "stop order"); no stop order has been issued, no proceedings for that purpose have been instituted or are pending or, to the knowledge of the Company, threatened by the FDIC or the MBFI; neither the FDIC nor the MBFI has objected to the use of the General Disclosure Package, any Issuer Written Communications or the Offering Circular; the Company has complied with any request on the part of the FDIC for additional information; and the Company has filed or will file, and will continue to file, with the MBFI any materials required to be filed by the Company with the MBFI under the Banking Act in connection with the sale and issuance of the Shares.

(l) *Compliance with Law.* Except as disclosed in the General Disclosure Package and the Offering Circular, each of the Company and its subsidiaries is in compliance in all material respects, in the conduct of its business, with all applicable federal, state, local and foreign statutes, laws, regulations, ordinances, permits, licenses, franchises, certificates of authority, rules, judgments, orders or decrees applicable thereto, including, if and to the extent

applicable, the Equal Credit Opportunity Act, the Fair Housing Act, the Fair Debt Collection Act, the Fair and Accurate Credit Transactions Act, the Community Reinvestment Act, the Home Mortgage Disclosure Act, the Electronic Fund Transfer Act, the Currency and Foreign Transactions Reporting Act, the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (Patriot Act), the Servicemembers Civil Relief Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act, Title V of the Gramm-Leach-Bliley Act, and all other applicable laws and regulations relating to discrimination (including, without limitation, anti-redlining, equal credit opportunity and fair credit reporting), lending, debt collection, real estate settlement procedures, adjustable rate mortgages disclosures or consumer credit (including, without limitation, the Consumer Credit Protection Act, the Truth in Lending Act, the Truth in Savings Act, the Real Estate Settlement Procedures Act, the Equal Credit Opportunity Act, and all applicable regulations under each of the foregoing) or with respect to the Flood Disaster Protection Act, and, as of the date hereof, the Company has a Community Reinvestment Act rating of “satisfactory” or better and is “well capitalized” (as that term is defined for purposes of Section 38 of the Federal Deposit Insurance Act and applicable FDIC regulations thereunder). Except as would not reasonably be expected to result in a Material Adverse Effect (as defined below), the Company has timely filed all reports, registrations and statements, together with any amendments required to be made with respect thereto, that it was required to file with the MBFI, the FDIC and any other state banking commission or any other state regulatory authority and has paid all fees and assessments due and payable in connection therewith. All offers and sales of the Company’s capital stock and debt or other securities prior to the date hereof were made in compliance with, or were the subject of an available exemption from, all applicable state and federal laws or regulations.

(m) *No MOUs or Decrees.* Except as disclosed in the General Disclosure Package and the Offering Circular or as would not reasonably be expected to result in a Material Adverse Effect (as defined below), neither the Company nor any of its subsidiaries is a party to or subject to any order, decree, agreement, memorandum of understanding or similar agreement with, or a commitment letter, supervisory letter or similar submission to, any federal, state, local or foreign governmental agency or authority charged with the supervision or regulation of depository institutions or engaged in the insurance of deposits (including, without limitation, the FDIC and the MBFI) or the supervision or regulation of the Company or any of its subsidiaries and neither the Company nor any of its subsidiaries has been advised by any such governmental agency or authority that such governmental agency or authority is contemplating issuing or requesting (or is considering the appropriateness of issuing or requesting) any such order, decree, agreement, memorandum of understanding, commitment letter, supervisory letter or similar submission.

(n) *Financial Statements.* The historical financial statements (including the related notes thereto) of the Company and its consolidated subsidiaries included or incorporated by reference in the General Disclosure Package and the Offering Circular comply in all material respects with the applicable requirements of the Exchange Act, the FDIC Policy Statement, and the Banking Act and present fairly in all material respects the financial position of the Company and its consolidated subsidiaries as of the dates indicated and the results of their operations and the changes in their cash flows for the periods specified; such financial statements have been prepared in conformity with generally accepted accounting principles in the United States

(“GAAP”) applied on a consistent basis throughout the periods covered thereby; and any supporting schedules included or incorporated by reference in the Offering Circular present fairly the information required to be stated therein; and the other financial information included or incorporated by reference in the General Disclosure Package and the Offering Circular has been derived from the accounting records of the Company and its consolidated subsidiaries and presents fairly the information shown thereby.

(o) *No Material Adverse Change.* Since the date of the most recent financial statements of the Company included or incorporated by reference in the General Disclosure Package and the Offering Circular, (i) there has not been any change in the capital stock (other than the issuance of shares of Common Stock upon exercise of stock options and warrants described as outstanding in, and the grant of options and awards under existing equity incentive plans described in, the General Disclosure Package and the Offering Circular), long-term debt of the Company or any of its subsidiaries that is outside the ordinary course of business, or any dividend or distribution of any kind declared, set aside for payment, paid or made by the Company on any class of capital stock, or any material adverse change in or affecting the business, properties, management, financial position, shareholders’ equity, or results of operations of the Company and its subsidiaries taken as a whole or on the performance by the Company of its obligations under this Agreement (a “Material Adverse Effect”); (ii) neither the Company nor any of its subsidiaries has entered into any transaction or agreement that is material to the Company and its subsidiaries taken as a whole or incurred any liability or obligation, direct or contingent, that is material to the Company and its subsidiaries taken as a whole; and (iii) neither the Company nor any of its subsidiaries has sustained any loss or interference with its business that is material to the Company and its subsidiaries taken as a whole and that is either from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor disturbance or dispute or any action, order or decree of any court or arbitrator or governmental or regulatory authority, except in each case (of (i), (ii), or (iii)) as otherwise disclosed in, the General Disclosure Package and the Offering Circular.

(p) *Organization and Good Standing.* The Company and each “significant subsidiary” (as defined in Rule 1-02 of Regulation S-X) of the Company (each, a “Subsidiary” and collectively, the “Subsidiaries”) have been duly organized and are validly existing and in good standing under the laws of their respective jurisdictions of organization, are duly qualified to do business and are in good standing in each jurisdiction in which their respective ownership or lease of property or the conduct of their respective businesses requires such qualification, and have all power and authority necessary to own or hold their respective properties and to conduct the businesses in which they are engaged, except where the failure to be so qualified or in good standing or have such power or authority would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect; all of the issued and outstanding capital stock or other equity interest of each Subsidiary has been duly authorized and validly issued, is fully paid and non-assessable and is owned by the Company, directly or through subsidiaries; the Company owns, directly or through subsidiaries, the issued and outstanding capital stock or other equity interest of each Subsidiary free and clear of any security interest, mortgage, pledge, lien, encumbrance or claim; each Subsidiary is listed in Exhibit 21 to the Company’s Annual Report on Form 10-K for the fiscal year ended June 30, 2022; none of the outstanding shares of capital stock or other equity interest of any Subsidiary was issued in violation of the preemptive or

similar rights of any security holder or equity holder of such Subsidiary; the activities of the Subsidiaries are permitted of subsidiaries of a Maine state-chartered bank.

(q) *Capitalization.* All the outstanding shares of capital stock of the Company have been duly and validly authorized and issued and are fully paid and non-assessable and, except as described in or expressly contemplated by the General Disclosure Package or the Offering Circular, are not subject to any pre-emptive or similar rights; except as described in or expressly contemplated by the General Disclosure Package and the Offering Circular, there are no outstanding rights (including, without limitation, pre-emptive rights), warrants or options to acquire, or instruments convertible into or exchangeable for, any shares of capital stock or other equity interest in the Company or any of its Subsidiaries, or any contract, commitment, agreement, understanding or arrangement of any kind relating to the issuance of any capital stock of the Company or any such Subsidiary; the capital stock of the Company conforms in all material respects to the description thereof contained in the General Disclosure Package and the Offering Circular.

(r) *Stock Options.* With respect to the stock options (the “Stock Options”) granted pursuant to the stock-based compensation plans of the Company and its subsidiaries (the “Company Stock Plans”), if any, except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, (i) each Stock Option intended to qualify as an “incentive stock option” under Section 422 of the Internal Revenue Code of 1986, as amended (the “Code”), so qualifies, (ii) each grant of a Stock Option was duly authorized no later than the date on which the grant of such Stock Option was by its terms to be effective (the “Grant Date”) by all necessary corporate action, including, as applicable, approval by the board of directors of the Company (or a duly constituted and authorized committee thereof) and any required shareholder approval by the necessary number of votes or written consents, and the award agreement governing such grant (if any) was duly executed and delivered by each party thereto, (iii) each such grant was made in accordance with the terms of the Company Stock Plans and all applicable laws and regulatory rules or requirements, and (iv) each such grant was properly accounted for in accordance with GAAP in the financial statements (including the related notes) of the Company.

(s) *Due Authorization.* The Company has full right, power and authority to execute and deliver this Agreement and to perform its obligations hereunder; and all action required to be taken for the due and proper authorization, execution and delivery by it of this Agreement and the consummation by it of the transactions contemplated hereby and in the General Disclosure Package and the Offering Circular has been duly and validly taken.

(t) *Distribution Agreement.* This Agreement has been duly authorized, executed and delivered by the Company.

(u) *The Shares.* The Shares to be issued and sold hereunder have been duly authorized by the Company and, when issued, delivered and paid for pursuant to this Agreement, will be validly issued, fully paid and non-assessable and will conform in all material respects to the description thereof in the General Disclosure Package and the Offering Circular; and the issuance of the Shares is not subject to any preemptive or similar rights.

(v) *No Violation or Default.* Neither the Company nor any of its subsidiaries is (i) in violation of its charter or by-laws or similar organizational documents; (ii) in default, and no event has occurred that, with notice or lapse of time or both, would constitute such a default, in the due performance or observance of any term, covenant or condition contained in any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Company or any of its subsidiaries is a party or by which the Company or any of its subsidiaries is bound or to which any of the property or assets of the Company or any of its subsidiaries is subject; or (iii) in violation of any law or statute or any judgment, order, rule or regulation of any court or arbitrator or governmental or regulatory authority having jurisdiction over the Company and its subsidiaries, except, in the case of clauses (ii) and (iii) above, for any such default or violation that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(w) *No Conflicts.* The execution, delivery and performance by the Company of this Agreement, and the consummation by the Company of the transactions contemplated by this Agreement, the General Disclosure Package and the Offering Circular will not (i) conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Company or any of its subsidiaries pursuant to, any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Company or any of its subsidiaries is a party or by which the Company or any of its subsidiaries is bound or to which any of the property or assets of the Company or any of its subsidiaries is subject, (ii) result in any violation of the provisions of the charter or by-laws or similar organizational documents of the Company or any of its subsidiaries or (iii) result in the violation of any law or statute or any judgment, order, rule or regulation of any court or arbitrator or governmental or regulatory authority having jurisdiction over the Company and its subsidiaries, except, in the case of clauses (i) and (iii) above, for any such conflict, breach, violation or default that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(x) *No Consents Required.* No consent, approval, authorization, order, license, registration or qualification of or with any court or arbitrator or governmental or regulatory authority is required for the execution, delivery and performance by the Company of this Agreement, and the consummation of the transactions contemplated by this Agreement, the General Disclosure Package and the Offering Circular, except such consents, approvals, authorizations, orders, licenses, registrations or qualifications (i) as have already been obtained or made, (ii) as may be required by the Financial Industry Regulatory Authority, Inc. (“FINRA”) and (iii) under applicable state securities laws in connection with the purchase and distribution of the Shares by the Distribution Agent.

(y) *Legal Proceedings.* Except as described in the General Disclosure Package and the Offering Circular, there are no legal, governmental or regulatory investigations, actions, suits or proceedings pending to which the Company or any of its subsidiaries is or, to the knowledge of the Company, may be a party or to which any property of the Company or any of its subsidiaries is or, to the knowledge of the Company, may be the subject that, individually or in the aggregate, if determined adversely to the Company or any of its subsidiaries, would reasonably be expected to have a Material Adverse Effect; and to the knowledge of the Company, except as described in the General Disclosure Package and the Offering Circular, no

such investigations, actions, suits or proceedings are threatened or contemplated by any governmental or regulatory authority or threatened by others; and (i) there are no current or pending legal, governmental or regulatory actions, suits or proceedings that would be required to be described in the General Disclosure Package or the Offering Circular under the 1933 Act if the Shares were being registered under the 1933 Act and that are not so described in the General Disclosure Package and the Offering Circular and (ii) there are no statutes, regulations or contracts and other documents that would be required to be described in the General Disclosure Package or the Offering Circular under the 1933 Act if the Shares were being registered under the 1933 Act and that have not been so described in the General Disclosure Package and the Offering Circular.

(z) *Independent Accountants.* RSM US LLP, who has audited certain financial statements of the Company and its subsidiaries, is an independent registered public accounting firm with respect to the Company and its subsidiaries within the applicable rules and regulations adopted by the Commission and the Public Company Accounting Oversight Board (United States) and as would be required by the 1933 Act if the Shares were being registered under the 1933 Act.

(aa) *Title to Real and Personal Property.* The Company and its subsidiaries have good and marketable title in fee simple (in the case of real property) to, or have valid and marketable rights to lease or otherwise use, all items of real and personal property and assets that are material to the respective businesses of the Company and its subsidiaries, in each case free and clear of all liens, encumbrances, claims and defects and imperfections of title except those that (i) do not materially interfere with the use made and proposed to be made of such property by the Company and its subsidiaries or (ii) would not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect; and all of the leases and subleases material to the business of the Company and its subsidiaries taken as a whole, and under which the Company or any of its subsidiaries holds properties described in the General Disclosure Package and the Offering Circular, are in full force and effect, and neither the Company nor any such subsidiary has any written notice of any claim of any sort that has been asserted by anyone adverse to the rights of the Company or any subsidiary under any of the leases or subleases mentioned above, or affecting or questioning the rights of the Company or such subsidiary to the continued possession of the leased or subleased premises under any such lease or sublease, except as would not reasonably be expected to result in a Material Adverse Effect.

(bb) *Title to Intellectual Property.* The Company and its subsidiaries own or possess adequate rights to use all material patents, patent applications, trademarks, service marks, trade names, trademark registrations, service mark registrations, copyrights, licenses and know-how (including trade secrets and other unpatented and/or unpatentable proprietary or confidential information, systems or procedures) necessary for the conduct of their respective businesses as currently conducted and as proposed to be conducted, and the conduct of their respective businesses will not conflict in any material respect with any such rights of others. The Company and its subsidiaries have not received any notice of any claim of infringement, misappropriation or conflict with any such rights of others in connection with its patents, patent rights, licenses, inventions, trademarks, service marks, trade names, copyrights and know-how, which would reasonably be expected to result in a Material Adverse Effect.

(cc) *No Undisclosed Relationships.* No relationship, direct or indirect, exists between or among the Company or any of its subsidiaries, on the one hand, and the directors, officers, shareholders, customers or suppliers of the Company or any of its subsidiaries, on the other, which would be required to be described in the General Disclosure Package and the Offering Circular by the 1933 Act or the rules and regulations thereunder were the Shares registered under the 1933 Act and which is not so described in each of the General Disclosure Package and the Offering Circular.

(dd) *Investment Company Act.* The Company is not and, after giving effect to the offering and sale of the Shares and the application of the proceeds thereof as described in the General Disclosure Package and the Offering Circular, will not be required to register as an “investment company” or an entity “controlled” by an “investment company” within the meaning of the Investment Company Act of 1940, as amended, and the rules and regulations of the Commission thereunder (collectively, the “Investment Company Act”).

(ee) *Taxes.* The Company and its subsidiaries have paid all federal, state, local and foreign taxes and filed all tax returns required to be paid or filed through the date hereof, in each case except for such failures to pay or file that would not, individually or in the aggregate, be reasonably expected to have a Material Adverse Effect; and except as otherwise disclosed in the General Disclosure Package and the Offering Circular, there is no material tax deficiency that has been, or would reasonably be expected to be, asserted against the Company or any of its subsidiaries or any of their respective properties or assets, in each case, except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(ff) *Licenses and Permits.* The Company and its subsidiaries possess all licenses, certificates, permits and other authorizations issued by, and have made all declarations and filings with, the appropriate federal, state, local or foreign governmental or regulatory authorities that are necessary for the ownership or lease of their respective properties or the conduct of their respective businesses as described in the General Disclosure Package and the Offering Circular, except where the failure to possess or make the same would not, individually or in the aggregate, have a Material Adverse Effect; and except as described in the General Disclosure Package and the Offering Circular, neither the Company nor any of its subsidiaries has received notice of any revocation or modification of any such license, certificate, permit or authorization or has any reason to believe that any such license, certificate, permit or authorization will not be renewed in the ordinary course, except where such revocation, modification or non-renewal would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(gg) *No Labor Disputes.* No labor disturbance by or dispute with employees of the Company or any of its subsidiaries exists or, to the knowledge of the Company, is threatened, and the Company is not aware of any existing or imminent labor disturbance by, or dispute with, the employees of any of its or its subsidiaries’ principal suppliers, contractors or customers, except as would not reasonably be expected to have a Material Adverse Effect.

(hh) *Compliance with and Liability under Environmental Laws.* (i) The Company and its subsidiaries (a) are, and at all prior times were, in compliance with any and all applicable federal, state, local and foreign laws, rules, regulations, requirements, decisions,

judgments, decrees, orders and the common law relating to pollution or the protection of the environment, natural resources or human health or safety, including those relating to the generation, storage, treatment, use, handling, transportation, Release (as defined below) or threat of Release of Hazardous Materials (as defined below) (collectively, “Environmental Laws”), (b) have received and are in compliance with all permits, licenses, certificates or other authorizations or approvals required of them under applicable Environmental Laws to conduct their respective businesses, (c) have not received notice of any actual or potential liability under or relating to, or actual or potential violation of, any Environmental Laws, including for the investigation or remediation of any Release or threat of Release of Hazardous Materials, and have no knowledge of any event or condition that would reasonably be expected to result in any such notice, (d) are not conducting or paying for, in whole or in part, any investigation, remediation or other corrective action pursuant to any Environmental Law at any location, and (e) are not a party to any order, decree or agreement that imposes any obligation or liability under any Environmental Law, and (ii) there are no costs or liabilities associated with Environmental Laws of or relating to the Company or its subsidiaries, except in the case of each of (i) and (ii) above, for any such matter, as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect; and (iii) except as described in the General Disclosure Package and the Offering Circular, (a) there are no proceedings that are pending, or, to the knowledge of the Company, contemplated, against the Company or any of its subsidiaries under any Environmental Laws in which a governmental entity is also a party, other than such proceedings regarding which it is reasonably believed no monetary sanctions of \$100,000 or more will be imposed, (b) the Company and its subsidiaries are not aware of any facts or issues regarding compliance with Environmental Laws, or liabilities or other obligations under Environmental Laws, including the Release or threat of Release of Hazardous Materials, that would reasonably be expected to have an effect on the capital expenditures, earnings or competitive position of the Company and its subsidiaries, and (c) none of the Company and its subsidiaries anticipates capital expenditures relating to any Environmental Laws, except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(ii) *Hazardous Materials*. There has been no storage, generation, transportation, use, handling, treatment, Release or threat of Release of Hazardous Materials by, relating to or caused by the Company or any of its subsidiaries (or, to the knowledge of the Company and its subsidiaries, any other entity (including any predecessor) for whose acts or omissions the Company or any of its subsidiaries is or would reasonably be expected to be liable) at, on, under or from any property or facility now or, to the knowledge of the Company, previously owned, operated or leased by the Company or any of its subsidiaries, or, to the knowledge of the Company, at, on, under or from any other property or facility, in violation of any Environmental Laws or in a manner or amount or to a location that would reasonably be expected to result in any liability under any Environmental Law, except for any violation or liability which would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. “Hazardous Materials” means any material, chemical, substance, waste, pollutant, contaminant, compound, mixture, or constituent thereof, in any form or amount, including petroleum (including crude oil or any fraction thereof) and petroleum products, natural gas liquids, asbestos and asbestos containing materials, naturally occurring radioactive materials, brine, and drilling mud, regulated or which can give rise to liability under any Environmental Law. “Release” means any spilling, leaking, seepage, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, disposing, depositing, dispersing, or



migrating in, into or through the environment, or in, into, from or through any building or structure.

(jj) *Compliance with ERISA.* Except as would not reasonably be expected to have a Material Adverse Effect, (i) each employee benefit plan, within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), for which the Company or any member of its “Controlled Group” (defined as any organization which is a member of a controlled group of corporations within the meaning of Section 414 of the Code) would have any liability (each, a “Plan”) has been maintained in compliance with its terms and the requirements of any applicable statutes, orders, rules and regulations, including but not limited to, ERISA and the Code, except for noncompliance that would not reasonably be expected to result in material liability to the Company or its subsidiaries; (ii) no non-exempt prohibited transaction, within the meaning of Section 406 of ERISA or Section 4975 of the Code, has occurred with respect to any Plan that would reasonably be expected to result in a material liability to the Company or its subsidiaries; (iii) for each Plan that is subject to the funding rules of Section 412 of the Code or Section 302 of ERISA, the minimum funding standard of Section 412 of the Code or Section 302 of ERISA, as applicable, has been satisfied (without taking into account any waiver thereof or extension of any amortization period) and is reasonably expected to be satisfied in the future (without taking into account any waiver thereof or extension of any amortization period); (iv) with respect to each Plan that is subject to Title IV of ERISA or the funding rules of Section 412 of the Code, the fair market value of the assets of each Plan exceeds the present value of all benefits accrued under such Plan (determined based on those assumptions used to fund such Plan); (v) no “reportable event” (within the meaning of Section 4043(c) of ERISA) has occurred or is reasonably expected to occur that either has resulted, or would reasonably be expected to result, in material liability to the Company or its subsidiaries with respect to any Plan; (vi) neither the Company nor any member of the Controlled Group has incurred, nor reasonably expects to incur, any liability under Title IV of ERISA or Section 302 of ERISA or Section 412 or 4971 of the Code (other than contributions to a plan or premiums to the Pension Benefit Guaranty Corporation (the “PBGC”), in the ordinary course and without default); and (vii) there is no pending audit or investigation by the Internal Revenue Service, the U.S. Department of Labor, the PBGC or any other governmental agency or any foreign regulatory agency with respect to any Plan that would reasonably be expected to result in material liability to the Company or its subsidiaries. None of the following events has occurred or, to the knowledge of the Company, is reasonably likely to occur: (x) a material increase in the aggregate amount of contributions required to be made to all Plans by the Company or its subsidiaries in the current fiscal year of the Company and its subsidiaries compared to the amount of such contributions made in the Company and its subsidiaries’ most recently completed fiscal year; or (y) a material increase in the Company and its subsidiaries’ “accumulated post-retirement benefit obligations” (within the meaning of Statement of Financial Accounting Standards 106) compared to the amount of such obligations in the Company and its subsidiaries’ most recently completed fiscal year.

(kk) *Employee Discrimination.* Neither the Company nor any subsidiary is in violation of or has received notice of any violation with respect to applicable law relating to discrimination in the hiring, promotion or pay of employees, or any applicable federal or state labor, wages and hours law, the violation of any of which would have a Material Adverse Effect.

(ll) *Insurance.* The Company and its subsidiaries have insurance covering their respective properties, operations, personnel and businesses, including business interruption insurance, which insurance is in amounts and insures against such losses and risks that the Company reasonably believes are adequate to protect the Company and its subsidiaries and their respective businesses; and neither the Company nor any of its subsidiaries has (i) received notice from any insurer or agent of such insurer that capital improvements or other expenditures are required or necessary to be made in order to continue such insurance or (ii) any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage at reasonable cost from similar insurers as may be necessary to continue its business.

(mm) *No Unlawful Payments.* Neither the Company nor any of its subsidiaries nor any director or officer of the Company or any of its subsidiaries nor, to the knowledge of the Company, any employee, agent, affiliate or other person associated with or acting on behalf of the Company or any of its subsidiaries has (i) used any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity; (ii) made or taken an act in furtherance of an offer, promise or authorization of any direct or indirect unlawful payment or benefit to any foreign or domestic government official or employee, including of any government-owned or controlled entity or of a public international organization, or any person acting in an official capacity for or on behalf of any of the foregoing, or any political party or party official or candidate for political office; (iii) violated or is in violation of any provision of the Foreign Corrupt Practices Act of 1977, as amended, or any other applicable anti-bribery or anti-corruption laws; or (iv) made, offered, agreed, requested or taken an act in furtherance of any unlawful bribe or other unlawful benefit, including, without limitation, any rebate, payoff, influence payment, kickback or other unlawful or improper payment or benefit. The Company and its subsidiaries have instituted, maintain and enforce, and will continue to maintain and enforce policies and procedures designed to promote and ensure compliance with all applicable anti-bribery and anti-corruption laws.

(nn) *Compliance with Anti-Money Laundering Laws.* The operations of the Company and its subsidiaries are and have been conducted at all times in compliance with applicable financial recordkeeping and reporting requirements, including those of the Currency and Foreign Transactions Reporting Act of 1970, as amended, the applicable money laundering statutes of all jurisdictions where the Company or any of its subsidiaries conducts business, the rules and regulations thereunder and any related or similar rules, regulations or guidelines issued, administered or enforced by any governmental agency (collectively, the “Anti-Money Laundering Laws”), and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company or any of its subsidiaries with respect to the Anti-Money Laundering Laws is pending or, to the knowledge of the Company, threatened.

(oo) *No Conflicts with Sanctions Laws.* None of the Company nor any of its subsidiaries, or to the knowledge of the Company, any directors, officers, employees, agents or affiliates or other person associated with or acting on behalf of the Company or any of its subsidiaries is currently the subject or the target of any sanctions administered or enforced by the U.S. Government, (including, without limitation, the Office of Foreign Assets Control of the U.S. Department of the Treasury or the U.S. Department of State and including, without limitation,

the designation as a “specially designated national” or “blocked person”), the United Nations Security Council, the European Union, His Majesty’s Treasury, or other relevant sanctions authority (collectively, “Sanctions”), nor is the Company, any of its subsidiaries located, organized or resident in a country or territory that is the subject or the target of Sanctions (each, a “Sanctioned Country”); and the Company will not directly or indirectly use the proceeds of the offering of the Shares hereunder, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other person or entity (i) to fund or facilitate any activities of or business with any person that, at the time of such funding or facilitation, is the subject or the target of Sanctions, (ii) to fund or facilitate any activities of or business in any Sanctioned Country or (iii) in any other manner that will result in a violation by any person (including any person participating in the transaction, whether as underwriter, advisor, investor or otherwise) of Sanctions. Since December 31, 2017, the Company and its subsidiaries have not knowingly engaged in, are not now knowingly engaged in, and will not engage in, any dealings or transactions with any person that at the time of the dealing or transaction is or was the subject or the target of Sanctions or with any Sanctioned Country.

(pp) *No Restrictions on Subsidiaries.* Except as described in the General Disclosure Package and the Offering Circular, no subsidiary of the Company is currently prohibited, directly or indirectly, under any agreement or other instrument to which it is a party or is subject, from paying any dividends to the Company, from making any other distribution on such subsidiary’s capital stock, from repaying to the Company any loans or advances to such subsidiary from the Company or from transferring any of such subsidiary’s properties or assets to the Company or any other subsidiary of the Company.

(qq) *No Broker’s Fees.* Neither the Company nor any of its subsidiaries is a party to any contract, agreement or understanding with any person (other than this Agreement) that would give rise to a valid claim against the Company or any of its subsidiaries or the Distribution Agent for a brokerage commission, finder’s fee or like payment in connection with the offering and sale of the Shares.

(rr) *No Registration Rights.* Except as described in the General Disclosure Package and the Offering Circular, no person has the right to require the Company or any of its subsidiaries to register any securities for sale under the 1933 Act.

(ss) *No Stabilization.* The Company has not taken, directly or indirectly, any action designed to or that would reasonably be expected to cause or result in any stabilization or manipulation of the price of the Shares, except that no representation is given as to the activities of the Distribution Agent in connection with the offering of the Shares contemplated hereby.

(tt) *Forward-Looking Statements.* No forward-looking statement (within the meaning of Section 27A of the 1933 Act and Section 21E of the Exchange Act) contained or incorporated by reference in the General Disclosure Package or the Offering Circular has been made or reaffirmed without a reasonable basis or has been disclosed other than in good faith.

(uu) *Statistical and Market Data.* Nothing has come to the attention of the Company that has caused the Company to believe that the statistical and market-related data included or incorporated by reference in the General Disclosure Package and the Offering

Circular is not based on or derived from sources that are reliable and accurate in all material respects.

(vv) *Description of Contracts or Documents.* There are no contracts or documents which are required to be described in the General Disclosure Package or the Offering Circular which have not been so described as required.

(ww) *Internal Control Over Financial Reporting.* Each of the Company and its subsidiaries maintains a system of internal accounting controls sufficient to provide reasonable assurance that (A) transactions are executed in accordance with management's general or specific authorizations; (B) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain asset accountability; (C) access to assets is permitted only in accordance with management's general or specific authorization; and (D) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. Except as described in the General Disclosure Package and the Offering Circular, since the end of the Company's most recent audited fiscal year, there has been (I) no material weakness in the Company's internal control over financial reporting (whether or not remediated) and (II) no change in the Company's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

(xx) *Disclosure Controls and Procedures.* The Company and its subsidiaries employ disclosure controls and procedures (as such term is defined in Rule 13a-15 under the Exchange Act), which (A) are designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Commission's rules and forms and that material information relating to the Company and its subsidiaries is made known to the Company's principal executive officer and principal financial officer by others within the Company and its subsidiaries to allow timely decisions regarding disclosure, and (B) are effective in all material respects to perform the functions for which they were established. Based on the evaluation of the Company's and each Subsidiary's disclosure controls and procedures described above, the Company is not aware of (1) any significant deficiency in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarize and report financial data or any material weaknesses in internal controls or (2) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls. Since the most recent evaluation of the Company's disclosure controls and procedures described above, there have been no significant changes in internal controls.

(yy) *Sarbanes-Oxley Act.* There is and has been no failure on the part of the Company or any of the Company's directors or officers, in their capacities as such, to comply in all material respects with any applicable provision of the Sarbanes-Oxley Act of 2002 and the rules and regulations promulgated in connection therewith (the "Sarbanes-Oxley Act"), including Section 402 related to loans and Sections 302 and 906 related to certifications.

(zz) *Broker-Dealer.* Neither the Company nor any of its subsidiaries (i) is required to register as a “broker” or “dealer” in accordance with the provisions of the Exchange Act or the rules and regulations promulgated thereunder or (ii) directly, or indirectly through one or more intermediaries, controls or has any other association (within the meaning of Article I of the By-Laws of FINRA) with any member firm of FINRA, except as described in the General Disclosure Package and the Offering Circular.

(aaa) *No Rated Securities.* The Company represents and warrants that there are no debt securities or preferred stock issued or guaranteed by the Company or any of its subsidiaries that are rated by a “nationally recognized statistical rating organization,” as such term is defined under Section 3(a)(62) under the Exchange Act.

(bbb) *Derivative Securities.* Except as has or would not reasonably be expected to result in a Material Adverse Effect and as described in the General Disclosure Package and the Offering Circular, all material swaps, caps, floors, futures, forward contracts, option agreements (other than employee stock options) and other derivative financial instruments, contracts or arrangements, whether entered into for the account of the Company or one of its subsidiaries or for the account of a customer of the Company or one of its subsidiaries, were entered into in the ordinary course of business and in accordance and in all material respects with applicable laws, rules, regulations and policies of all applicable regulatory agencies and with counterparties believed to be financially responsible at the time. The Company and each of its subsidiaries have duly performed in all material respects all of their obligations thereunder to the extent that such obligations to perform have accrued. Neither the Company nor any of its subsidiaries, nor, to the knowledge of the Company, any other party thereto, is in breach of its material obligations under any such agreement or arrangement.

## 2. Purchase and Sale of Shares.

(a) On the basis of the representations, warranties and agreements herein contained and subject to the terms and conditions set forth herein, upon the Distribution Agent’s acceptance of the terms of a Placement Notice (as defined in Section 2(b) below) or such other instructions provided by the Company to the Distribution Agent pursuant to Section 2(b) or upon receipt by the Distribution Agent of an Acceptance (as defined in Section 2(c) below), as the case may be, and unless the sale of the Placement Shares (as defined in Section 2(b) below) described therein has been declined, suspended or otherwise terminated in accordance with the terms of this Agreement, the Company agrees to issue and sell from time to time through the Distribution Agent, as sales agent, and the Distribution Agent agrees, subject to the limitations and provisions in this Section 2 or as may otherwise be agreed to between the parties from time to time, to use its commercially reasonable efforts consistent with its normal trading and sales practices to sell as sales agent for the Company, the Shares. Sales of the Shares, if any, through the Distribution Agent acting as sales agent will be made by means of ordinary brokers’ transactions or otherwise at market prices prevailing at the time of sale, at prices related to prevailing market prices or at negotiated prices.

(b) The Shares are to be sold on a daily basis or otherwise as shall be agreed to by the Company and the Distribution Agent on any day that is a trading day for the NASDAQ Global Market (other than a day on which the NASDAQ Stock Market is scheduled to close

prior to its regular weekday closing time) (each, a “Trading Day”), and the Company has instructed the Distribution Agent to make such sales. Prior to the commencement of the offering, when the Company wishes to issue and sell the Shares hereunder, it will notify the Distribution Agent at least one “business day,” as defined in Rule 100 of Regulation M of the rules and regulations of the Commission under the 1934 Act (the “1934 Act Regulations”) (a “Regulation M Business Day”), to the extent Regulation M is applicable to the Company, prior to the Trading Day on which sales are desired to commence by e-mail notice (or other method mutually agreed to in writing by the parties) containing the parameters in accordance with which it desires the Shares to be sold, which shall at a minimum include the maximum number of Shares desired to be issued (the “Placement Shares”), a form of which is attached hereto as Annex I (a “Placement Notice”). The Placement Notice shall originate from any of the individuals from the Company set forth on Schedule III (with a copy to each of the other individuals from the Company listed on such schedule), and shall be addressed to each of the individuals from the Distribution Agent set forth on Schedule III, as such Schedule III may be amended in writing from time to time. On any Trading Day that the Company wishes to issue and sell the Shares hereunder (each, a “Placement”), the Company may instruct the Distribution Agent by telephone (confirmed promptly by telecopy or email, which confirmation will be promptly acknowledged by the Distribution Agent), or such other method mutually agreed to in writing by the parties, as to the maximum number of Shares to be sold by the Distribution Agent on such day (in any event not in excess of the number available for sale under the Offering Circular) and the minimum price per Share at which such Shares may be sold.

(c) If the Distribution Agent wishes to accept such proposed terms included in the Placement Notice (which it may decline to do for any reason in its sole discretion) or, following discussion with the Company, wishes to accept amended terms, the Distribution Agent will, prior to 4:30 p.m. (New York City Time) on the business day following the business day on which such Placement Notice is delivered to the Distribution Agent, issue to the Company a notice by e-mail (or other method mutually agreed to in writing by the parties) addressed to all of the individuals from the Company and Distribution Agent set forth on Schedule III) setting forth the terms that the Distribution Agent is willing to accept. Where the terms provided in the Placement Notice are amended as provided for in the immediately preceding sentence, such terms will not be binding on the Company or the Distribution Agent until the Company delivers to the Distribution Agent an acceptance by e-mail (or other method mutually agreed to in writing by the parties) of all of the terms of such Placement Notice, as amended (the “Acceptance”), which e-mail shall be addressed to all of the individuals from the Company and the Distribution Agent set forth on Schedule III. The Placement Notice (as amended by the corresponding Acceptance, if applicable) shall be effective upon receipt by the Company of the Distribution Agent’s acceptance of the terms of the Placement Notice or upon receipt by the Distribution Agent of the Company’s Acceptance, as the case may be, unless and until (i) the entire amount of the Placement Shares has been sold, (ii) in accordance with the notice requirements set forth in the second sentence of Section 2(d) below, the Company terminates the Placement Notice, (iii) the Company issues a subsequent Placement Notice with parameters superseding those on the earlier dated Placement Notice, (iv) this Agreement has been terminated under the provisions of Section 9 or (v) either party shall have suspended the sale of the Placement Shares in accordance with the terms of this Agreement. It is expressly acknowledged and agreed that neither the Company nor the Distribution Agent will have any obligation whatsoever with respect to a Placement or any Placement Shares unless and until the Company delivers a Placement Notice to

the Distribution Agent and either (i) the Distribution Agent accepts the terms of such Placement Notice or (ii) where the terms of such Placement Notice are amended, the Company accepts such amended terms by means of an Acceptance pursuant to the terms set forth above, and then only upon the terms specified in the Placement Notice (as amended by the corresponding Acceptance, if applicable) and herein. In the event of a conflict between the terms of this Agreement and the terms of a Placement Notice (as amended by the corresponding Acceptance, if applicable), the terms of the Placement Notice (as amended by the corresponding Acceptance, if applicable) will control.

(d) Notwithstanding the foregoing, the Company shall not authorize the issuance and sale of, and the Distribution Agent shall not be obligated to use its commercially reasonable efforts to sell, any Shares (i) at a price lower than the minimum price therefor authorized from time to time, or (ii) in a number in excess of the aggregate number of Shares authorized from time to time to be issued and sold under this Agreement, in each case, by the Company's board of directors (the "Board") or a duly authorized committee or subcommittee thereof (the "Designated Subcommittee"), and notified to the Distribution Agent in writing. In addition, the Company or the Distribution Agent may, upon notice to the other party hereto by telephone (confirmed promptly by e-mail to those individuals specified on Schedule III), suspend or terminate the offering of the Shares for any reason and at any time; provided, however, that such suspension or termination shall not affect or impair the parties' respective obligations with respect to the Shares sold hereunder or which an investor has agreed to purchase but which have not been delivered by the Company and paid for by such investor as contemplated hereby, prior to the giving of such notice.

(e) Under no circumstances shall the aggregate number of Shares sold pursuant to this Agreement (i) exceed the aggregate offering price of \$50,000,000.00 set forth in the preamble paragraph of this Agreement, (ii) exceed the number of shares of Common Stock available for issuance under the Offering Circular or (iii) exceed the number of shares of Common Stock authorized from time to time to be issued and sold under this Agreement by the Board or the Designated Subcommittee and notified to the Distribution Agent in writing. In addition, under no circumstances shall any Shares be sold at a price lower than the minimum price therefor authorized from time to time by the Board or the Designated Subcommittee and notified to the Distribution Agent in writing. The Distribution Agent covenants and agrees not to make any sales of the Shares on behalf of the Company other than as permitted by the terms of this Agreement.

(f) Subject to the terms of the Placement Notice (as amended by the corresponding Acceptance, if applicable) or such other instructions provided by the Company to the Distribution Agent pursuant to Section 2(b), the Distribution Agent may sell Placement Shares by any method permitted by law deemed to be an "at the market" offering as defined in Rule 415 of the rules and regulations of the Commission under the 1933 Act (the "1933 Act Regulations"), including without limitation sales made directly on the NASDAQ Global Market, on any other existing trading market for the Common Stock or to or through a market maker. Subject to the terms of the Placement Notice (as amended by the corresponding Acceptance, if applicable) or such other instruction provided by the Company to the Distribution Agent pursuant to Section 2(b), the Distribution Agent may also sell Placement Shares by any other method permitted by law, including but not limited to privately negotiated transactions subject to

the approval of the Company. Notwithstanding anything to the contrary herein and for a period of time beginning one Regulation M Business Day prior to the time when the first sale pursuant to a Placement Notice occurs, to the extent Regulation M is applicable, and continuing through the time such Placement Notice is in effect, the Distribution Agent agrees that in no event will it or any of its affiliates engage in any market making, stabilization or other market or trading activity with regard to the Shares if such activity would be prohibited under Regulation M or other anti-manipulation rules under the 1933 Act or the 1934 Act.

(g) The compensation payable to the Distribution Agent for sales of Shares shall be equal to 2% of the aggregate purchase price of the Shares sold in the offering. The remaining proceeds, after further deduction for any transaction fees, transfer taxes or other similar fees, taxes or charges imposed by any federal, state, local or other governmental, regulatory or self-regulatory organization in respect of such sales, shall constitute the net proceeds to the Company for such Shares (the “Net Proceeds”). The Distribution Agent shall notify the Company as promptly as practicable if any deduction described in the preceding sentence will be required.

(h) The Distribution Agent shall provide written confirmation (which may be by e-mail) to the Company following the close of trading on the NASDAQ Global Market each day on which Shares are sold under this Agreement setting forth the number of Shares sold on such day, the gross sales prices of the Shares, the volume weighted average price for all sales of the Company’s common stock (including the sale of the Shares pursuant to this Agreement) on such day, the Net Proceeds to the Company and the compensation payable by the Company to the Distribution Agent under this Agreement with respect to such sales.

(i) Settlement for sales of Shares will occur on the second business day that is also a Trading Day following the trade date on which such sales are made, unless another date shall be agreed to by the Company and the Distribution Agent (each such day, a “Delivery Date”). On each Delivery Date, the Shares sold through the Distribution Agent for settlement on such date shall be delivered by the Company to the Distribution Agent against payment of the Net Proceeds from the sale of such Shares. Settlement for all Shares shall be effected by book-entry delivery of Shares to the Distribution Agent’s account at The Depository Trust Company against payment by the Distribution Agent of the Net Proceeds from the sale of such Shares in same day funds delivered to an account designated by the Company. If the Company or its transfer agent (if applicable) shall default on its obligation to deliver Shares on any Delivery Date, the Company shall (A) indemnify and hold the Distribution Agent harmless against any reasonably documented loss, claim or damage arising from or as a result of such default by the Company and (B) pay the Distribution Agent any commission to which it would otherwise be entitled absent such default. If the Distribution Agent breaches this Agreement by failing to deliver the applicable Net Proceeds on any Delivery Date for Shares delivered by the Company, the Distribution Agent will pay the Company interest based on the effective overnight federal funds rate until such Net Proceeds, together with such interest, have been fully paid.

(j) The Company agrees that any offer to sell, any solicitation of an offer to buy, or any sales of Shares or any other equity security of the Company shall only be effected by or through the Distribution Agent, from the period beginning one Regulation M Business Day prior to the time when the first sale pursuant to a Placement Notice occurs, to the extent



Regulation M is applicable, and continuing through the time such Placement Notice is in effect; provided, however, that the foregoing limitation shall not apply to (i) exercise of any option, warrant, right or any conversion privilege set forth in the instrument governing such security or any other security of the Company or (ii) sales solely to employees or security holders of the Company or its Subsidiaries, or to a trustee or other person acquiring such securities for the accounts of such persons.

(k) The Company consents to the Distribution Agent trading in the Common Stock for the Distribution Agent's own account and for the account of its clients at the same time as sales of the Shares occur pursuant to this Agreement or pursuant to a Terms Agreement.

(l) The Company acknowledges and agrees that (i) there can be no assurance that the Distribution Agent will be successful in selling Shares, (ii) the Distribution Agent may not solicit any offers to buy the Shares, (iii) the Distribution Agent will incur no liability or obligation to the Company or any other person or entity if it does not sell Shares for any reason other than a failure by the Distribution Agent to use its commercially reasonable efforts consistent with its normal trading and sales practices to sell such Shares as required under this Section 2, subject to the limitations and provisions in this Section 2 or as may otherwise be agreed to between the parties from time to time and (iv) the Distribution Agent shall be under no obligation to purchase Shares on a principal basis pursuant to this Agreement, except as otherwise agreed by the Distribution Agent and the Company in a Terms Agreement.

(m) At each Applicable Time, each Delivery Date and each Representation Date, the Company and the Bank shall be deemed to have affirmed each representation, warranty, covenant and other agreement contained in this Agreement.

### 3. Alternative Placement.

(a) If the Company wishes to issue and sell the Shares other than as set forth in Section 2 of this Agreement (an "Alternative Placement"), it will notify the Distribution Agent of the proposed terms of such Alternative Placement. If the Distribution Agent, acting as principal or agent, wishes to accept such proposed terms and the Company wishes to enter into an Alternative Placement with the Distribution Agent (which it may decline to do for any reason in its sole discretion) or, following discussions with the Company wishes to accept amended terms, then the Distribution Agent and the Company will enter into a Terms Agreement, setting forth the terms of such Alternative Placement.

(b) The terms set forth in a Terms Agreement will not be binding on the Company or the Distribution Agent unless and until the Company and the Distribution Agent have each executed such Terms Agreement accepting all of the terms of such Terms Agreement. In the event of a conflict between the terms of this Agreement and the terms of a Terms Agreement, the terms of such Terms Agreement will control.

### 4. Restricted Periods.

(a) Notwithstanding any other provision of this Agreement, (i) the Company shall not offer or sell, or request the offer or sale of, any Shares, (ii) the Company, by notice to the Distribution Agent given by telephone (confirmed promptly by e-mail), shall cancel any

instructions for the offer or sale of Shares, and (iii) the Distribution Agent shall not be obligated to offer or sell any Shares, (x) unless otherwise agreed to in writing by the parties hereto (which agreement may be contained in a Placement Notice or in such other instructions provided by the Company to the Distribution Agent pursuant to Section 2(b)) during any period in which the Company's insider trading policy, as it exists on the date of this Agreement, would prohibit the purchases or sales of the Common Stock by its officers or directors, (y) at any time or during any period that the Company is in possession of material non-public information or (z) except as provided in Section 4(b) below, at any time from and including the date (each, an "Announcement Date") on which the Company shall issue a press release containing, or shall otherwise publicly announce, its earnings, revenues or other results of operations (each, an "Earnings Announcement") through and including the time that is twenty-four (24) hours after the time that the Company files (a "Filing Time") a Quarterly Report on Form 10-Q or an Annual Report on Form 10-K that includes consolidated financial statements as of and for the same period or periods, as the case may be, covered by such Earnings Announcement. For purposes of this Section 4(a) and Section 4(b) below, references to "twenty-four (24) hours" shall exclude any hours in a day that is not a business day.

(b) If the Company wishes to offer or sell Shares on any date during the period from and including an Announcement Date through and including the time that is twenty-four (24) hours after the corresponding Filing Time, the Company shall (i) prepare and deliver to the Distribution Agent (with a copy to counsel to the Distribution Agent) a Current Report on Form 8-K which shall include substantially the same financial and related information as was set forth in the relevant Earnings Announcement (other than any earnings projections or similar forward-looking data) (each, an "Earnings 8-K"), in form and substance reasonably satisfactory to the Distribution Agent, and obtain the consent of the Distribution Agent to the filing thereof (such consent not to be unreasonably withheld or delayed), (ii) provide the Distribution Agent with the officers' certificate and accountants' letter called for by Section 5(m) and Section 5(o), respectively, and (iii) file such Earnings 8-K with the FDIC. If the Company fully satisfies the requirements of clauses (i) through (iii) of this Section 4(b), then the provisions of clause (ii) of Section 4(a) shall not be applicable for the period from and after the time at which the foregoing conditions shall have been satisfied (or, if later, the time that is twenty-four (24) hours after the time that the relevant Earnings Announcement was first publicly released) through and including the time that is twenty-four (24) hours after the Filing Time of the relevant Quarterly Report on Form 10-Q or Annual Report on Form 10-K, as the case may be. For purposes of clarity, the parties hereto agree that (A) the delivery of any officers' certificate or accountants' letter pursuant to this Section 4(b) shall not relieve the Company from any of its obligations under this Agreement with respect to any such Quarterly Report on Form 10-Q or Annual Report on Form 10-K, as the case may be, including, without limitation, the obligation to deliver officers' certificates, accountants' letters and legal opinions and related letters as provided in Section 7 hereof, (B) this Section 4(b) shall in no way affect the provisions of clause (x) of Section 4(a), which shall have independent application and (C) the provisions of this Section 4(b) shall in no way affect the Company's ability to file, subject to compliance with other applicable provisions of this Agreement, Current Reports on Form 8-K relating to earnings or other matters.

5. Further Agreements. The Company agrees with the Distribution Agent:

(a) To prepare the Offering Circular in a form approved by the Distribution Agent and to file such Offering Circular on a Current Report on Form 8-K with the FDIC not later than the FDIC's close of business on the second business day following the execution and delivery of this Agreement, or, if applicable, such earlier time as may be required by applicable law or regulations; to make no further amendment or any supplement to the Offering Circular which shall be disapproved by the Distribution Agent promptly after reasonable notice thereof; to advise the Distribution Agent, promptly after it receives notice thereof, of the time when any amendment to the Offering Circular has been filed or any supplement to the Offering Circular or any amended Offering Circular has been filed and to furnish the Distribution Agent with copies thereof, to advise the Distribution Agent, promptly after it receives notice thereof, of the issuance by the FDIC or MBFI of any stop order or of any order preventing or suspending the use of the Offering Circular or any Issuer Written Communication, of the suspension of the qualification of the Shares for offering or sale in any jurisdiction, of the initiation or threatening of any proceeding for any such purpose, or of any request by the FDIC or MBFI for the amending or supplementing of the Offering Circular or any Issuer Written Communication (in each case, including any document incorporated or deemed to be incorporated by reference therein) or for additional information; and in the event of the issuance of any stop order or of any order preventing or suspending the use of the Offering Circular or any Issuer Written Communication or suspending any such qualification, promptly to use its best efforts to obtain the withdrawal of such order.

(b) The Company will, during any period when the delivery of an offering circular is required in connection with the offering or sale of Shares, if any event shall have occurred as a result of which the Offering Circular as then amended or supplemented would include an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, or, if for any other reason it shall be necessary to amend or supplement the Offering Circular (including, without limitation, any document incorporated by reference therein) in order to comply with the FDIC Policy Statement or the 1934 Act, notify the Distribution Agent and, upon its request, file such document and prepare and furnish without charge to the Distribution Agent as many copies as the Distribution Agent may from time to time reasonably request of an amended or supplemented Offering Circular (or incorporated document, as the case may be) that will correct such statement or omission or effect such compliance. Upon such notification, the Distribution Agent will cease selling the Shares on the Company's behalf pursuant to this Agreement and suspend the use of the Offering Circular until such amendment or supplement is filed; provided, however, that such suspension or termination shall not affect or impair the parties' respective obligations with respect to the Shares sold hereunder or which an investor has agreed to purchase but which has not been delivered by the Company and paid for by such investor as contemplated hereby, prior to the giving of such notice.

(c) The Company represents and agrees that, unless it obtains the prior written consent of the Distribution Agent, and the Distribution Agent represents and agrees that, unless it obtains the prior written consent of the Company, it has not used and will not use any Issuer Written Communication that would constitute an "issuer free writing prospectus," as defined in Rule 433 of the 1933 Act Regulations, or that would otherwise constitute a "free writing prospectus," as defined in Rule 405 of the 1933 Act Regulations, assuming the sale of the Shares were to be conducted as a public offering pursuant to a registration statement filed with the

Commission and the Offering Circular was to be considered a prospectus satisfying the requirements of Section 10(a) of the 1933 Act. Before preparing, using, authorizing, approving or referring to any Issuer Written Communication, the Company will furnish to the Distribution Agent and counsel for the Distribution Agent a copy of the proposed Issuer Written Communication for review and will not use or refer to any such Issuer Written Communication to which the Distribution Agent reasonably objects.

(d) Promptly from time to time, to take such action as the Distribution Agent may reasonably request to qualify the Shares for offering and sale under the securities laws of such states and other jurisdictions as the Distribution Agent may reasonably request and to comply with such laws so as to permit the continuance of sales and dealings therein in such jurisdictions for as long as may be necessary to complete the distribution of the Shares, provided that in connection therewith the Company shall not be required to qualify as a foreign corporation or to file a general consent to service of process in any jurisdiction or subject itself to taxation in any such jurisdiction if it is otherwise not so subject.

(e) Prior to 10:00 a.m., New York City time, on the business day next succeeding the date of this Agreement during the period in which an offering circular is required to be delivered in connection with any sale of Shares, to furnish the Distribution Agent with copies of the Offering Circular in New York City in such quantities as the Distribution Agent may from time to time reasonably request, and, if the delivery of an offering circular is required at any time prior to the expiration of nine (9) months after the time of issue of the Offering Circular in connection with the offering or sale of the Shares and if at such time any event shall have occurred as a result of which the Offering Circular as then amended or supplemented would include an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made when such Offering Circular is delivered, not misleading, or, if for any other reason it shall be necessary during such period to amend or supplement the Offering Circular, to notify the Distribution Agent and upon its request to prepare and furnish without charge to the Distribution Agent and to any dealer in securities as many copies as the Distribution Agent may from time to time reasonably request of an amended Offering Circular or a supplement to the Offering Circular which will correct such statement or omission or effect such compliance, and in case the Distribution Agent, is required to deliver an offering circular in connection with sales of any of the Shares at any time nine (9) months or more after the time of issue of the Offering Circular, upon its request, to prepare and deliver to the Distribution Agent as many copies as the Distribution Agent may request of an amended or supplemented Offering Circular complying with applicable law or the rules and regulations of the FDIC or the MBFI.

(f) Until completion of the distribution of the Shares or such time as the Company is no longer subject to the requirements of the FDIC Policy Statement or the 1934 Act, the Company will file all documents required to be filed with the FDIC pursuant to the 1934 Act within the time periods required by the 1934 Act and the rules and regulations of the FDIC thereunder.

(g) During a period of five (5) years from the date of the Offering Circular or any amendment or supplement thereto, to furnish to the Distribution Agent copies of all reports or other communications (financial or other) furnished to shareholders, and to deliver to the

Distribution Agent as soon as they are available, copies of any reports and financial statements furnished to or filed with the FDIC or any national securities exchange on which any class of securities of the Company is listed; provided, however, that any such reports or communications that have been furnished or filed with the FDIC and are available on the FDIC's website, or successor filings system thereto, shall be deemed to have been furnished to the Distribution Agent.

(h) To use the net proceeds received by it from the sale of the Shares pursuant to this Agreement in the manner specified in each of the General Disclosure Package and the Offering Circular under the caption "Use of Proceeds."

(i) The Company will comply with all requirements of the NASDAQ Global Market with respect to the issuance of the Shares and will use its reasonable best efforts to cause the Shares to be listed on the NASDAQ Global Market and will file with the NASDAQ Global Market all documents and notices required by the NASDAQ Global Market of companies that have securities that are traded on the NASDAQ Global Market to effect such listing.

(j) If applicable, to file with the FDIC such information in an Annual Report on Form 10-K or in a Quarterly Report on Form 10-Q as may be required by the rules and regulations of the FDIC.

(k) To comply, and to use its reasonable best efforts to cause the Company's directors and officers, in their capacities as such, to comply, in all material respects, with all effective applicable provisions of the Sarbanes-Oxley Act of 2002 and the rules and regulations thereunder.

(l) The Company will reasonably cooperate on a timely basis with any reasonable due diligence request from, or review conducted by, the Distribution Agent or its counsel from time to time in connection with offers and sales of Shares, including, without limitation, and upon reasonable notice, providing information and making available documents and appropriate corporate officers, during regular business hours and at the Company's principal offices and/or by telephone, as the Distribution Agent or its counsel may reasonably request (each such process, a "Due Diligence Process").

(m) Upon the commencement of the period during which Shares are to be sold as instructed by the Company under the applicable Placement Notice (as amended by the corresponding Acceptance if applicable) given hereunder and during the pendency thereof, promptly after each (i) date the Offering Circular shall be amended or supplemented (other than (1) by an amendment or supplement providing solely for the determination of the terms of the Shares, (2) in connection with the filing of any report or other document under Section 13, 14 or 15(d) of the 1934 Act or (3) by an offering circular supplement relating to the offering of other securities (including, without limitation, other shares of Common Stock)) (each such date, an "Offering Circular Amendment Date") and (ii) date on which the Company shall file (x) an Annual Report on Form 10-K, Quarterly Report on Form 10-Q or Earnings 8-K or (y) an amendment to any such document (each such date, a "Company Periodic Report Date") (each of the date of the commencement of the offering of Shares under this Agreement and each Offering Circular Amendment Date and Company Periodic Report Date is hereinafter referred to as a

“Representation Date”), the Company will furnish or cause to be furnished to the Distribution Agent (with a copy to counsel to the Distribution Agent) a certificate dated such Representation Date (or, in the case of an amendment or supplement to the Offering Circular (including, without limitation, by the filing of an Annual Report on Form 10-K, Quarterly Report on Form 10-Q or Earnings 8-K or any amendment thereto), the date of the first use of such amendment to the Offering Circular or the date of filing with the FDIC of such supplement or any such Form 10-K, Form 10-Q, Earnings 8-K or amendment thereto, as the case may be), in a form reasonably satisfactory to the Distribution Agent to the effect that the statements contained in the certificates referred to in Section 7(i) and (j) of this Agreement which was last furnished to the Distribution Agent are true and correct as of the date of such certificate as though made at and as of the date of such certificate (except that such statements shall be deemed to relate to the Offering Circular and the General Disclosure Package as amended and supplemented to the date of such certificate) or, in lieu of such certificates, a certificate of the same tenor as the certificates referred to in Section 7(i) and (j), but modified as necessary to relate to the Offering Circular and the General Disclosure Package as amended and supplemented to the date of such certificate. As used in this paragraph, to the extent there shall be an Applicable Time on or following the applicable Representation Date, “promptly” shall be deemed to be on or prior to the next succeeding Applicable Time.

(n) Upon the commencement of the period during which Shares are to be sold as instructed by the Company under the applicable Placement Notice (as amended by the corresponding Acceptance if applicable) given hereunder and during the pendency thereof, and promptly after a Representation Date, the Company will furnish or cause to be furnished to the Distribution Agent (with a copy to counsel to the Distribution Agent), unless the Distribution Agent otherwise agrees in writing, the written opinion and letter of counsel to the Company, dated such Representation Date (or, in the case of an amendment or supplement to the Offering Circular (including, without limitation, by the filing of an Annual Report on Form 10-K or Quarterly Report on Form 10-Q or any amendment thereto), the date of the first use of such amendment to the Offering Circular or the date of filing with the FDIC of such supplement or any such Form 10-K, Form 10-Q or amendment thereto, as the case may be), in a form and substance reasonably satisfactory to the Distribution Agent and its counsel, of the same tenor as the opinions and letters referred to in Section 7(c) of this Agreement, but modified as necessary to relate to the Offering Circular and the General Disclosure Package as amended and supplemented to the date of such opinion and letter or, in lieu of such opinion and letter, counsel last furnishing any such opinion and letter to the Distribution Agent shall furnish the Distribution Agent with a letter substantially to the effect that the Distribution Agent may rely on such counsel’s last opinion and letter to the same extent as though each were dated the date of such letter authorizing reliance (except that statements in such last opinion and letter shall be deemed to relate to the Offering Circular and the General Disclosure Package as amended and supplemented to the date of such letter authorizing reliance). As used in this paragraph, to the extent there shall be an Applicable Time on or following the applicable Representation Date, “promptly” shall be deemed to be on or prior to the next succeeding Applicable Time. Solely for the purposes of this paragraph, the term “Representation Date” shall not include the date of filing of any Earnings 8-K or any amendment thereto.

(o) Upon the commencement of the period during which Shares are to be sold as instructed by the Company under the applicable Placement Notice (as amended by the

corresponding Acceptance if applicable) given hereunder and during the pendency thereof, and promptly after a Representation Date, the Company will cause RSM US LLP, or other independent accountants reasonably satisfactory to the Distribution Agent, to furnish to the Distribution Agent (with a copy to counsel to the Distribution Agent), unless the Distribution Agent otherwise agrees in writing, a letter, dated such Representation Date (or, in the case of an amendment or supplement to the Offering Circular (including, without limitation, by the filing of an Annual Report on Form 10-K, Quarterly Report on Form 10-Q, Earnings 8-K or any amendment thereto), the date of the first use of such amendment to the Offering Circular or the date of filing with the FDIC of such supplement or any such Form 10-K, Form 10-Q, Earnings 8K or any amendment thereto, as the case may be), in form reasonably satisfactory to the Distribution Agent and its counsel, of the same tenor as the letter referred to in Section 7(d) hereof, but modified as necessary to relate to the Offering Circular and the General Disclosure Package as amended and supplemented to the date of such letter. As used in this paragraph, to the extent there shall be an Applicable Time on or following the applicable Representation Date, “promptly” shall be deemed to be on or prior to the next succeeding Applicable Time.

(p) The Company will not, and will cause its Subsidiaries not to, and use reasonable efforts to cause its affiliates and any person acting on their behalf not to, directly or indirectly, (i) take any action designed to or that has constituted or that reasonably would be expected to cause or result in the stabilization or manipulation of the price of any security of the Company or (ii) sell, bid for or purchase the Shares to be issued and sold pursuant to this Agreement, or pay anyone any compensation for soliciting purchases of the Shares to be issued and sold pursuant to this Agreement other than the Distribution Agent.

(q) During the pendency of any Placement Notice (as amended by the corresponding Acceptance, if applicable) given hereunder, (i) the Company shall provide the Distribution Agent notice no less than one Regulation M Business Day, to the extent Regulation M is applicable, before it or any of its subsidiaries or any person acting on their behalf, directly or indirectly, offers to sell, contracts to sell, sells, grants any option to sell or otherwise disposes of any Common Stock (other than Placement Shares offered pursuant to the provisions of this Agreement) or securities convertible into or exchangeable for Common Stock, warrants or any rights to purchase or acquire Common Stock; provided, that no such restriction shall apply in connection with (1) the issuance, grant or sale of Common Stock, options to purchase Common Stock, restricted stock units for Common Stock or Common Stock issuable upon the exercise of options or other equity awards pursuant to any stock option, stock bonus or other stock or compensatory plan or arrangement described in the Offering Circular or (2) the issuance or sale of Common Stock pursuant to any dividend reinvestment plan that the Company may adopt from time to time, provided the implementation of such is disclosed to the Distribution Agent in advance; (ii) the Company shall not, and shall cause any affiliated purchasers (as defined in Rule 100 of Regulation M of the 1934 Act Regulations) of the Company to not, bid for, purchase or induce any other persons to bid for or purchase Shares; and (iii) the Company shall provide the Distribution Agent notice no less than one Regulation M Business Day, to the extent Regulation M is applicable, before it or any of its subsidiaries or affiliates or any person acting on their behalf engages in any special selling efforts or selling methods with regard to Shares, including but not limited to presenting at any investor conference or other similar meeting where potential investors may be present.

6. Expenses. The Company covenants and agrees with the Distribution Agent that the Company will pay or cause to be paid the following, whether or not the transactions contemplated herein are completed (regardless of whether the sale of the Shares is consummated): (i) the reasonable out-of-pocket expenses incurred by the Distribution Agent in connection with its engagement, including without limitation, outside legal fees and expenses, marketing, syndication and travel expenses; (ii) the cost of obtaining all securities and bank regulatory approvals, including any required FINRA fees, including the filing fees incident thereto; (iii) all fees and disbursements of the Company's counsel and accountants in connection with the offering of the Shares and all other expenses in connection with the preparation, printing and filing of amendments and supplements thereto and the mailing and delivering of copies thereof to the Distribution Agent and dealers; (iv) all expenses in connection with the qualification of the Shares for offering and sale under state securities as provided in Section 5(d) hereof, including the fees and disbursements of counsel for the Distribution Agent in connection with such qualification and in connection with the Blue Sky; (v) the cost of printing or reproducing this Agreement, the Blue Sky survey, closing documents (including any compilations thereof) and any other documents in connection with the offering, purchase, sale and delivery of the Shares; (vi) the cost and charges of any transfer agent or registrar; and (vii) all other costs and expenses incident to the performance of the Company's obligations hereunder which are not otherwise specifically provided for in this Section 6. Under no circumstances will the Company be obligated to reimburse the Distribution Agent for more than \$110,000 of its out-of-pocket expenses.

7. Conditions to the Obligations of the Distribution Agent.

The obligations of the Distribution Agent hereunder shall be subject, in its sole discretion, to the condition that all representations and warranties and other statements of the Company herein or in certificates of any officer of the Company delivered pursuant to the provisions hereof are true and correct as of the time of the execution of this Agreement, and as of each Representation Date, Applicable Time and Delivery Date, to the condition that the Company shall have performed all of its obligations hereunder theretofore to be performed, and the following additional conditions:

(a) The Offering Circular shall have been filed with the FDIC, as an exhibit to a Current Report on Form 8-K, within the time period required by Rule 424(b) of the 1933 Act Regulations (without reliance on Rule 424(d)(8) of the 1933 Act Regulations) as if applicable to this offering and in accordance with Section 5(a) hereof; the Offering Circular, including any amendment or supplement thereto, shall have been submitted to the MBFI; no stop order suspending the Company's ability to use the Offering Circular or any part thereof shall have been issued and no proceeding for that purpose shall have been initiated or threatened by the FDIC or the MBFI; all requests for additional information on the part of the FDIC and MBFI shall have been complied with to the reasonable satisfaction of the Distribution Agent; and FINRA shall have raised no objection to the fairness and reasonableness of the sales agency terms and arrangements.

(b) On each date specified in Section 5(n), the Distribution Agent shall have received the opinions of Goodwin Procter LLP, counsel for the Company, and Pierce Atwood LLP, counsel for the Company, in form and substance reasonably satisfactory to counsel for the



Distribution Agent. Such counsel may also state that, insofar as either such opinion involves factual matters, they have relied, to the extent they deem proper, upon certificates of officers of the Company and its subsidiaries and certificates of public officials.

(c) On each date specified in Section 5(n), the Distribution Agent shall have received the opinion of Nutter McClennen & Fish LLP, counsel for the Distribution Agent. The opinion shall address the matters as the Distribution Agent may reasonably request. In giving such opinion such counsel may rely, as to all matters governed by the laws of jurisdictions other than the law of the State of New York and the federal law of the United States, upon the opinions of counsel satisfactory to the Distribution Agent. Such counsel may also state that, insofar as such opinion involves factual matters, they have relied, to the extent they deem proper, upon certificates of officers of the Company and its subsidiaries and certificates of public officials.

(d) On each date specified in Section 5(o), RSM US LLP shall have furnished to the Distribution Agent a letter or letters, dated the respective dates of delivery thereof, in form and substance as previously provided to counsel to the Distribution Agent.

(e) The Distribution Agent shall have received satisfactory evidence of the good standing or corporate existence of the Company in its jurisdiction of organization, in each case in writing or any standard form of telecommunication from the appropriate governmental authorities of such jurisdictions.

(f) (i) Neither the Company nor any of its subsidiaries shall have sustained since the date of the latest audited financial statements included in each of the General Disclosure Package and the Offering Circular any loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental or regulatory action, order or decree, otherwise than as set forth or contemplated in each of the General Disclosure Package and the Offering Circular, and (ii) since the respective dates as of which information is given in each of the Offering Circular and the General Disclosure Package there shall not have been any change in the capital stock or long-term debt of the Company or any of its subsidiaries or any change in or affecting the general affairs, management, financial position, capital adequacy for regulatory purposes, shareholders' equity or results of operations of the Company and its subsidiaries, otherwise than as set forth or contemplated in each of the General Disclosure Package and the Offering Circular, or their business affairs, business prospects or regulatory affairs, the effect of which, in any such case described in clause (i) or (ii), is in the judgment of the Distribution Agent so material and adverse as to make it impracticable or inadvisable to proceed with the public offering or the delivery of the Shares being delivered at such Applicable Time or Delivery Date, as the case may be, on the terms and in the manner contemplated in each of the General Disclosure Package and the Offering Circular.

(g) On or after the date hereof there shall not have occurred any of the following: (i) a Material Adverse Effect; (ii) a suspension or material limitation in trading in securities generally on the New York Stock Exchange, the NASDAQ Capital Market, the NASDAQ Global Market or the NASDAQ Global Select Market; (iii) a suspension or material limitation in trading in the Company's securities on NASDAQ Global Market; (iv) a general moratorium on commercial banking activities declared by either federal or New York authorities

or a material disruption in commercial banking or securities settlement or clearance services in the United States; (v) the outbreak or escalation of hostilities involving the United States or the declaration by the United States of a national emergency or war; or (vi) the occurrence of any other calamity or crisis or any change in financial, political or economic conditions in the United States or elsewhere, including, without limitation, as a result of terrorist activities occurring after the date hereof, if the effect of any such event specified in clause (vi), in the reasonable judgment of the Distribution Agent, makes it impracticable or inadvisable to proceed with the public offering or the delivery of the Shares being delivered at such Applicable Time or Delivery Date, as the case may be, on the terms and in the manner contemplated in each of the General Disclosure Package and the Offering Circular or to enforce contracts for the sale of Shares.

(h) The Common Stock (including the Shares) is and continues to be registered pursuant to Section 12(b) of the 1934 Act and is listed on the NASDAQ Global Market, and the Company has taken no action designed to, or that could reasonably be expected to have the effect of, terminating the registration of the Common Stock under the 1934 Act or delisting the Common Stock from the NASDAQ Global Market, nor has the Company received any notification that the FDIC or FINRA is contemplating terminating such registration or listing.

(i) On each date specified in Section 5(m), the Distribution Agent shall have received a certificate of the Chief Executive Officer of the Company and of the Chief Financial Officer of the Company to the effect that (i) the representations and warranties in Section 1 hereof are true and correct with the same force and effect as though made at and as of such date, (ii) the Company has complied with all agreements and satisfied all conditions on its part to be performed or satisfied at or prior to such date, and (iii) no stop order suspending the use of the Offering Circular has been issued and no proceedings for that purpose have been instituted or are pending or are to their knowledge contemplated by the FDIC or the MBFI.

(j) The Company shall have furnished or cause to be furnished promptly to the Distribution Agent a Placement Notice or such other instructions provided pursuant to Section 2(b) as requested by the Distribution Agent.

(k) The Company and the Distribution Agent hereby agree that the date of commencement of sales under this Agreement shall be the date the Company and the Distribution Agent mutually agree (which may be later than the date of this Agreement).

## 8. Indemnification and Contribution.

(a) The Company agrees to indemnify and hold harmless the Distribution Agent, each person, if any, who controls any Distribution Agent within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act, and its respective partners, directors, officers, employees and agents and each affiliate of the Distribution Agent within the meaning of Rule 405 of the 1933 Act Regulations against any losses, claims, damages or liabilities, joint or several, to which the Distribution Agent may become subject, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in the Offering Circular, the General Disclosure Package, or any Issuer Written Communication, which considered together

with the General Disclosure Package, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and will reimburse the Distribution Agent for any legal or other expenses reasonably incurred by the Distribution Agent in connection with investigating or defending any such action or claim as such expenses are incurred; provided, however, that the Company shall not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in the Offering Circular, the General Disclosure Package, or any Issuer Written Communication which considered together with the General Disclosure Package, or any amendment or supplement in reliance upon and in conformity with written information furnished to the Company by the Distribution Agent expressly for use therein, provided that the Company and the Distribution Agent hereby acknowledge and agree that the only information that the Distribution Agent has furnished to the Company consists solely of the information described as such in subsection (b) below.

(b) The Distribution Agent agrees to indemnify and hold harmless the Company, its officers, directors and each person, if any, who controls the Company, within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act, against any losses, claims, damages or liabilities to which the Company may become subject, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in the Offering Circular, the General Disclosure Package, or any Issuer Written Communication, which considered together with the General Disclosure Package, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in the Offering Circular, the General Disclosure Package, or any Issuer Written Communication, which considered together with the General Disclosure Package, or any amendment or supplement thereto, in reliance upon and in conformity with written information furnished to the Company by any Distribution Agent expressly for use therein provided, however, that the Company and the Distribution Agent hereby acknowledge and agree that the only such information that the Distribution Agent has furnished to the Company consists solely of the following: (i) the statements set forth in the final sentence of the first paragraph under the heading “Plan of Distribution” in the Offering Circular, and (ii) such other statements as the Distribution Agent may, by notice given to the Company in writing after the date of this Agreement, have been furnished to the Company by the Distribution Agent specifically for inclusion in the Offering Circular, the General Disclosure Package, any Issuer Written Communication or any amendment or supplement thereto (collectively, the “Distribution Agent’s Information”) and will reimburse the Company for any legal or other expenses reasonably incurred by the Company in connection with investigating or defending any such action or claim as such expenses are incurred.

(c) Promptly after receipt by an indemnified party under subsection (a) or (b) above of notice of the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party under such subsection, notify the

indemnifying party in writing of the commencement thereof, but the omission so to notify the indemnifying party shall not relieve it from any liability that it may have to any indemnified party otherwise than under such subsection, unless the indemnifying party has been prejudiced thereby. In case any such action shall be brought against any indemnified party and it shall notify the indemnifying party of the commencement thereof, the indemnifying party shall be entitled to participate therein and, to the extent that it shall wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel reasonably satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party which consent shall not be unreasonably withheld, conditioned or delayed, be counsel to the indemnifying party); provided, however, if the defendants in any such action include both the indemnified party and the indemnifying party and the indemnified party shall have reasonably concluded that a conflict may arise between the positions of the indemnifying party and the indemnified party in conducting the defense of any such action or that there may be legal defenses available to its and/or other indemnified parties which are different from or additional to those available to the indemnifying party, the indemnified party or parties shall have the right to select separate counsel to assume such legal defenses of such indemnified party or parties (but not to control the defense of such action as to the indemnifying party) and to otherwise participate in the defense of such action on behalf of such indemnified party or parties, and, after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party shall not be liable to such indemnified party under such subsection for any legal expenses of other counsel or any other expenses, in each case subsequently incurred by such indemnified party, in connection with the defense thereof other than reasonable costs of investigation unless (i) the indemnified party shall have employed separate counsel in accordance with the proviso to the preceding sentence (it being understood, however, that the indemnifying party shall not be liable for the fees and expenses of more than one separate counsel (together with, to the extent necessary in the circumstances, one separate local counsel in the jurisdiction in which such action is pending) to represent all indemnified parties, approved by the indemnifying party) or (ii) the indemnifying party shall not have employed counsel satisfactory to the indemnified party within a reasonable time after notice of commencement of the action, in each of which cases the fees and expenses of one counsel for the indemnified party or parties (in addition to local counsel) shall be at the expense of the indemnifying party. The indemnifying party under this Section 8 shall not be liable for any settlement or compromise of or agreed judgment in any proceedings effected or agreed to without its prior express written consent, but if any such proceeding is settled or compromised, or an agreed judgment is entered into, with such consent or if there be a final judgment (other than an agreed judgment) rendered in favor of for the plaintiff, the indemnifying party agrees to indemnify the indemnified party against any loss, claim, damage, liability or expense by reason of such settlement, compromise, agreed judgment or other judgment. No indemnifying party shall, without the written consent of the indemnified party, effect the settlement or compromise of, or consent to the entry of any judgment with respect to, any pending or threatened action or claim in respect of which indemnification or contribution may be sought hereunder (whether or not the indemnified party is an actual or potential party to such action or claim) unless such settlement, compromise or judgment (i) includes an unconditional release of the indemnified party from all liability arising out of such action or claim and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act, by or on behalf of any indemnified party.

(d) If the indemnification provided for in this Section 8 is unavailable to or insufficient to hold harmless an indemnified party under subsection (a) or (b) above in respect of any losses, claims, damages or liabilities (or actions in respect thereof) referred to therein, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (or actions in respect thereof) in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and the Distribution Agent on the other from the offering of the Shares. If, however, the allocation provided by the immediately preceding sentence is not permitted by applicable law, then each indemnifying party shall contribute to such amount paid or payable by such indemnified party in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Company, on the one hand, and the Distribution Agent, on the other, in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities (or actions in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by the Company, on the one hand, and the Distribution Agent, on the other, shall be deemed to be in the same proportion as the total net proceeds from the offering (before deducting expenses) received by the Company bear to the total discounts and commissions received by the Distribution Agent. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company, on the one hand, or the Distribution Agent, on the other, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Company and the Distribution Agent agree that it would not be just and equitable if contributions pursuant to this subsection (d) were determined by *pro rata* allocation or by any other method of allocation which does not take account of the equitable considerations referred to above in this subsection (d). The amount paid or payable by an indemnified party as a result of the losses, claims, damages or liabilities (or actions in respect thereof) referred to above in this subsection (d) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim.

(e) The obligations of the Company under this Section 8 shall be in addition to any liability which the Company may otherwise have and shall extend, upon the same terms and conditions, to each person, if any, who controls (within the meaning of the 1933 Act) the Distribution Agent, or any of the respective partners, directors, officers and employees of the Distribution Agent or any such controlling person. The obligations of the Distribution Agent under this Section 8 shall be in addition to any liability which the Distribution Agent may otherwise have and shall extend, upon the same terms and conditions, to each person, if any, who controls (within the meaning of the 1933 Act) the Company or any of the directors and officers of the Company or any such controlling person.

(f) The remedies provided for in this Section 8 are not exclusive and shall not limit any rights or remedies which may otherwise be available to an indemnified party at law or in equity.

9. (a) The Company shall have the right, by giving written notice as hereinafter specified, to terminate this Agreement in its sole discretion at any time. Any such termination shall be without liability of any party to any other party except that (i) with respect to any

pending sale through the Distribution Agent for the Company, the obligations of the Company, including in respect of compensation of the Distribution Agent, shall remain in full force and effect notwithstanding such termination and (ii) the representations and warranties in Section 1 and the provisions of Sections 6, 8, 12, 13, 14, 15 and 16 of this Agreement shall remain in full force and effect notwithstanding such termination.

(b) The Distribution Agent shall have the right, by giving written notice as hereinafter specified, to terminate this Agreement in its sole discretion at any time. Any such termination shall be without liability of any party to any other party except that the representations and warranties in Section 1 and the provisions of Sections 6, 8, 12, 13, 14, 15 and 16 of this Agreement shall remain in full force and effect notwithstanding such termination.

(c) This Agreement shall remain in full force and effect unless terminated pursuant to Section 9(a) or Section 9(b) above or otherwise by mutual agreement of the parties; provided, that any such termination shall in all cases be deemed to provide that the representations and warranties in Section 1 and the provisions of Sections 6, 8, 12, 13, 14, 15 and 16 of this Agreement shall remain in full force and effect notwithstanding such termination and will automatically terminate following the sale of the Shares.

(d) Any termination of this Agreement shall be effective on the date specified in such notice of termination or the date mutually agreed by the parties, as the case may be; provided, that such termination shall not be effective until the close of business on the date of receipt of such notice by the Distribution Agent or the Company, or the date mutually agreed by the parties, as the case may be. If such termination shall occur prior to the Delivery Date for any sale of Shares, such sale shall settle in accordance with the provisions of Section 2(i) hereof.

10. The respective indemnities, agreements, representations, warranties and other statements of the Company and the Distribution Agent, as set forth in this Agreement or made by or on behalf of them, respectively, pursuant to this Agreement, shall remain in full force and effect, regardless of any investigation (or any statement as to the results thereof) made by or on behalf of the Distribution Agent or any controlling person of the Distribution Agent, or the Company, or any officer or director or controlling person of the Company, and shall survive delivery of and payment for the Shares.

11. If this Agreement is terminated, the Company shall not then be under any liability to the Distribution Agent except as provided in Section 6 and Section 8 hereof, which provisions shall survive termination.

12. The Company acknowledges and agrees that:

(a) in connection with the sale of the Shares, the Distribution Agent has been retained solely to act as a sales agent, and no fiduciary, advisory or agency relationship between the Company, on the one hand, and the Distribution Agent, on the other hand, has been created in respect of any of the transactions contemplated by this Agreement;

(b) it has been advised that the Distribution Agent and its affiliates are engaged in a broad range of transactions which may involve interests that differ from those of the

Company and that the Distribution Agent has no obligation to disclose such interests and transactions to the Company by virtue of any fiduciary, advisory or agency relationship; and

(c) it waives, to the fullest extent permitted by law, any claims it may have against the Distribution Agent for breach of fiduciary duty or alleged breach of fiduciary duty and agrees that the Distribution Agent shall have no liability (whether direct or indirect) to the Company in respect of such a fiduciary duty claim or to any person asserting a fiduciary duty claim on behalf of or in right of the Company, including shareholders, employees, depositors or creditors of the Company.

13. All statements, requests, notices and agreements hereunder shall be in writing, and if to the Distribution Agent shall be delivered or sent by mail, overnight delivery service or facsimile transmission to the Distribution Agent at Piper Sandler & Co., 1251 Avenue of the Americas, 6<sup>th</sup> Floor, New York, New York 10020, Attention: General Counsel, with a copy to Nutter McClennen & Fish LLP, 155 Seaport Boulevard, Boston MA 02210, Attention: Michael Krebs, Esq.; and if to the Company shall be delivered or sent by mail or facsimile to Northeast Bank, One Marina Park Drive, 8<sup>th</sup> Floor, Boston, MA 02210 Attention: Richard Wayne, with a copy to Goodwin Procter LLP, 100 Northern Avenue, Boston, MA 02210, Attention: Samantha Kirby, Esq. Any such statements, requests, notices or agreements shall take effect upon receipt thereof.

14. This Agreement shall be binding upon, and inure solely to the benefit of, the Distribution Agent and the Company, and, to the extent provided in Sections 8 hereof, the officers and directors of the Company and each person who controls the Company or the Distribution Agent, and their respective heirs, executors, administrators, successors and assigns, and no other person shall acquire or have any right under or by virtue of this Agreement. No purchaser of any of the Shares from the Distribution Agent shall be deemed a successor or assign by reason merely of such purchase.

15. Time shall be of the essence of this Agreement. As used herein, the term “business day” shall mean any day when the FDIC’s office in Washington, D.C. is open for business.

16. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO CONFLICT OF LAWS PRINCIPLES OF SAID STATE OTHER THAN SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW.

THE COMPANY, ON BEHALF OF ITSELF AND ITS SUBSIDIARIES, HEREBY IRREVOCABLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF THE FEDERAL AND NEW YORK STATE COURTS LOCATED IN THE CITY OF NEW YORK IN CONNECTION WITH ANY SUIT, ACTION OR PROCEEDING RELATED TO THIS AGREEMENT OR ANY OF THE MATTERS CONTEMPLATED HEREBY, IRREVOCABLY WAIVES ANY DEFENSE OF LACK OF PERSONAL JURISDICTION AND IRREVOCABLY AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUIT, ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN ANY SUCH COURT. THE COMPANY, ON BEHALF OF ITSELF AND ITS SUBSIDIARIES, IRREVOCABLY WAIVES, TO THE FULLEST EXTENT IT MAY EFFECTIVELY DO SO

UNDER APPLICABLE LAW, ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT AND ANY CLAIM THAT ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

17. This Agreement may be executed by any one or more of the parties hereto in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same instrument. Any facsimile or electronically transmitted copies hereof or signatures hereon shall, for all purposes, be deemed originals.

18. No amendment or waiver of any provision of this Agreement, nor any consent or approval to any departure therefrom, shall in any event be effective unless the same shall be in writing and signed by the parties hereto.

19. The invalidity or unenforceability of any Section, paragraph or provision of this Agreement shall not affect the validity or enforceability of any other Section, paragraph or provision hereof. If any Section, paragraph or provision of this Agreement is for any reason determined to be invalid or unenforceable, there shall be deemed to be made such minor changes (and only such minor changes) as are necessary to make it valid and enforceable.

20. This Agreement supersedes all prior agreements and understandings (whether written or oral) between the Company and the Distribution Agent, or any of them, with respect to the subject matter hereof.

*[Signatures on Next Page]*



If the foregoing is in accordance with your understanding, please sign and return to us four counterparts hereof, and upon the acceptance hereof by you, this letter and such acceptance hereof shall constitute a binding agreement between the Distribution Agent and the Company.

Very truly yours,

NORTHEAST BANK

By: \_\_\_\_\_  
Richard Wayne  
Chief Executive Officer, President & Director

Accepted as of the date hereof:

PIPER SANDLER & CO.

By: \_\_\_\_\_  
Jennifer Docherty  
Managing Director

SCHEDULE I

General Disclosure Package

None.

SCHEDULE II

List of Subsidiaries

<u>Nonbanking subsidiary</u>	<u>Jurisdiction of Organization</u>
200 Elm Realty, LLC	Maine
500 Pine Realty, LLC	Maine
17 Dogwood Realty, LLC	Maine
1795 Little Diamond Realty, LLC	Maine
1872 Peaks Realty, LLC	Maine
1630 Spectacle Realty, LLC	Maine
1786 Cliff Realty, LLC	Maine

## SCHEDULE III

### Company Representatives

Richard Wayne

Jean-Pierre Lapointe

Patrick Dignan

### Distribution Agent Representatives

Bob Kleinert

Demetrios Hadgis

Steve McAuley

ANNEX I

Form of Placement Notice

[DATE]

From: Northeast Bank  
Attention: Richard Wayne  
Chief Executive Officer and President  
One Marina Park Drive, 8<sup>th</sup> Floor  
Boston, MA 02210

TO: Piper Sandler & Co.  
Attention: Syndicate Desk  
1251 Avenue of the Americas, 6<sup>th</sup> Floor  
New York, New York 10020

Subject: Placement Notice

Ladies and Gentlemen:

Pursuant to the terms and subject to the conditions contained in the Equity Distribution Agreement between Northeast Bank (the “Company”) and Piper Sandler & Co. (the “Distribution Agent”) dated December 12, 2022 (the “Agreement”), I, Richard Wayne, Chief Executive Officer and President of the Company, hereby request on behalf of the Company that the Distribution Agent sell shares of the Company’s voting common stock, \$1.00 par value per share (the “Common Stock”), in accordance with the following instructions, if any:

First date on which Placement Shares may be sold: [DATE]  
Last date on which Placement Shares may be sold: [Insert first date of next blackout period or other agreed upon date]  
Dates on which Placement Shares may not be sold: N/A  
Maximum number of Placement Shares to be sold  
Per Trading Day: N/A

Capitalized terms defined in the Agreement shall have the same meanings when used herein.

ADDITIONAL SALES PARAMETERS MAY BE ADDED, SUCH AS THE MANNER IN WHICH SALES ARE TO BE MADE BY THE AGENT.

*[Signature Page Follows]*

NORTHEAST BANK

By: \_\_\_\_\_  
Richard Wayne  
Chief Executive Officer and President

Accepted as of the date hereof:

PIPER SANDLER & CO.

By: \_\_\_\_\_  
Name: Jennifer Docherty  
Title: Managing Director

5783960.9

**FOR IMMEDIATE RELEASE**



**For More Information:**

Jean-Pierre Lapointe, Chief Financial Officer  
Northeast Bank, 27 Pearl Street, Portland, ME 04101  
207.786.3245 ext. 3220  
[www.northeastbank.com](http://www.northeastbank.com)

**Northeast Bank Announces Commencement of At-the-Market Offering of Voting Common Stock**

Portland, ME (December 12, 2022) – Northeast Bank (the “Bank”) (NASDAQ: NBN) announced today that it has entered into an equity distribution agreement with Piper Sandler & Co. (“Piper Sandler”) for the offer and sale from time to time of shares of its voting common stock having an aggregate offering price of up to \$50,000,000.00 (the “Shares”) in an at-the-market offering. All of the Shares to be sold in the offering will be offered by the Bank.

The Bank intends to use the net proceeds from the offering for general corporate purposes, including the support of additional growth.

The Shares will be offered through Piper Sandler, as the distribution agent. Sales of the Shares, if any, will be made from time to time in negotiated transactions at market prices prevailing at the time of a sale or at negotiated prices, or as otherwise agreed with Piper Sandler, and, as a result, sale prices may vary. The offering is subject to market and other conditions, and there can be no assurance as to whether or when the offering may be completed, or the actual size or terms of the offering.

The offering will be made only by means of an offering circular. Copies of the offering circular relating to this offering may be obtained, when available, by contacting Piper Sandler, Attention: Equity Capital Markets Department, 1251 Avenue of the Americas, 6th Floor, New York, NY 10020, or via email at [Prospectus@psc.com](mailto:Prospectus@psc.com), or by phone at (800) 747-3924.

This press release is for informational purposes only and shall not constitute an offer to sell or a solicitation of an offer to buy the securities, which is being made only by means of an offering circular, nor shall there be any sale of the securities in any state or jurisdiction in which such offer, solicitation or sale would be unlawful, prior to registration or qualification under the securities laws of any such state or jurisdiction.

The securities are neither insured nor approved by the Federal Deposit Insurance Corporation (the “FDIC”).

**About Northeast Bank**

Northeast Bank (NASDAQ: NBN) is a full-service bank headquartered in Portland, Maine. We offer personal and business banking services to the Maine market via seven banking centers. Our National Lending Division purchases and originates commercial loans on a nationwide basis. ableBanking, a division of Northeast Bank, offers online savings products to consumers nationwide. Information regarding Northeast Bank can be found at [www.northeastbank.com](http://www.northeastbank.com).

**Forward-Looking Statements**

This press release contains certain “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, such as statements relating to the financial condition, prospective results of operations, future performance or expectations, plans, objectives, prospects, loan loss allowance adequacy, simulation of changes in interest rates, capital spending, finance sources, and revenue sources of the Bank. These statements relate to expectations concerning matters that are not historical facts. Accordingly, statements that are based on management’s projections, estimates, assumptions, and judgments constitute forward-looking statements. These forward looking statements, which are based on various assumptions (some of which are beyond the Bank’s control), may

be identified by reference to a future period or periods, or by the use of forward-looking terminology such as “believe”, “expect”, “estimate”, “anticipate”, “continue”, “plan”, “approximately”, “intend”, “objective”, “goal”, “project”, or other similar terms or variations on those terms, or the future or conditional verbs such as “will”, “may”, “should”, “could”, and “would”.

Such forward-looking statements reflect the Bank’s current views and expectations based largely on information currently available to the Bank’s management, and on the Bank’s current expectations, assumptions, plans, estimates, judgments, and projections about the Bank’s business and industry, and they involve inherent risks and uncertainties. Although the Bank believes that these forward-looking statements are based on reasonable estimates and assumptions, they are not guarantees of future performance and are subject to known and unknown risks, uncertainties, contingencies, and other factors. Accordingly, the Bank cannot give you any assurance that its expectations will in fact occur or that its estimates or assumptions will be correct. The Bank cautions you that actual results could differ materially from those expressed or implied by such forward-looking statements as a result of, among other factors: deterioration in employment levels, general business and economic conditions on a national basis and in the local markets in which the Bank operates; changes in customer behavior due to changing business and economic conditions, including concerns about inflation; the possibility that future credit losses will be higher than currently expected due to changes in economic assumptions, customer behavior or adverse economic developments; turbulence in the capital and debt markets; changes in interest rates and real estate values; competitive pressures from other financial institutions; changes in loan defaults and charge-off rates; changes in the value of securities and other assets, adequacy of loan loss reserves, or deposit levels necessitating increased borrowing to fund loans and investments; changing government regulation; changes in information technology, cybersecurity incidents, fraud, natural disasters, war, terrorism, civil unrest, the ongoing COVID-19 pandemic, and future pandemics; the risk that the Bank may not be successful in the implementation of its business strategy; and the other risks and uncertainties detailed in the Bank’s Annual Report on Form 10-K for the fiscal year ended June 30, 2022 as updated in the Bank’s Quarterly Reports on Form 10-Q and other filings submitted to the FDIC.





OFFERING CIRCULAR



Up to \$50,000,000

Voting Common Stock

We have entered into an equity distribution agreement, dated December 12, 2022 (the “Equity Distribution Agreement”), with Piper Sandler & Co. (the “Distribution Agent”), for the offer and sale from time to time of shares of our voting common stock, par value \$1.00 per share, having an aggregate offering price of up to \$50,000,000.

Shares of our voting common stock to which this offering circular relates may be offered over a period of time and from time to time through the Distribution Agent. Sales of the shares, if any, will be made by any method deemed to be an “at the market offering” as defined in Rule 415 under the Securities Act of 1933, as amended (the “Securities Act”). With our consent, the Distribution Agent may also sell shares of our voting common stock by any other method permitted by law, including but not limited to negotiated transactions.

We will pay the Distribution Agent a commission equal to 2% of the gross proceeds from each sale of shares of our voting common stock. The net proceeds we receive from the sales of shares of voting common stock in this offering will be the gross proceeds received from such sales less the commissions to the Distribution Agent and any other costs we may incur in issuing the voting common stock. See “Plan of Distribution” beginning on page 31 of this offering circular.

The Distribution Agent is not required to sell any specific number or dollar amount of shares of our voting common stock. Subject to the terms and conditions of the Equity Distribution Agreement, the Distribution Agent will use its commercially reasonable efforts, as our agent, to sell on our behalf any voting common stock to be offered, as instructed by us. The offering of our voting common stock pursuant to the Equity Distribution Agreement will terminate upon the earlier of (1) the sale of all shares of our voting common stock subject to the Equity Distribution Agreement; (2) the termination of the Equity Distribution Agreement by us or by the Distribution Agent; or (3) such date as is required by the Maine Bureau of Financial Institutions.

We may also sell shares to the Distribution Agent as principal for its own account, at a price agreed upon at the time of sale. If we sell shares to the Distribution Agent as principal or other than in accordance with the Equity Distribution Agreement, we will enter into a separate agreement setting forth the terms of such transaction and we will describe such agreement in a separate offering circular.

Our voting common stock is listed on the Nasdaq Global Market under the symbol “NBN.” On December 8, 2022, the last sale price of our voting common stock as reported on the Nasdaq Global Market was \$40.90 per share.

**Investing in our voting common stock involves risk. Please carefully consider the risk factors discussed in the “Risk Factors” section beginning on page 10 of this offering circular and in the documents incorporated by reference into this offering circular before making a decision to invest in our voting common stock.**

**THESE SECURITIES ARE NOT DEPOSITS. THESE SECURITIES ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER AGENCY, AND ARE SUBJECT TO INVESTMENT RISK, INCLUDING THE POSSIBLE LOSS OF PRINCIPAL.**

**THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION, ANY OTHER BANK REGULATORY AGENCY, OR ANY STATE SECURITIES COMMISSION, NOR HAS THE FEDERAL DEPOSIT INSURANCE CORPORATION PASSED ON THE ADEQUACY OR ACCURACY OF THIS OFFERING CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.**

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PIPER | SANDLER

The date of this offering circular is December 12, 2022

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## ABOUT THIS OFFERING CIRCULAR

Unless otherwise indicated or unless the context requires otherwise, all references in this offering circular to “Northeast,” the “Bank,” “we,” “us,” “our,” “ours,” and similar references mean Northeast Bank, including the Bank’s subsidiaries.

This offering circular describes the specific terms of this offering of our voting common stock and certain other matters relating to us and our financial condition, and it adds to and updates information contained in the documents incorporated by reference into this offering circular. You should read carefully this offering circular and additional information described under the heading “Where You Can Find More Information” before investing in our voting common stock.

You should rely only on the information contained in, or incorporated by reference into, this offering circular or in any free writing prospectus prepared by or on behalf of us or to which we have referred you. We have not, and the Distribution Agent has not, authorized anyone to provide any different or inconsistent information. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. This offering circular may be used only for the purpose for which it has been prepared.

If the information set forth in this offering circular conflicts with any statement in a document incorporated by reference, then you should consider only the statement in the more recent document. You should not assume that the information appearing in this offering circular or the documents incorporated by reference into this offering circular is accurate as of any date other than the date of the applicable document. Our business, financial condition and results of operations may have changed since that date.

**We and the Distribution Agent are offering to sell and seeking offers to buy shares of our voting common stock only in jurisdictions where offers and sales are permitted. This offering circular does not constitute an offer, or an invitation on our behalf or on behalf of the Distribution Agent, to purchase any of our voting common stock and may not be used for or in connection with an offer or solicitation by anyone in any jurisdiction in which such an offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation.**

## WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the Federal Deposit Insurance Corporation (the “FDIC”). Our information reports on Forms 10-K, 10-Q and 8-K and our proxy statement and ownership reports on Forms 3, 4 and 5 are filed with the FDIC and are available at <https://efr.fdic.gov/fcxweb/efr/index.html>.

The FDIC’s rules allow us to “incorporate by reference” the information we file with the FDIC, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be part of this offering circular, and later information that we file with the FDIC will automatically update and supersede this information. In all cases, you should rely on the later information incorporated by reference over different information included in this offering circular.

We incorporate by reference the documents listed below and any future filings we make with the FDIC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), other than any information contained in such filings that is deemed “furnished” to, or is otherwise not deemed “filed” with, the FDIC in accordance with FDIC rules, until the termination of this offering:

- Our Annual Report on Form 10-K for the year ended June 30, 2022, filed with the FDIC on September 9, 2022 (including information specifically incorporated by reference into such Annual Report on Form 10-K for the year ended June 30, 2022);
- Our Quarterly Report on Form 10-Q for the quarter ended September 30, 2022, filed with the FDIC on November 4, 2022;
- Our Current Report on Form 8-K filed with the FDIC on November 15, 2022; and
- Our Definitive Proxy Statement on Schedule 14A, filed with the FDIC on October 3, 2022 (but only with respect to information required by Part III of our Annual Report on Form 10-K for the year ended June 30, 2022).

Copies of the FDIC filings referenced above are available at our website, [www.northeastbank.com](http://www.northeastbank.com). Please click on the Investor Relations link at the bottom of our homepage. You may also request a copy of any of the documents incorporated by reference into this offering circular (other than a copy of an exhibit to a filing, unless that exhibit is specifically incorporated by reference in the filing), at no cost, by writing us at the following address and telephone number:

Northeast Bank  
27 Pearl Street  
Portland, Maine 04101  
Attention: Heidi Jacques, Corporate Clerk

Other than any documents expressly incorporated by reference, the information on our website and any other website, including the FDIC’s website, that is referred to in this offering circular is not part of this offering circular.

## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This offering circular and the documents incorporated by reference herein contain certain “forward-looking statements” within the meaning of Section 27A of the Securities Act, and Section 21E of the Exchange Act, such as statements relating to the financial condition, prospective results of operations, future performance or expectations, plans, objectives, prospects, loan loss allowance adequacy, simulation of changes in interest rates, capital spending, finance sources, and revenue sources of the Bank. These statements relate to expectations concerning matters that are not historical facts. Accordingly, statements that are based on management’s projections, estimates, assumptions, and judgments constitute forward-looking statements. These forward looking statements, which are based on various assumptions (some of which are beyond the Bank’s control), may be identified by reference to a future period or periods, or by the use of forward-looking terminology such as “believe”, “expect”, “estimate”, “anticipate”, “continue”, “plan”, “approximately”, “intend”, “objective”, “goal”, “project”, or other similar terms or variations on those terms, or the future or conditional verbs such as “will”, “may”, “should”, “could”, and “would”.

Such forward-looking statements reflect the Bank’s current views and expectations based largely on information currently available to the Bank’s management, and on the Bank’s current expectations, assumptions, plans, estimates, judgments, and projections about the Bank’s business and industry, and they involve inherent risks and uncertainties. Although the Bank believes that these forward-looking statements are based on reasonable estimates and assumptions, they are not guarantees of future performance and are subject to known and unknown risks, uncertainties, contingencies, and other factors. Accordingly, the Bank cannot give you any assurance that its expectations will in fact occur or that its estimates or assumptions will be correct. The Bank cautions you that actual results could differ materially from those expressed or implied by such forward-looking statements as a result of, among other factors:

- deterioration in employment levels, general business and economic conditions on a national basis and in the local markets in which the Bank operates;
- changes in customer behavior due to changing business and economic conditions, including concerns about inflation;
- the possibility that future credit losses will be higher than currently expected due to changes in economic assumptions, customer behavior or adverse economic developments;
- turbulence in the capital and debt markets;
- changes in interest rates and real estate values;
- competitive pressures from other financial institutions;
- changes in loan defaults and charge-off rates;
- changes in the value of securities and other assets, adequacy of loan loss reserves, or deposit levels necessitating increased borrowing to fund loans and investments;
- changing government regulation;
- changes in information technology, cybersecurity incidents, fraud, natural disasters, war, terrorism, civil unrest, the ongoing COVID-19 pandemic, and future pandemics;
- the risk that the Bank may not be successful in the implementation of its business strategy;  
and

- the other risks and uncertainties detailed in the Bank’s Annual Report on Form 10-K for the fiscal year ended June 30, 2022 as updated in the Bank’s Quarterly Reports on Form 10-Q and other filings submitted to the FDIC.

For discussion of these and other risks that may cause actual results to differ from expectations, please refer to “A Note About Forward-Looking Statements” and “Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended June 30, 2022 and any updates to those risk factors set forth in our subsequent Quarterly Reports on Form 10-Q or Current Reports on Form 8-K. If one or more events related to these or other risks or uncertainties materialize, or if our underlying assumptions prove to be incorrect, actual results may differ materially from what we anticipate. Accordingly, you should not place undue reliance on any such forward-looking statements. Any forward-looking statement speaks only as of the date on which it is made, and we do not undertake any obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise. All forward-looking statements, expressed or implied, included in this offering circular and the documents incorporated by reference herein are expressly qualified in their entirety by this cautionary statement. This cautionary statement should also be considered in connection with any subsequent written or oral forward-looking statements that we or persons acting on our behalf may issue.

## OFFERING CIRCULAR SUMMARY

*This summary highlights selected information contained elsewhere in, or incorporated by reference into, this offering circular. Because this is a summary, it may not contain all of the information that is important to you in making your investment decision. You should carefully read this entire offering circular, as well as the information to which we refer you and the information incorporated by reference herein, before deciding whether to invest in our voting common stock. You should pay special attention to the information contained under the caption entitled “Risk Factors” in this offering circular and “Item 1A., Risk Factors,” in our Annual Report on Form 10-K for the fiscal year ended June 30, 2022 to determine whether an investment in our voting common stock is appropriate for you.*

### **Northeast Bank**

#### ***General***

Northeast Bank, a Maine state-chartered bank organized in 1872, is a full-service financial institution. As of September 30, 2022, the Bank had total assets of \$1.74 billion, total deposits of \$1.33 billion, and shareholders’ equity of \$252.2 million. We gather retail deposits through our seven full-service banking centers in Maine and through our online deposit program, ableBanking; purchase and originate commercial loans, typically secured by real estate, on a nationwide basis through our National Lending Division; and originate loans through our Community Banking Division.

#### ***Strategy***

The Bank’s goal is to prudently grow its franchise, while maintaining sound operations and risk management, by means of the following strategies:

*Continuing to grow the National Lending Division’s national originated and purchased loan business.* We purchase primarily commercial real estate loans nationally, at prices that on average have produced yields significantly higher than those available on our originated loan portfolio. We also originate loans nationally, taking advantage of our core expertise in underwriting and servicing national credits. We are actively seeking to materially increase the size of our purchased loan portfolio and routinely bid on pools of commercial real estate loans that offer generally comparable yields and, in our judgment, present similar credit risk profiles compared to our existing purchased loan portfolio.

*Continuing our community banking tradition.* With a history that dates back to 1872, our Community Banking Division maintains its focus on sales and service, with the goal of attracting and retaining deposits, and serving the lending needs of retail and commercial customers within our core markets.

*Generating deposits to fund our business.* We offer a full line of deposit products through our seven-branch network located in the Community Banking Division’s market. ableBanking is a direct savings platform providing an additional channel to raise core deposits to fund our asset strategy.

#### ***Market Area and Competition***

The National Lending Division’s market area is nationwide. The National Lending Division competes primarily with community banks, regional banks and private equity funds operating nationwide in its bid to acquire primarily commercial real estate loans. We believe that we often have a competitive advantage in bidding against private equity funds on performing loans because those funds generally have higher funding costs and, therefore, higher expectations for return on investment than we do. Furthermore, private equity funds typically do not compete for small balance commercial loans and typically pursue larger, bulk transactions. Due to tightening liquidity and the increasing interest rate environment over the past several quarters, the supply of loans available for purchase has increased significantly, while competition has decreased, and spreads have widened. We believe that the National Lending Division has a competitive advantage in bidding against other

banks because we have a specialized group with experience in purchasing commercial real estate loans. Additionally, most banks we compete against are community banks looking to acquire loans in their market; these banks usually have specific criteria for their acquisition activities and do not pursue pools with collateral or geographic diversity.

The Community Banking Division's market area is primarily in the western and south-central regions of the State of Maine. We encounter significant competition in the Community Banking Division market area in originating loans, attracting deposits, and selling other customer products and services. Our competitors include savings banks, commercial banks, credit unions, mutual funds, insurance companies, brokerage and investment banking companies, finance companies, financial technology companies and other financial intermediaries. Many of our primary competitors there have substantially greater resources, larger established customer bases, higher lending limits, extensive branch networks, numerous ATMs and greater advertising and marketing budgets. They may also offer services that we do not currently provide. ableBanking has a nationwide scope in its deposit gathering activities and competes with banks and credit unions, as well as other, larger, online direct banks having a national reach.

### ***Lending Activities***

*General.* We conduct our loan-related activities through two primary channels: the National Lending Division and the Community Banking Division. The National Lending Division purchases primarily performing commercial real estate loans, on a nationwide basis, typically at a discount from their unpaid principal balances, producing yields higher than those normally achieved on our originated loan portfolio. The National Lending Division also originates commercial real estate and commercial and industrial loans on a nationwide basis. The Community Banking Division originates loans directly to consumers and businesses located in its market area.

We individually underwrite all loans that we originate and purchase. Our loan underwriting policies are reviewed and approved annually by our Board of Directors (the "Board"). Each loan, regardless of whether it is originated or purchased, must meet underwriting criteria set forth in our lending policies and the requirements of applicable federal and state regulations. All loans are subject to approval procedures and amount limitations, and the Board approves loan relationships exceeding certain prescribed dollar limits. We supplement our own supervision of the loan underwriting and approval process with periodic loan audits by internal personnel and outside professionals experienced in loan review.

We typically retain servicing rights for all loans that we originate or purchase.

#### *National Lending Division Purchases and Originations*

*Loan Purchase Strategies.* The National Lending Division's loan purchasing strategy involves the acquisition of commercial loans, typically secured by real estate or other business assets located throughout the United States.

We acquire commercial loans typically at a discount to their unpaid principal balances. While we acquire loans on a nationwide basis, we seek to avoid significant concentration in any geographic region or in any one collateral type. We do not seek acquisition opportunities for which the primary collateral is land, construction, or one- to four-family residential property, although in a very limited number of cases, loans secured by such collateral may be included in a pool of otherwise desirable loans. Purchased loans are sourced on a nationwide basis from banks, insurance companies, investment funds and government agencies, either directly or indirectly through advisors.

We focus on servicing released, whole loan or lead participation transactions so that we can control the management of the portfolio through our experienced asset management professionals. Purchased loans can be acquired as a single relationship or combined with other borrowers in a larger pool. Loans are bid to a minimal acceptable yield to maturity based on the overall risk of the loan, including expected repayment terms and the underlying collateral value. Updated loan-to-value ratios and loan terms both influence the amount of discount



the Bank requires in determining whether a loan meets the Bank's guidelines. We often achieve actual results in excess of our minimal acceptable yield to maturity when a loan is prepaid.

*Secondary Market for Commercial Loans.* Commercial whole loans are typically sold either directly by sellers or through loan sale advisors. Because a central database for commercial whole loan transactions does not exist, we attempt to compile our own statistics by both polling major loan sale advisors to obtain their aggregate trading volume and tracking the deal flow that we see directly via a proprietary database. This data reflects only a portion of the total market, as commercial whole loans that are sold in private direct sales or through other loan sale advisors are not included in our surveys. In recent years, the ratio of performing loans to total loans in the market has increased, in part, because sellers have worked through their most troubled, non-performing loans or are looking to minimize the discount they would receive in a secondary market transaction. While the 2008-2010 economic crisis led to a high level of trading volume, we also experienced an active market during times of economic prosperity, as sellers tend to have additional reserve capacity to sell their unwanted assets. In light of the COVID-19 pandemic, trading volume did slow down; however, we have seen trading volume pick up over the past six months and we expect it to continue at high levels. Furthermore, we believe that the continued consolidation of the banking industry will create secondary market activity as acquirers often sell non-strategic borrowing relationships or assets that create excess loan concentrations.

*Underwriting of Purchased Loans.* We review many loan purchase opportunities and commence underwriting on a relatively small percentage of loans. Purchased loans are underwritten by a team of in-house, seasoned analysts before being considered for approval. Prior to commencing underwriting, loans are analyzed for performance characteristics, loan terms, collateral quality, and price expectations. We also consider whether the loans would make our total purchased loan portfolio more or less diverse with respect to geography, loan type and collateral type. The opportunity is underwritten once it has been identified as fitting our investment parameters. While the extent of underwriting may vary based on investment size, procedures generally include the following:

- A loan analyst reviews and analyzes the seller credit file and our own internal and third-party research in order to assess credit risk;
- With the assistance of local counsel, where appropriate, an in-house attorney makes a determination regarding the quality of loan documentation and enforceability of loan terms;
- An in-house real estate specialist performs real estate collateral evaluations, which includes conducting original market research for trends and sale and lease comparables, and develops a valuation based on current data reflecting what we believe are recent trends;
- An environmental assessment is performed on real estate collateral where appropriate;
- A property inspection is generally performed on all real estate collateral securing a loan, focusing on several characteristics, including, among other things, the physical quality of the property, current occupancy, general quality and occupancy within the neighborhood, market position and nearby property listings; and
- An underwriting package containing the analysis and results is reviewed and submitted for approval by the National Lending Division Credit Committee.

*Collateral Valuation.* The estimated value of the real property collateralizing the loan is determined by the National Lending Division's in-house real estate group, which considers, among other factors, the type of property, its condition, its location and its highest and best use in its marketplace. An inspection is conducted for the real property securing all loans bid upon. For loans that exceed a certain dollar threshold as prescribed in our credit policy, members of the National Lending Division typically conduct an in-person site inspection.

We generally view cash flow from operations as the primary source of repayment on purchased loans. The National Lending Division analyzes the current and likely future cash flows generated by the collateral to repay the loan. Also considered are minimum debt service coverage ratios, consisting of the ratio of net operating income to total scheduled principal and interest payments. Consideration of the debt service coverage ratio is critical to the pricing and rating of purchased and originated loans and is analyzed carefully. For purchased loans, care is taken to ensure that, unless significantly offset by other factors in the credit, the purchase price results in an adjusted debt service coverage ratio that is within the Bank's lending limits. Moreover, if the debt service coverage ratio based on the contractual payments, regardless of the Bank's exposure, is significantly below 1.0x, then steps are taken to document alternative sources of repayment or develop a realistic plan to ensure continued performance of the loan.

*Loan Pricing.* In determining the amount that we are willing to bid to acquire individual loans or loan pools, the National Lending Division considers the following:

- Collateral securing the loan;
- Geographic location;
- Financial resources of the borrower or guarantors, if any;
- Recourse nature of the loan;
- Age and performance of the loan;
- Length of time during which the loan has performed in accordance with its repayment term;
- Yield expected to be earned; and
- Servicing restrictions, if any.

In addition to the factors listed above and despite the fact that purchased loans are typically performing loans, the National Lending Division also estimates the amount that we may realize through collection efforts or foreclosure and sale of the collateral, net of expenses, and the length of time and costs required to complete the collection or foreclosure process in the event a loan becomes non-performing or is non-performing at the time of purchase.

*Loan Originations.* In addition to purchasing loans, the National Lending Division also originates commercial loans on a nationwide basis. Capitalizing on our purchased loan infrastructure, the National Lending Division is in a position to review and act quickly on a variety of lending opportunities. Risk management, approvals, underwriting and other due diligence for these loans is similar to that for purchased loans, other than the appraisal and documentation process, which mirrors the Community Banking Division's practice of employing local attorneys and real estate appraisers to assist in the process. We believe that the National Lending Division has an advantage in originating commercial loans because of its ability to utilize in-house staff to quickly and accurately screen loan opportunities and accelerate the underwriting process.

*Loan Servicing.* We conduct all loan servicing for purchased and originated loans with an in-house team of experienced asset managers who actively manage the loan portfolio. Asset managers initiate and maintain regular borrower contact and ensure that the loan credit analysis is accurate. Collateral valuations, property inspections, and other collateral characteristics are updated periodically. All asset management activity and analysis is contained within a central database.

### *Community Banking Division Originations*

*Residential Mortgage Loans.* Historically, we originated residential mortgage loans secured by one- to four-family properties primarily in Maine. Such loans may be originated for sale in the secondary market or to be held on the Bank's balance sheet. We also offered home equity loans and home equity lines of credit, which are secured by first or second mortgages on one- to four-family owner-occupied properties and are held on our balance sheet. During the fiscal year ended June 30, 2021, the Bank shuttered its residential mortgage lending division. In order to continue to offer residential mortgage loans to its customers, the Bank entered into an agreement with Fairway Independent Mortgage Corporation, whereby the Bank refers its customers and earns a fee for successful mortgage originations.

*Commercial Real Estate Loans.* We originate multi-family and other commercial real estate loans secured by property primarily in Maine.

*Commercial and Industrial Loans.* We originate commercial and industrial loans, including term loans, lines of credit and equipment and receivables financing to businesses located primarily in Maine.

*Consumer Loans.* We hold mobile home and overdraft and deposit-secured loans.

*Underwriting of Loans.* Most of our Community Banking Division originated loans are sourced through relationships between loan officers and third-party referral sources or current or previous customers. After a loan officer has taken basic information from the borrower, the request is submitted to the Community Banking Division's loan production department. The loan production department obtains comprehensive information from the borrower and third parties, and conducts verification and analysis of the borrower information, which is assembled into a single underwriting package that is submitted for final approval.

### ***Investment Activities***

Our securities portfolio and short-term investments provide and maintain liquidity, assist in managing the interest rate sensitivity of our balance sheet, and serve as collateral for certain of our obligations. Individual investment decisions are made based on the credit quality of the investment, liquidity requirements, potential returns, cash flow targets, and consistency with our asset/liability management objectives. The majority of our investment securities are categorized as available for sale for accounting purposes.

### ***Sources of Funds***

Deposits have traditionally been the primary source of the Bank's funds for lending and other investment purposes. In addition to deposits, the Bank obtains funds from the amortization and prepayment of loans and mortgage-backed securities, the sale or maturity of securities, advances from the Federal Home Loan Bank of Boston (the "FHLBB"), other term borrowings and cash flows generated by operations.

### ***Deposits***

We offer a full line of deposit products to customers in western and south-central Maine through our seven-branch network. Our deposit products consist of demand deposit, NOW, money market, savings and certificate of deposit accounts. Our customers access their funds through ATMs, MasterCard® Debit Cards, Automated Clearing House funds (electronic transfers) and checks. We also offer telephone banking, online banking and bill payment, mobile banking and remote deposit capture services. Interest rates on our deposits are based upon factors that include prevailing loan demand, deposit maturities, alternative costs of funds, interest rates offered by competing financial institutions and other financial service firms, and general economic conditions.

Our online deposit program, ableBanking, provides an additional channel through which to obtain core deposits to support our growth.

### ***Borrowings***

While we currently consider core deposits (defined as non-maturity deposits and non-brokered insured time deposits) as our primary source of funding to support asset growth, advances from the FHLBB and other sources of wholesale funding remain an important part of our liquidity contingency planning. The Bank may borrow up to 50% of its total assets from the FHLBB, and borrowings are typically collateralized by mortgage loans, including commercial real estate, and securities pledged to the FHLBB.

The availability of FHLBB advances and other sources of wholesale funding remain an important part of our liquidity contingency planning.

### **Employees**

As of September 30, 2022, the Bank employed 166 full-time and 10 part-time employees. The Bank's employees are not represented by any collective bargaining unit. The Bank believes that its relations with its employees are good.

### **Office**

Our principal business office is located at 27 Pearl St, Portland, ME 04101, and our telephone number is (207) 786-3245. Our website is [www.northeastbank.com](http://www.northeastbank.com). Our website and the information contained on, or that can be accessed through, the website will not be deemed to be incorporated by reference in, and are not considered part of, this document.

### **Recent Developments**

Since September 30, 2022, we have purchased or entered into agreements to purchase primarily commercial real estate loans in the amount of unpaid principal balance of up to \$1.16 billion. Our commercial real estate loans totaled \$996.8 million at September 30, 2022.

We have funded and intend to fund the purchase of primarily commercial real estate loans that we have purchased or entered into agreements to purchase since September 30, 2022 primarily relying on Federal Home Loan Bank advances, brokered deposits and non-brokered deposits acquired through listing services. We estimate that for the two months ended November 30, 2022, the weighted average cost of such wholesale funding on our balance sheet was 3.64%.

## THE OFFERING

*The following summary contains basic information about our voting common stock and this offering and is not complete. It does not contain all the information that may be important to you. For a more complete understanding of our voting common stock, you should read the section of this offering circular entitled "Description of Our Voting Common Stock."*

<b>Issuer:</b>	Northeast Bank, a Maine state-chartered bank
<b>Voting Common Stock Offered by Us:</b>	Shares with an aggregate gross sales price of up to \$50,000,000.
<b>Manner of Offering:</b>	"At the market offering," as defined in Rule 415 of the Securities Act, that may be made from time to time through the Distribution Agent. See "Plan of Distribution" in this offering circular.
<b>Use of Proceeds:</b>	We intend to use the net proceeds from this offering for general corporate purposes, including the support of additional growth. See "Use of Proceeds" in this offering circular.
<b>Risk Factors:</b>	An investment in our voting common stock involves risks. You should carefully consider the information contained under "Risk Factors" in this offering circular, and the other information included or incorporated by reference into this offering circular, for a discussion of factors you should consider before making an investment decision.
<b>The Nasdaq Global Market Symbol:</b>	NBN
<b>Transfer Agent and Registrar:</b>	Computershare, Inc.

## RISK FACTORS

*An investment in our voting common stock involves a number of risks. This offering circular does not describe all of those risks. Before you decide whether an investment in our voting common stock is suitable for you, you should carefully consider the risks described below relating to the offering as well as the risk factors concerning our business included in our Annual Report on Form 10-K for the fiscal year ended June 30, 2022, in addition to the other information in this offering circular, including our other filings which are incorporated by reference into this offering circular. See “Where You Can Find More Information” in this offering circular and for discussions of these other filings. The offering circular is qualified in its entirety by those risk factors.*

### Risks Associated With Our Business

***Continued deterioration in economic conditions, both in our market area and more generally, could adversely affect our financial condition and results of operations.***

Our financial performance generally, and in particular the ability of borrowers to pay interest on and repay principal of outstanding loans and the value of collateral securing those loans, is highly dependent upon the business environment in the markets where we operate and in the United States as a whole. Our Community Banking Division primarily serves individuals and businesses located in western and south-central Maine. As a result, a significant portion of the Community Banking Division’s earnings are closely tied to the economy of Maine. In addition, our loan portfolio includes commercial loans acquired or originated by the National Lending Division that are secured by assets located nationwide. Continued deterioration in the economic conditions, including high unemployment levels, in the Community Banking Division’s market area in western and south-central Maine, and deterioration of the economy nationally could result in the following consequences:

- Loan delinquencies may increase;
- Problem assets and foreclosures may increase;
- Demand for our products and services may decline;
- Collateral for our loans may decline in value, in turn reducing a customer’s borrowing power and reducing the value of collateral securing a loan; and
- The net worth and liquidity of loan guarantors may decline, impairing their ability to honor commitments to us.

***A significant portion of loans held in our loan portfolio were originated by third parties, and such loans may not have been subject to the same level of due diligence that the Bank would have conducted had it originated the loans.***

At September 30, 2022, 36.2% of the loans held in our loan portfolio were originated by third parties, and therefore may not have been subject to the same level of due diligence that the Bank would have conducted had it originated the loans. Although the National Lending Division conducts a comprehensive review of all loans that it purchases, loans originated by third parties may lack current financial information and may have incomplete legal documentation and outdated appraisals. As a result, the National Lending Division may not have information with respect to an acquired loan which, if known at the time of acquisition, would have caused it to reduce its bid price or not bid for the loan at all. This may adversely affect our yield on loans or cause us to increase our allowance for loan losses.

***Our experience with loans held in our loan portfolio that were originated by third parties is limited.***

At September 30, 2022, the loans held in our loan portfolio that were originated by third parties had been held by us for approximately 2.2 years, calculated on a weighted average basis. Consequently, we have had only a relatively short period of time to evaluate the performance of those loans and the price at which we purchased them. Further experience with these loans may provide us with information that could cause us to increase our allowance for loan losses.

***Our loan portfolio includes commercial real estate and commercial and industrial loans, which are generally riskier than other types of loans.***

At September 30, 2022, our commercial real estate mortgage and commercial and industrial loan portfolios comprised 68.1% and 26.9%, respectively, of total loans. Commercial loans generally carry larger loan balances and involve a higher risk of nonpayment or late payment than residential mortgage loans. These loans, and purchased loans in particular, may lack standardized terms and may include a balloon payment feature. The ability of a borrower to make or refinance a balloon payment may be affected by numerous factors, including the financial condition of the borrower, prevailing economic conditions and prevailing interest rates. Repayment of these loans is generally more dependent on the economy and the successful operation of a business. Because of the risks associated with commercial loans, we may experience higher rates of default than if the portfolio were more heavily weighted toward residential mortgage loans. Higher rates of default could have an adverse effect on our financial condition and results of operations.

***The prevalence of remote and hybrid work arrangements could ultimately result in reduced demand for office space in the markets in which we lend, and such reduction in demand could adversely affect both the value of the collateral securing some of our commercial real estate loans and the demand by developers and other borrowers for new commercial real estate loans.***

The COVID-19 pandemic has caused many employees to shift to remote and/or hybrid workforce arrangements in which employees work from their homes instead of going into their employers' offices. If the prevalence of remote and/or hybrid work patterns continues for an extended period of time, businesses may reduce the amount of office space that they lease. A reduction in the demand for office space could adversely affect the ability of some of our borrowers to repay their loans, which, in turn, may have an adverse effect on our business and results of operation. We cannot predict how hybrid and remote work patterns will evolve and whether demand for office real estate will fall as a result. Commercial real estate loans for office and mixed-use office represented approximately 13.4% of our loan portfolio at September 30, 2022. Any material reduction in the demand for these categories of commercial office space in the markets in which we lend could adversely affect both the value of the collateral securing a portion of our commercial real estate loans and the demand by developers and other borrowers for new commercial real estate loans, which, in turn, may have a negative impact on our business and financial results.

***If we are successful in acquiring pools of commercial real estate loans, we may significantly increase our concentration of commercial real estate loans and reduce our regulatory capital and liquidity ratios, and we will likely need to materially increase the number of employees in our credit administration function.***

We are actively seeking to materially increase the size of our purchased loan portfolio by routinely bidding on pools of commercial real estate loans that offer generally comparable yields, and, in our judgment, present similar credit risk profiles compared to commercial real estate loans in our existing purchased loan portfolio. Assuming that we complete the purchase of all loans that we purchased, or for which we have entered into agreements to purchase, since September 30, 2022, we estimate that we could increase our loan portfolio by approximately \$46.3 million without issuing additional common equity, and if we raised the \$50 million of common equity contemplated by this offering, we estimate could increase our loan portfolio by approximately \$522.5 million. If we are successful in acquiring pools of commercial real estate loans, some of those pools may

significantly increase our concentration of commercial real estate loans, reduce our regulatory capital and liquidity ratios, and require us to increase the number of employees in our credit administration function.

The FDIC typically regards a bank as having a commercial real estate loan concentration if commercial real estate loans represent 300% or more of the bank's total capital, and if the outstanding balance of the bank's commercial real estate loan portfolio increased by 50% or more during the prior 36 months. Our commercial real estate loans totaled \$996.8 million at September 30, 2022, constituting 385% of our total regulatory capital, and during the 36 months ended September 30, 2022, our commercial real estate loans increased by 56.9%. Since September 30, 2022, we have purchased or have entered into agreements to purchase commercial real estate loans that will increase the outstanding balance of our commercial real estate loans by more than 100%. Although we believe that we have demonstrated a successful track record of managing the risks of commercial real estate loans, we anticipate that if we materially increase the size of our commercial real estate loan portfolio, or our concentration of commercial real estate loans relative to our total regulatory capital, the FDIC will evaluate our commercial real estate loans more closely, including our portfolio diversification across categories of collateral, the geographic diversity of our borrowers and collateral, our underwriting standards, and our ability to sell or securitize commercial real estate loans.

If we are unsuccessful in evaluating, monitoring or collecting one or more pools of commercial real estate loans that we purchase, or if the FDIC were to conclude that we are not adequately managing the risks of our commercial real estate loans, our financial condition and results of operations could be adversely affected.

***Potential losses incurred in connection with possible repurchases and indemnification payments related to the U.S. Small Business Administration's (the "SBA") Paycheck Protection Program ("PPP") loans that we have sold to the Loan Source, Inc. ("Loan Source") may require us to increase our financial statement reserves in the future.***

In June 2020, we entered into a loan purchase and sale agreement with Loan Source under which we sold \$457.6 million in PPP loans originated by us to Loan Source. In fiscal year 2021, we amended the loan purchase and sale agreement under which we sold an additional \$2.87 billion in PPP loans. In connection with those sales, we made certain representations and warranties, which, if breached, may require us to repurchase such loans or indemnify Loan Source for actual losses incurred in respect of such loans. These representations and warranties include representations covering compliance with PPP rules and applicable laws in connection with the origination of the PPP loans. To date, we have not had to repurchase any of these loans, nor have we received any indemnification claims under the loan purchase and sale agreement. However, if we were required to repurchase these loans or if we receive such indemnity claims, we could incur losses in connection with those loan repurchases and indemnification claims, and any such losses might exceed our financial statement reserves, requiring us to increase such reserves. In that event, any losses we might have to recognize and any increases we might have to make to our reserves could have a material adverse effect on our business, financial position, liquidity, results of operations or cash flows.

***If our allowance for loan losses is not sufficient to absorb actual losses or if we are required to increase our allowance, our financial condition and results of operations could be adversely affected.***

We maintain an allowance for loan losses based on available information, including, but not limited to, our historical loss experience, the quality of the loan portfolio, certain economic conditions, the value of the underlying collateral, expected cash flows from purchased loans, and the level of non-accruing and criticized loans. We rely on our loan quality reviews, our experience and our evaluation of economic conditions, among other factors, in determining the amount of provision required for the allowance for loan losses. Provisions to this allowance result in an expense for the period. If we determine that additional increases in the allowance for loan losses are necessary as a result of general economic conditions, previously incorrect assumptions, or an increase in defaulted loans, we will incur additional expenses.

State and federal regulators, in reviewing our loan portfolio as part of a regulatory examination, may request that we increase our allowance for loan losses. Any increases in our allowance for loan losses will result



in a decrease in our net income and, possibly, our capital, and could have an adverse effect on our financial condition and results of operations.

***Changes in accounting standards could affect reported earnings.***

The bodies responsible for establishing accounting standards, including the Financial Accounting Standards Board (the “FASB”), the SEC and other regulatory bodies, periodically change the financial accounting and reporting guidance that governs the preparation of our financial statements. These changes can materially impact how we record and report our financial condition and results of operations. In some cases, we could be required to apply new or revised guidance retroactively.

The most significant guidance to us is the FASB Accounting Standards Update (ASU) 2016-13, Financial Instruments- Credit Losses (Topic 326), commonly referred to as “CECL,” which introduced new guidance for the accounting for credit losses on instruments within its scope. CECL requires loss estimates for the remaining estimated life of the financial asset using historical experience, current conditions, and reasonable and supportable forecasts. It also modified the impairment model for debt securities available for sale and provided for a simplified accounting model for purchased financial assets with credit deterioration since their origination. In October 2019, the FASB made a final decision to delay the effective date for ASU 2016-13 for smaller reporting companies, which allows the Bank to adopt the standard on July 1, 2023. The Bank has engaged an existing third-party service provider to assist in implementation and is in the process of identifying the methodologies necessary to implement the guidance. While we currently cannot reasonably estimate the impact of adopting this standard, we expect the impact will be influenced by the composition, characteristics and quality of our loan and securities portfolios, as well as the general economic conditions and forecasts as of the adoption date.

***Environmental liability associated with our lending activities could result in losses.***

In the course of business, we may acquire, through foreclosure, properties securing loans we have originated or purchased that are in default. Particularly in commercial real estate lending, there is a risk that hazardous substances could be discovered on these properties. In this event, we might be required to remove these substances from the affected properties at our sole cost and expense or we may be held liable to a government entity or to third parties for property damage, personal injury, investigation and cleanup costs incurred by these parties in connection with environmental contamination or may be required to investigate or clean up hazardous or toxic substances or chemical releases at a property. The costs associated with investigation or remediation activities could substantially exceed the value of the affected properties. We may not have adequate remedies against the prior owner or other responsible parties and could find it difficult or impossible to sell the affected properties. If we become subject to significant environmental liabilities, our business, financial condition and results of operations could be adversely affected.

***The performance of our securities portfolio in difficult market conditions could have adverse effects on our results of operations.***

We maintain a diversified securities portfolio, which includes obligations of U.S. government agencies and government-sponsored enterprises, including mortgage-backed securities. Under applicable accounting standards, we are required to review our securities portfolio periodically for the presence of other-than-temporary impairment, taking into consideration current market conditions, the extent and nature of changes in fair value, issuer rating changes and trends, volatility of earnings, current analysts’ evaluations, our ability and intent to hold securities until a recovery of fair value, as well as other factors. Adverse developments with respect to one or more of the foregoing factors may require us to deem particular securities to be other-than-temporarily impaired, with the credit related portion of the reduction in the fair value recognized as a charge to the results of operations in the period in which the impairment occurs. Market volatility may make it difficult to value certain securities. Subsequent valuations, in light of factors prevailing at that time, may result in significant changes in the values of these securities in future periods. Any of these factors could require us to

recognize further impairments in the value of our securities portfolio, which may have an adverse effect on our results of operations in future periods.

***The fair value of our investment securities can fluctuate due to factors outside of our control.***

Factors beyond our control can significantly influence the fair value of securities in our portfolio and can cause potential adverse changes to the fair value of these securities. These factors include, but are not limited to, rating agency actions with respect to individual securities, defaults by the issuer or with respect to the underlying securities, and changes in market interest rates and continued instability in the capital markets. Any of these factors, among others, could cause other-than-temporary impairments and realized and/or unrealized losses in future periods and declines in other comprehensive income, which could materially and adversely affect our business, results of operations, financial condition and prospects. The process for determining whether impairment of a security is other than-temporary usually requires complex, subjective judgments about the future financial performance and liquidity of the issuer and any collateral underlying the security in order to assess the probability of receiving all contractual principal and interest payments on the security. Significant negative changes to valuations could result in impairments in the value of the Bank's securities portfolio, which could have an adverse effect on the Bank's financial condition or results of operations.

***Loss of deposits or a change in deposit mix could increase our cost of funding.***

Deposits are a low-cost and stable source of funding. We compete with banks and other financial institutions for deposits. Funding costs may increase if we lose deposits and are forced to replace them with more expensive sources of funding, if clients shift their deposits into higher-cost products or if we need to raise interest rates to avoid losing deposits. Higher funding costs reduce our net interest margin, net interest income and net income.

***We are subject to liquidity risk.***

Liquidity is the ability to meet cash-flow needs on a timely basis by converting assets into cash or cash equivalents and by increasing liabilities at a reasonable cost. Liquidity sources include the amount of unencumbered or "free" investment portfolio securities that we own, borrowings, cash flow from loan and investment principal payments and pre-payments and residential mortgage loan sales. Our liquidity is used principally to originate or purchase loans, to repay deposit liabilities and other liabilities when they come due, and to fund operating costs. We also require funds for dividends to shareholders, repurchases of shares, and for general corporate purposes.

Among other sources of funds, we rely on wholesale funding, including short- and long-term borrowings, brokered deposits and non-brokered deposits acquired through listing services, to provide funds with which to make loans, purchase investment securities and provide for other liquidity needs. As of September 30, 2022, wholesale funding totaled \$259.6 million, or 14.9% of total assets. Generally wholesale funding may not be as stable as funding acquired through traditional retail channels. In the future, this funding may not be readily replaced as it matures, or we may have to pay a higher rate of interest to maintain it. Not being able to maintain or replace those funds as they mature would adversely affect our liquidity. Customer demand for non-maturity deposits can be difficult to predict. Changes in market interest rates, increased competition within our markets, and other factors may make deposit gathering more difficult. Disruptions in the capital markets or interest rate changes may make the terms of wholesale funding sources, which include Federal Home Loan Bank advances, less favorable and may make it difficult to sell securities when needed to provide additional liquidity. As a result, there is a risk that the cost of funding will increase or that we will not have sufficient funds to meet our obligations when they come due.

***We may not be able to attract and retain qualified key employees, which could adversely affect our business prospects, including our competitive position and results of operations.***

Our success is dependent upon our ability to attract and retain highly-skilled individuals. There is significant competition for those individuals with the experience and skills required to conduct many of our business activities. We may not be able to hire or retain the key personnel that we depend upon for success. Frequently, we compete in the market for talent with entities that are not subject to comprehensive regulation, including with respect to incentive compensation. The unexpected loss of services of one or more of these or other key personnel could have a material adverse impact on our business because of their skills, knowledge of the markets in which we operate, years of industry experience and the difficulty of promptly finding qualified replacement personnel.

***We may incur significant losses as a result of ineffective risk management processes and strategies.***

We seek to monitor and control our risk exposure through a risk and control framework encompassing a variety of separate but complementary financial, credit, operational, compliance, and legal reporting systems; internal controls; management review processes; and other mechanisms. In some cases, management of our risks depends upon the use of analytical and/or forecasting models, which, in turn, rely on assumptions and estimates. If the models used to mitigate these risks are inadequate, or the assumption or estimates are inaccurate or otherwise flawed, we may fail to adequately protect against risks and may incur losses. In addition, there may be risks that exist, or that develop in the future, that we have not appropriately anticipated, identified or mitigated, which could lead to unexpected losses and our results of operations or financial condition could be materially adversely affected.

***We face continuing and growing security risks to our information base, including the information we maintain relating to our customers.***

In the ordinary course of business, we rely on electronic communications and information systems to conduct our business and to store sensitive data, including financial information regarding customers. Our electronic communications and information systems infrastructure could be susceptible to cyberattacks, hacking, identity theft or terrorist activity. We have implemented and regularly review and update extensive systems of internal controls and procedures as well as corporate governance policies and procedures intended to protect our business operations, including the security and privacy of all confidential customer information. In addition, we rely on the services of a variety of vendors to meet our data processing and communication needs. No matter how well designed or implemented our controls are, we cannot provide an absolute guarantee to protect our business operations from every type of problem in every situation. A failure or circumvention of these controls could have a material adverse effect on our business operations and financial condition.

We regularly assess and test our security systems and disaster preparedness, including back-up systems, but the risks are substantially escalating. As a result, cybersecurity and the continued enhancement of our controls and processes to protect our systems, data and networks from attacks, unauthorized access or significant damage remain a priority. Accordingly, we may be required to expend additional resources to enhance our protective measures or to investigate and remediate any information security vulnerabilities or exposures. Any breach of our system security could result in disruption of our operations, unauthorized access to confidential customer information, significant regulatory costs, litigation exposure and other possible damages, loss or liability and effectively deal with such a breach could negatively impact customer confidence, damaging our reputation and undermining our ability to attract and keep customers.

***We may not be able to successfully implement future information technology system enhancements, which could adversely affect our business operations and profitability.***

We invest significant resources in information technology system enhancements in order to provide functionality and security at an appropriate level. We may not be able to successfully implement and integrate future system enhancements, which could adversely impact the ability to provide timely and accurate financial

information in compliance with legal and regulatory requirements, which could result in sanctions from regulatory authorities. Such sanctions could include fines and suspension of trading in our stock, among others. In addition, future system enhancements could have higher than expected costs and/or result in operating inefficiencies, which could increase the costs associated with the implementation as well as ongoing operations.

Failure to properly utilize system enhancements that are implemented in the future could result in impairment charges that adversely impact our financial condition and results of operations and could result in significant costs to remediate or replace the defective components. In addition, we may incur significant training, licensing, maintenance, consulting and amortization expenses during and after systems implementations, and any such costs may continue for an extended period of time.

***We rely on other companies to provide key components of our business infrastructure.***

Third party vendors provide key components of our business infrastructure such as internet connections, network access and core application processing. While we have selected these third-party vendors carefully, we do not control their actions. Any problems caused by these third parties, including as a result of their not providing us their services for any reason or their performing their services poorly, could adversely affect our ability to deliver products and services to our customers or otherwise conduct our business efficiently and effectively. Replacing these third-party vendors could also entail significant delay and expense.

***Natural disasters, acts of terrorism, pandemics and other external events could harm our business.***

Natural disasters can disrupt our operations, result in damage to our properties, reduce or destroy the value of the collateral for our loans and negatively affect the economies in which we operate, which could have a material adverse effect on our results of operations and financial condition. A significant natural disaster, such as a tornado, hurricane, blizzard, flood, fire or earthquake, could have a material adverse impact on our ability to conduct business, and our insurance coverage may be insufficient to compensate for losses that may occur. Acts of terrorism, war, civil unrest, violence or human error could cause disruptions to our business or the economy as a whole.

Future pandemics and the ongoing Covid-19 pandemic may impact the national economy and the regional and local markets in which we operate, lower equity market valuations, create significant volatility and disruption in capital and debt markets, and increase unemployment levels. Our business operations may be disrupted if significant portions of our workforce are unable to work effectively, including because of illness, quarantines, government actions, or other restrictions in connection with the pandemic. We are subject to heightened cybersecurity, information security and operational risks as a result of work-from-home arrangements that we have put in place for our employees. Government policies and directives relating to public health are subject to change. Changes in customer behavior due to work from home arrangements and other pandemic related responses may impact the demand for our products and services, which could adversely affect our revenue.

While we have established and regularly test disaster recovery procedures, the occurrence of any such event could have a material adverse effect on our business, operations and financial condition.

***Climate change and related legislative and regulatory initiatives may result in operational changes and expenditures that could significantly impact our business.***

The current and anticipated effects of climate change are creating an increasing level of concern for the state of the global environment. As a result, political and social attention to the issue of climate change has increased. In recent years, governments across the world have entered into international agreements to attempt to reduce global temperatures, in part by limiting greenhouse gas emissions. The U.S. Congress, state legislatures and federal and state regulatory agencies have continued to propose and advance numerous legislative and regulatory initiatives seeking to mitigate the effects of climate change. These agreements and measures may result in the imposition of taxes and fees, the required purchase of emission credits, and the

implementation of significant operational changes, each of which may require us to expend significant capital and incur compliance, operating, maintenance, and remediation costs. Consumers and businesses may also change their behavior on their own as a result of these concerns. The impact on our customers will likely vary depending on their specific attributes, including reliance on, or role in, carbon intensive activities. Our efforts to take these risks into account in making lending and other decisions, including by increasing our business with climate-friendly companies, may not be effective in protecting us from the negative impact of new laws and regulations or changes in consumer or business behavior.

***Damage to our reputation could significantly harm our business, including our competitive position and business prospects.***

We are dependent on our reputation as a trusted and responsible financial company, for all aspects of our relationships with customers, employees, vendors, third party service providers, and others, with whom we conduct business or potential future business. Our ability to attract and retain customers and employees could be adversely affected if our reputation is damaged. Our actual or perceived failure to address various issues, including our ability to (a) identify and address potential conflicts of interest, ethical issues, money-laundering, or privacy issues; (b) meet legal and regulatory requirements; (c) maintain the privacy of customer and accompanying personal information; (d) maintain adequate record keeping; (e) engage in proper sales and trading practices; and (f) identify the legal, reputational, credit, liquidity and market risks inherent in our products, could give rise to reputational risk that could cause harm to us and our business prospects. Failure to appropriately address any of these issues could also give rise to additional regulatory restrictions and legal risks, which could, among other consequences, increase the size and number of litigation claims and damages asserted or subject us to enforcement actions, fines and penalties and cause us to incur related costs and expenses. Furthermore, any damage to our reputation could affect our ability to retain and develop the business relationships necessary to conduct business, which in turn could negatively impact our financial condition, results of operations, and the market price of our common stock.

***Our participation in the SBA's PPP may expose us to reputational harm as well as the risk that the SBA may not fund some or all of the guarantees associated with PPP loans.***

As of September 30, 2022, life-to-date, we have originated more than 34,600 loans aggregating \$3.33 billion through the PPP. We depend on our reputation as a trusted and responsible financial services company to compete effectively in the communities that we serve, and any negative public or customer response to, or any litigation or claims that might arise out of, our participation in the PPP and any other legislative or regulatory initiatives and programs that may be enacted in response to the COVID-19 pandemic, could adversely impact our business. In addition, if the SBA determines that there is a deficiency in the manner in which a PPP loan was originated, funded, or serviced by us, the SBA may deny its liability under the guaranty, reduce the amount of the guaranty, or, if it has already paid under the guaranty, seek recovery of any loss related to the deficiency from us.

***Internal controls may fail or be circumvented.***

Effective controls over financial reporting are necessary to help ensure reliable financial reporting and prevent fraud. Management is responsible for maintaining an effective system of internal control and assessing system effectiveness. Any system of controls, however well designed and operated, is based in part on certain assumptions and can provide only reasonable, not absolute, assurances that the objectives of the system are met. Any failure or circumvention of the system of internal control could have an adverse effect on our business, profitability, financial condition and operations, and could further result in regulatory actions and loss of investor confidence.

***Our future growth, if any, may require us to raise additional capital, but that capital may not be available when we need it.***

We may need to raise additional capital in the future to provide us with sufficient capital resources and liquidity to support our operations or our growth. Our ability to raise additional capital will depend, in part, on conditions in the capital markets at that time, which are outside of our control, and our financial performance. Accordingly, we may be unable to raise additional capital, if and when needed, on acceptable terms, or at all. If we cannot raise additional capital when needed, our ability to further expand our operations through internal growth and acquisitions could be materially impaired. In addition, if we decide to raise additional equity capital, investors' interests could be diluted. Our failure to meet any applicable regulatory guideline related to our lending activities or any capital requirement otherwise imposed upon us or to satisfy any other regulatory requirement could subject us to certain activity restrictions or to a variety of enforcement remedies available to the regulatory authorities, including limitations on our ability to pay dividends or pursue acquisitions, the issuance by regulatory authorities of a capital directive to increase capital and the termination of deposit insurance by the FDIC.

***The soundness of other financial institutions could adversely affect us.***

Our ability to engage in routine funding transactions could be adversely affected by the actions and commercial soundness of other financial institutions. Financial services institutions are interrelated as a result of trading, clearing, counterparty and other relationships. We have exposure to many different counterparties, and we routinely execute transactions with counterparties in the financial industry, including brokers and dealers, other commercial banks, investment banks, mutual and hedge funds, and other financial institutions. As a result, defaults by, or even rumors or questions about, one or more financial services institutions, or the financial services industry generally, could lead to market-wide liquidity problems and losses or defaults by us or by other institutions and organizations. Many of these transactions expose us to credit risk in the event of default of our counterparty or client. In addition, our credit risk may be exacerbated when the collateral held by us cannot be liquidated or is liquidated at prices not sufficient to recover the full amount of the financial instrument exposure due to us. There is no assurance that any such losses would not materially and adversely affect our results of operations.

***We are subject to claims and litigation.***

From time to time, customers, vendors or other parties may make claims and take legal action against us. We maintain reserves for certain claims when deemed appropriate based upon our assessment that a loss is probable, estimable, and consistent with applicable accounting guidance. At any given time, we have a variety of legal actions asserted against us in various stages of litigation. Resolution of a legal action can often take years. We are also involved, from time to time, in other reviews, investigations and proceedings (both formal and informal) by governmental and self-regulatory agencies regarding our business, including, among other things, accounting and operational matters, certain of which may result in adverse judgments, settlements, fines, penalties, injunctions or other relief. The number and risk of these investigations and proceedings has increased in recent years with regard to many firms in the financial services industry due to legal changes to the consumer protection laws provided for by the Dodd-Frank Wall Street Reform and Consumer Protection Act. There have also been numerous highly publicized legal claims against financial institutions involving fraud or misconduct by employees, and we run the risk that employee misconduct could occur. It is not always possible to deter or prevent employee misconduct, and the precautions we take to prevent and detect this activity may not be effective in all cases.

## **Risks Associated With the Industry**

### ***Changes in interest rates could adversely affect our net interest income and profitability.***

The majority of our assets and liabilities are monetary in nature. As a result, our earnings and growth are significantly affected by interest rates, which are subject to the influence of economic conditions generally, both domestic and foreign, to events in the capital markets and also to the monetary and fiscal policies of the United States and its agencies, particularly the Board of Governors of the Federal Reserve System. The nature and timing of any changes in such policies or general economic conditions and their effect on us cannot be controlled and are extremely difficult to predict. Changes in interest rates can affect our net interest income as well as the value of our assets and liabilities. Net interest income is the difference between (i) interest income on interest-earning assets, such as loans and securities, and (ii) interest expense on interest-bearing liabilities, such as deposits and borrowings. Changes in market interest rates, changes in the relationships between short-term and long-term market interest rates, or the yield curve, or changes in the relationships between different interest rate indices can affect the interest rates charged on interest-earning assets differently than the interest rates paid on interest-bearing liabilities. This difference could result in an increase in interest expense relative to interest income, and therefore reduce our net interest income. Further, declines in market interest rates may trigger loan prepayments, which in many cases are within our customers' discretion, and which in turn may serve to reduce our net interest income if we are unable to lend those funds to other borrowers or invest the funds at the same or higher interest rates.

Most of our investment securities portfolio is designated as available for sale. Accordingly, unrealized gains and losses, net of tax, in the estimated fair value of the available for sale portfolio is recorded as other comprehensive income, a separate component of shareholders' equity. Due to the recent increases in interest rates, the fair value of our investment portfolio has declined, causing a corresponding decline in shareholders' equity. If interest rates rise further, the fair value of our investment portfolio may further decline and contribute to a further corresponding decline in shareholders' equity.

### ***Competition in the financial services industry is intense and could result in us losing business or experiencing reduced margins.***

We compete with community, regional, national and global banks, non-bank licensed lenders and private equity funds in purchasing or originating loans, attracting deposits, and selling other customer products and services. Many of our primary competitors there have substantially greater resources, larger established customer bases, higher lending limits, extensive branch networks, numerous ATMs and greater advertising and marketing budgets. They may also offer services that we do not currently provide. Additionally, due to their size, many competitors may be able to achieve economies of scale and, as a result, may offer a broader range of products and services, as well as better pricing for those products and services than we can. Technology has lowered barriers to entry and made it possible for non-banks to offer products and services traditionally provided by banks, such as automated transfer and automatic payment systems. Our long-term success depends on the ability of the Bank to compete successfully with other financial institutions in the Bank's service areas.

### ***Our business may be adversely affected if we fail to adapt our products and services to evolving industry standards and consumer preferences.***

The financial services industry is undergoing rapid technological changes with frequent introductions of new technology-driven products and services. The widespread adoption of new technologies, including cryptocurrencies and payment systems, could require substantial expenditures to modify or adapt our existing products and services. We might not be successful in developing or introducing new or modified products and services, integrating new products or services into our existing offerings, responding or adapting to changes in consumer behavior, preferences, spending, investing and/or saving habits, achieving market acceptance of our products and services, reducing costs in response to pressures to deliver products and services at lower prices or sufficiently developing and maintaining loyal customers.

***The FDIC's assessment rates could adversely affect our financial condition and results of operations.***

The FDIC insures deposits at FDIC-insured depository institutions, such as the Bank, up to applicable limits. As a result of recent economic conditions, the FDIC has decreased deposit insurance assessment rates. If these decreases are insufficient for the deposit insurance fund of the FDIC to meet its funding requirements, there may need to be further special assessments or increases in deposit insurance premiums. We are generally unable to control the amount of premiums that we are required to pay for FDIC insurance. If there is an increase in bank or financial institution failures, we may be required to pay even higher FDIC premiums than the recently increased levels. Any future additional assessments, increases or required prepayments in FDIC insurance premiums may materially adversely affect results of operations, including by reducing our profitability or limiting our ability to pursue certain business opportunities.

***Changes to and replacement of LIBOR may adversely affect our business, financial condition, and results of operations.***

LIBOR is used extensively in the United States as a benchmark for various commercial and financial contracts, including loans, securities, funding sources, interest rate swaps and other derivatives. ICE Benchmark Administration (“IBA”), the authorized and regulated administrator of LIBOR, recently announced it would consult on its plans for the discontinuation of LIBOR. IBA ended the publication of some LIBOR tenors on December 31, 2021 and the remaining LIBOR tenors are intended to end in June 2023. Financial services regulators issued guidance on the ongoing use of LIBOR, encouraging banks to transition away from LIBOR as soon as practicable and to not enter into new transactions referencing LIBOR after December 31, 2021. Financial services regulators and industry groups have collaborated to develop alternate reference rate indices or reference rates. The transition to a new reference rate requires changes to contracts, risk and pricing models, valuation tools, systems, product design and hedging strategies. We have established a cross-functional project team to address the LIBOR transition, have established a replacement reference rate for LIBOR, and have begun implementing the transition process for loans currently referencing LIBOR. Given the complexity of the transition, as well as the different risk characteristics between LIBOR and the replacement reference rate, we continue to evaluate the impact the transition, which may, ultimately, adversely affect our business, financial condition, or results of operations.

***Changes in accounting standards can materially impact our financial statements.***

Our accounting policies and methods are fundamental to how we record and report our financial condition and results of operations. From time to time, the Financial Accounting Standards Board (“FASB”) or regulatory authorities change the financial accounting and reporting standards that govern the preparation of our financial statements. These changes can be hard to predict and can materially impact how we record and report our financial condition and results of operations. In some cases, we could be required to apply a new or revised standard retroactively, resulting in our restating prior period financial statements.

***Changes in tax laws and regulations and differences in interpretation of tax laws and regulations may adversely impact our financial statements.***

Local, state or federal tax authorities may interpret tax laws and regulations differently than we do and challenge tax positions that we have taken on tax returns. This may result in differences in the treatment of revenues, deductions, credits and/or differences in the timing of these items. The differences in treatment may result in payment of additional taxes, interest or penalties that could have a material adverse effect on our results.



## **Risks Associated With Our Regulatory Environment**

***We operate in a highly regulated industry, and laws and regulations, or changes in them, could limit or restrict our activities and could have an adverse impact in our operations.***

We are subject to extensive federal and state regulation. Federal and state laws and regulations govern numerous matters, including changes in the ownership or control of banks, maintenance of adequate capital and the financial condition of a financial institution, permissible types, amounts and terms of extensions of credit and investments, the level of reserves against deposits and restrictions on dividend payments. The FDIC and the Maine Bureau of Financial Institutions (“MBFI”) have the power to issue cease and desist orders to prevent or remedy unsafe or unsound practices or violations of law by banks subject to their regulation. These and other restrictions limit the manner in which we and the Bank may conduct business and obtain financing.

Because our business is highly regulated, the laws, rules, regulations, and supervisory guidance and policies applicable to us are subject to regular modification and change. Such changes may, among other things, subject us to additional costs, including costs of compliance; limit the types of financial services and products we may offer; and/or increase the ability of non-banks to offer competing financial services and products. Failure to comply with laws, regulations, or policies could result in enforcement and other legal actions by federal and state authorities, including criminal and civil penalties, the loss of FDIC insurance, revocation of a banking charter, other sanctions by regulatory agencies, civil money penalties, and/or reputation damage, which could have a material adverse effect on our business, financial condition, and results of operations.

Regulatory capital requirements force banks to maintain capital as a percentage of their assets, with an emphasis on common equity as opposed to other components of capital. The need to maintain capital and liquidity, and regulatory scrutiny with respect to capital levels, may limit our business activities, including lending, and our ability to expand. It could also result in our being required to take steps to increase our regulatory capital and may dilute shareholder value or limit our ability to pay dividends or otherwise return capital to our investors through stock repurchases.

***We are subject to stringent capital requirements which may adversely impact return on equity, require additional capital raises, or limit the ability to pay dividends or repurchase shares.***

Federal regulations establish minimum capital requirements for insured depository institutions, including minimum risk-based capital and leverage ratios, and define “capital” for calculating these ratios. The minimum capital requirements are: (i) a common equity Tier 1 capital ratio of 4.5%; (ii) a Tier 1 to risk-based assets capital ratio of 6%; (iii) a total capital ratio of 8%; and (iv) a Tier 1 leverage ratio of 4%. The regulations also establish a “capital conservation buffer” of 2.5%, which if complied will result in the following minimum ratios: (i) a common equity Tier 1 capital ratio of 7.0%; (ii) a Tier 1 to risk-based assets capital ratio of 8.5%; and (iii) a total capital ratio of 10.5%. An institution will be subject to limitations on paying dividends, engaging in share repurchases and paying discretionary bonuses if its capital level falls below the capital conservation buffer amount. The application of these capital requirements could, among other things, require us to maintain higher capital resulting in lower returns on equity, and we may be required to obtain additional capital to comply or result in regulatory actions if we are unable to comply with such requirements.

***We are subject to numerous laws designed to protect consumers, including the Community Reinvestment Act and fair lending laws, and failure to comply with these laws could lead to a wide variety of sanctions.***

The Community Reinvestment Act, the Equal Credit Opportunity Act, the Fair Housing Act and other fair lending laws and regulations impose community investment and nondiscriminatory lending requirements on financial institutions. The CFPB, the Department of Justice and other federal agencies are responsible for enforcing these laws and regulations. A successful regulatory challenge to an institution’s performance under the Community Reinvestment Act, the Equal Credit Opportunity Act, the Fair Housing Act or other fair lending laws and regulations could result in a wide variety of sanctions, including damages and civil money penalties,

injunctive relief, restrictions on mergers and acquisitions, restrictions on expansion and restrictions on entering new business lines. Private parties may also have the ability to challenge an institution's performance under fair lending laws in private class action litigation. Such actions could have a material adverse effect on our business, financial condition and results of operations.

***We may incur fines, penalties and other negative consequences from regulatory violations, possibly even inadvertent or unintentional violations.***

We maintain systems and procedures designed to ensure that we comply with applicable laws and regulations. However, some legal/regulatory frameworks provide for the imposition of fines or penalties for noncompliance even though the noncompliance was inadvertent or unintentional and even though there was in place at the time systems and procedures designed to ensure compliance. For example, we are subject to regulations issued by the OFAC that prohibit financial institutions from participating in the transfer of property belonging to the governments of certain foreign countries and designated nationals of those countries and certain other persons or entities whose interest in property is blocked by OFAC-administered sanctions. OFAC may impose penalties for inadvertent or unintentional violations even if reasonable processes are in place to prevent the violations. There may be other negative consequences resulting from a finding of noncompliance, including restrictions on certain activities. Such a finding may also damage our reputation as described below and could restrict the ability of institutional investment managers to invest in our securities.

### **Risks Related to this Offering**

***Market volatility has affected and may continue to affect the value of our common stock.***

The price of our common stock can fluctuate widely in response to a variety of factors. In addition, the trading volume in our common stock may fluctuate and cause significant price variations to occur. We cannot assure you that the market price of our common stock will not fluctuate or decline significantly. Some of the factors that could cause fluctuations or declines in the price of our common stock include, but are not limited to, actual or anticipated variations in reported operating results, recommendations by securities analysts, the level of trading activity in our common stock, new services or delivery systems offered by competitors, business combinations involving our competitors, operating and stock price performance of companies that investors deem to be comparable to the Bank, news reports relating to trends or developments in the credit, mortgage and housing markets as well as the financial services industry, and changes in government regulations.

***Our common stock trading volume may not provide adequate liquidity for investors.***

Our voting common stock is listed on the NASDAQ Global Market. The average daily trading volume for Northeast voting common stock is less than the corresponding trading volume for larger financial institutions. Due to this relatively low trading volume, significant sales of Northeast voting common stock, or the expectation of these sales, may place significant downward pressure on the market price of Northeast common stock. No assurance can be given that a more active trading market in our common stock will develop in the foreseeable future or can be maintained. There can also be no assurance that the offering will result in a material increase in the "float" for our common stock, which we define as the aggregate market value of our voting common stock held by shareholders who are not affiliates of Northeast, because our affiliates may purchase shares of voting common stock in the offering.

***We may not be able to pay dividends and, if we pay dividends, we cannot guarantee the amount and frequency of such dividends.***

The continued payment of dividends on shares of our common stock will depend upon our debt and equity structure, earnings and financial condition, need for capital in connection with possible future acquisitions, growth and other factors, including economic conditions, regulatory restrictions, and tax considerations. We cannot guarantee that we will pay dividends or, if we pay dividends, the amount and frequency of these dividends.

***We may issue additional shares of common or preferred stock in the future, which could dilute a shareholder's ownership of common stock.***

Our articles of incorporation authorize our Board, generally without shareholder approval, to, among other things, issue additional shares of common or preferred stock. The issuance of any additional shares of common or preferred stock could be dilutive to a shareholder's ownership of our common stock. To the extent that we issue options or warrants to purchase common stock in the future and the options or warrants are exercised, our shareholders may experience further dilution. Holders of shares of our common stock have no preemptive rights that entitle holders to purchase their pro rata share of any offering of shares of any class or series. Future offerings could reduce the value of shares of our common stock and dilute a shareholder's interest in the Bank.

***Our common stock is not insured by any governmental entity.***

Our common stock is not a deposit account or other obligation of any bank and is not insured by the FDIC or any other governmental entity.

***Anti-takeover provisions could negatively impact our shareholders.***

Federal law imposes restrictions, including regulatory approval requirements, on persons seeking to acquire control over Northeast. Provisions of Maine law and provisions of our articles of incorporation and by-laws could make it more difficult for a third party to acquire control of us or have the effect of discouraging a third party from attempting to acquire control of us. We have a classified Board, meaning that approximately one-third of our directors are elected annually. Additionally, our articles of organization authorize our Board to issue preferred stock without shareholder approval and such preferred stock could be issued as a defensive measure in response to a takeover proposal. Other provisions that could make it more difficult for a third party to acquire us even if an acquisition might be in the best interest of our shareholders include supermajority voting requirements to remove a director from office without cause; restrictions on shareholders calling a special meeting; a requirement that only directors may fill the Board vacancy; and provisions regarding the timing and content of shareholder proposals and nominations.

***We have broad discretion to use the proceeds of this offering and may not use them effectively.***

Our management will have broad discretion in applying the net proceeds received from this offering. We have not allocated specific amounts of the net proceeds to specific purposes and will have considerable discretion in the application of the net proceeds, and you will not have the opportunity, as part of your investment decision, to assess whether the proceeds are being used appropriately. Our management might not apply our net proceeds in ways that ultimately increase the value of your investment. If we do not invest or apply the net proceeds from this offering in ways that enhance shareholder value, we may fail to achieve expected financial results, which could cause our share price to decline.

## **USE OF PROCEEDS**

We are not guaranteed to receive any particular amount of proceeds from this offering. The amount of the proceeds we receive from this offering will depend on the number of shares of our voting common stock sold and the market price at which they are sold. We intend to use the net proceeds, if any, generated by this offering for general corporate purposes, including the support of additional growth.

Our management will have broad discretion in the use of the net proceeds from the sale of common stock. Pending the use of the net proceeds of this offering as described above, we may intend to invest such proceeds in highly liquid, short-term securities.

## CAPITALIZATION

The following table sets forth our capitalization, including our regulatory capital ratios, on a consolidated basis, as of September 30, 2022, (i) on an actual basis and (ii) on a pro forma as adjusted basis, after giving effect to sale of up to \$50.0 million of our voting common stock in this offering at an assumed public offering price of \$40.90 per share (the last sale price of our voting common stock on December 8, 2022 as reported on the Nasdaq Global Market), after deducting commissions to the Distribution Agent and estimated offering expenses payable by us. You should read this table in conjunction with our consolidated financial statements and the notes thereto included in the documents incorporated by reference into this offering circular. This information is illustrative only and will adjust based on the actual price to the public, the actual number of shares sold and other terms of the offering determined at the time our common stock is sold pursuant to this offering circular. The shares sold in this offering, if any, will be sold from time to time at various prices.

<b>Capitalization</b>	<b>As of September 30, 2022</b>	
	<b>Actual (1)</b>	<b>As Adjusted for this Offering (2)</b>
	<b>(In thousands, except share amounts)</b>	
<b>Equity</b>		
Preferred stock, \$1.00 par value, 1,000,000 shares authorized; no shares issued and outstanding at September 30, 2022.....	\$ -	\$ -
Voting common stock, \$1.00 par value, 25,000,000 shares authorized; 7,477,158 shares issued and outstanding at September 30, 2022.....	7,477	8,699
Non-voting common stock, \$1.00 par value, 3,000,000 shares authorized; no shares issued and outstanding at September 30, 2022.....	-	-
Additional paid-in capital .....	34,526	81,980
Retained earnings.....	211,194	211,194
Accumulated other comprehensive loss.....	(1,034)	(1,034)
<b>Total Equity</b> .....	<b>\$ 252,163</b>	<b>\$ 300,838</b>
<b>Capital Ratios</b>		
Tier 1 leverage ratio .....	15.59%	18.58%
Common Equity Tier 1 ratio .....	17.36%	20.69%
Tier 1 risk-based capital ratio.....	17.36%	20.69%
Total risk-based capital ratio .....	17.77%	21.10%

- (1) As of September 30, 2022, shares outstanding do not include (a) 66,406 shares that remain issuable upon the exercise of additional outstanding stock options granted or (b) 300,210 shares reserved for future awards under the 2021 Equity Incentive Plan.
- (2) Assumes \$50,000,000 of common stock shares are sold.

## NON-U.S. GAAP FINANCIAL MEASURES

The Bank reports certain financial measures it believes are widely followed in the banking industry that are not recognized under generally accepted accounting principles in the United States of America (“U.S. GAAP”).

### Total Return on Purchased Loans

The total return on purchased loans represents scheduled accretion, accelerated accretion, gains on asset sales, gains on real estate owned and other noninterest income recorded during the period divided by the average invested balance, which includes purchased loans held for sale, on an annualized basis. The total return on purchased loans does not include the effect of purchased loan charge-offs or recoveries during the period.

	Total Return on Purchased Loans			
	Years Ended June 30,			
	2022		2021	
	Income	Return (1)	Income	Return (1)
	(Dollars in thousands)			
Regularly scheduled interest and accretion	\$ 28,811	6.29%	\$ 27,536	6.88%
Transactional income:				
Gain on real estate owned	31	0.01%	-	0.00%
Accelerated accretion and loan fees	12,009	2.62%	8,113	2.03%
Total transactional income	12,040	2.63%	8,113	2.03%
Total	<u>\$ 40,851</u>	<u>8.92%</u>	<u>\$ 35,649</u>	<u>8.91%</u>

	Total Return on Purchased Loans			
	Three Months Ended September 30,			
	2022		2021	
	Income	Return (1)	Income	Return (1)
	(Dollars in thousands)			
Regularly scheduled interest and accretion	\$ 7,674	6.24%	\$ 6,982	6.47%
Transactional income:				
Loss on real estate owned	-	0.00%	(74)	(0.07%)
Accelerated accretion and loan fees	1,058	0.86%	3,005	2.79%
Total transactional income	1,058	0.86%	2,931	2.72%
Total	<u>\$ 8,732</u>	<u>7.10%</u>	<u>\$ 9,913</u>	<u>9.19%</u>

## **MARKET PRICE, TICKER SYMBOL AND DIVIDEND INFORMATION**

The Bank's voting common stock currently trades on the Nasdaq Global Market under the symbol "NBN." As of the close of business on December 8, 2022, there were approximately 213 registered shareholders of record of voting common stock.

Holders of the Bank's common stock are entitled to receive dividends when and if declared by the Board out of funds legally available. The Bank currently pays a quarterly cash dividend in the amount of \$0.01 per share of the Bank's common stock. While the Bank expects comparable cash dividends will be paid in the future, the amount and timing of future dividends will depend on, among other things, the financial condition of the Bank, regulatory considerations, and other factors.

## DESCRIPTION OF OUR VOTING COMMON STOCK

This section describes the material terms and provisions of the Bank's voting common stock, par value \$1.00 per share, that we may offer from time to time. The following description of voting common stock is only a summary and is subject to and qualified in its entirety by reference to the Bank's amended and restated articles of incorporation (the "Articles of Incorporation"), the Bank's amended and restated bylaws (the "Bylaws"), and applicable provisions of Maine law. You should refer to, and read this summary together with the Articles of Incorporation and Bylaws to review all of the terms of the Bank's voting common stock.

### Authorized Capital Stock

The authorized capital stock of the Bank consists of 29,000,000 shares, of which 25,000,000 shares, \$1.00 par value per share, are designated as voting common stock; 3,000,000 shares, \$1.00 par value per share, are designated as non-voting common stock; and 1,000,000 shares, \$1.00 par value per share, are designated as preferred stock. Shares of Bank non-voting common stock have all of the same rights and preferences as shares of Bank voting common stock, except that shares of Bank non-voting common stock do not have voting rights, subject to certain limited exceptions. The Bank's voting common stock and non-voting common stock are together referenced as the "common stock."

The authorized but unissued shares of capital stock of the Bank are available for future issuances without shareholder approval, subject to certain exceptions, and could be utilized for a variety of corporate purposes, including future offerings to raise additional capital and employee benefit plans. Future issuances of shares of capital stock of the Bank are subject to the approval of the MBFI. Any such future issuances could be dilutive to shareholders at the time of the issuance. Offers and sales of capital stock of the Bank are exempt from the registration requirements of the Securities Act. The existence of authorized but unissued and unreserved shares of capital stock could also render more difficult or discourage an attempt to obtain control of the Bank by means of a proxy contest, tender offer, merger or otherwise.

### Bank Voting Common Stock

*General.* Each share of Bank voting common stock has the same relative rights as, and is identical in all respects to, each other share of Bank voting common stock. Shares of Bank voting common stock are traded on the Nasdaq Global Market under the ticker symbol "NBN." The transfer agent for Bank voting common stock is Computershare Inc., which has its principal office at 150 Royall Street, Suite 101, Canton, Massachusetts 02021.

*Voting Rights.* Shares of Bank voting common stock possess all voting power for the election of the Bank's directors and other matters requiring shareholder action. Holders of shares of Bank voting common stock are entitled to one vote per share on matters to be voted on by shareholders and, in general, at a meeting at which a quorum is present, a majority of votes cast with respect to a matter is sufficient to authorize action upon routine matters. Directors are elected by a plurality of the votes cast, and shareholders do not have the right to accumulate their votes in the election of directors.

### Rights Applicable to Bank Voting Common

*Dividends.* Subject to federal and state banking law and regulation, the Board may, from time to time, declare, and the Bank may pay, dividends on its outstanding shares of common stock. The holders of common stock are entitled to share ratably in dividends when and as declared by the Board out of funds legally available therefor and subject to right or preferences of any outstanding preferred stock.

The payment of dividends or distributions by the Bank is subject to the restrictions set forth in the Maine Business Corporation Act, as amended (the "MBCA"), applicable to the declaration of dividends or distributions by a Maine corporation. The payment of dividends or distribution by the Bank is also subject to the



restrictions set forth in Maine's financial institutions laws and the regulations promulgated by the FDIC and the MBFI.

*No Preemptive Rights; Redemption and Assessment.* Holders of shares of common stock are not entitled to preemptive rights with respect to any shares of common stock that may be issued in the future. Shares of common stock are not subject to redemption or any sinking fund. All outstanding shares of common stock are duly authorized, validly issued, fully paid and nonassessable.

## **Board of Directors**

*Size of Board of Directors.* The Articles of Incorporation and the Bylaws provide that the number of directors of the Bank may be set by the Board, provided that the total number of directors will not be fewer than five. Currently, the Board consists of seven directors.

*Classified Board.* The Articles of Incorporation provide for a classified Board, with the directors being divided into three classes, as nearly equal in number as reasonably possible. At each annual meeting of shareholders, directors elected to succeed those directors whose terms expire shall be elected for a term of office to expire at the third succeeding annual meeting of shareholders after their election.

*Vacancies.* Under the Articles of Incorporation, any vacancy on the Board shall be filled solely and exclusively by a majority of the directors then in office, even if less than a quorum is present. Any director so chosen will hold office for the unexpired term of his or her predecessor in office. Any directorship to be filled by reason of an increase in the number of directors may be filled by election by the Board for the remainder of the full term of the class of directors in which the new directorship was created.

*Removal of Directors.* The Articles of Incorporation provide that, at a meeting of shareholders called expressly for such purpose, any director may be removed by the affirmative vote of the holders of 75% of the shares entitled to vote or, if removal is for "cause", by the majority of the shares entitled to vote. The Articles of Incorporation limit "cause" to final adjudication by a court of competent jurisdiction that the director is (i) liable for negligence or misconduct in the performance of his or her duty, (ii) guilty of a felony conviction or (iii) has failed to act or has acted in a manner which is in derogation of the director's duties.

## **Anti-Takeover Provisions**

Certain provisions of the MBCA, federal and state banking laws, and the Articles of Incorporation and the Bylaws may discourage attempts to acquire control of the Bank that the majority of the bank's shareholders may determine was in their best interest. For example, at least two annual meetings of shareholders may be required for the shareholders to replace a majority of the directors serving on the Board. The provisions also may render the removal of one or all directors more difficult or deter or delay corporate changes of control that the Board does not approve.

## **Special Meeting of Shareholders**

The Articles of Incorporation provide that special meetings of the Bank's shareholders may be called only by (i) the Chairman of the Board, (ii) the president, (iii) a majority of the Board, or (iv) upon the written request of the holders of at least 25% of the shares entitled to vote at the meeting.

## **Advance Notice Requirements for Director Nominations**

Under the Bylaws, shareholder proposals may be brought before an annual meeting if such proposal is provided in writing to the Bank in the manner prescribed in Article I, Section 6 of the Bylaws not later than the close of business on the 90th day nor earlier than the 120th day prior to the one-year anniversary of the preceding year's annual meeting. If an annual meeting is first convened more than 30 days before or more than 60 days after such anniversary date, or if no annual meeting was held in the preceding year, written notice must

be received by the Bank not later than the close of business on the later of the 90th day prior to the scheduled meeting or the 10th day following the day on which public announcement of such meeting date is first made. The shareholder's written notice must contain detailed information relating to the proposal or proposals, as well as information relating to the shareholder submitting such proposal or proposals and certain related persons, as described in Article I, Section 6 of the Bylaws.

### **Amendments to the Bank's Articles of Incorporation and Bylaws**

The Articles of Incorporation may be amended by the affirmative vote of the holders of at least two-thirds of all shares entitled to vote for the election of directors.

The Bylaws may be amended by the majority of the entire Board, subject to repeal or change by a vote of the holders of two-thirds of the shares entitled to vote on the matter at a meeting expressly called for such purpose.

Amendments to the Articles of Incorporation or the Bylaws are subject to any applicable notice periods of or approval by the FDIC or the MBFI.

### **Indemnification of Directors, Officers and Employees**

Under the Articles of Incorporation and the Bylaws, the Bank shall indemnify any director or officer against all expenses and liabilities incurred or paid by or on behalf of such director or officer in connection with any proceeding, or any claim, issue or matter in such proceeding, which such director or officer is, or is threatened to be made a party to or participant in by reason of such director or officer's service as an officer or director of the Bank or as a partner, trustee, officer, employee or agent of any other entity if serving at the Bank's request ("corporate status") if such director or officer acted in good faith and in a manner reasonably believed, in the case of conduct in such person's official capacity, to be in the best interests of the Bank or, in all other cases, that such person's conduct was not opposed to the best interests of the Bank and, with respect to any criminal proceeding, had no reasonable cause to believe his or her conduct was unlawful. The Bank shall not, however, indemnify any director or officer with respect to any liability for conduct for which such director or officer was adjudged liable on the basis that he or she (i) received a financial benefit to which he or she was not entitled, whether or not involving action in such director or officer's official capacity, or (ii) intentionally inflicted harm on the Bank or its shareholders or intentionally violated a criminal law.

In addition, the Bank shall indemnify any director or officer with respect to any derivative action, by or in the right of the Bank, against expenses (including attorneys' fees) incurred by or on behalf of such person, provided that such director or officer acted in good faith and in a manner reasonably believed, in the case of conduct in such person's official capacity, to be in the best interests of the Bank or, in all other cases, that such person's conduct was not opposed to the best interests of the Bank. The Bank shall not, however, indemnify any person with respect to any claim, issue or matter as to which that person is finally adjudged by a court of competent jurisdiction to have not satisfied the standard of conduct in the preceding sentence, unless, and only to the extent that, another court of competent jurisdiction has determined that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnification for such expenses which such court shall deem proper.

Under the Bylaws, the Bank may, at the discretion of the Board, indemnify any non-officer employee with respect to any proceeding, or any claim, issue or matter in such proceeding, which such non-officer employee is, or is threatened to be made a defendant or respondent to or in by reason of such non-officer employee's corporate status, provided that the person acted in good faith and in a manner reasonably believed, in the case of conduct in such person's official capacity, to be in the best interests of the Bank or, in all other cases, that such person's conduct was not opposed to the best interests of the Bank and, with respect to any criminal proceeding, had no reasonable cause to believe his or her conduct was unlawful. The Bank shall not, however, indemnify any non-officer employee with respect to any liability for conduct which such non-officer employee was adjudged liable on the basis that such non-officer employee (i) received a financial benefit to

which such non-officer employee was not entitled, whether or not involving action in such non-officer employee's official capacity, or (ii) intentionally inflicted harm on the Bank or its shareholders or intentionally violated a criminal law.

The Bylaws provide that, unless ordered by a court, any indemnification shall be made by the Bank only as authorized in the specific case upon a determination that indemnification of the director, officer or employee is proper in the circumstances because he or she has met the applicable standard of conduct described above, as determined by (i) if there are two or more disinterested directors: (a) a majority vote of the disinterested directors, (b) a majority of a committee comprised of two or more disinterested directors, such committee having been designated by a majority vote of the disinterested directors, (ii) if there are fewer than two disinterested directors and a majority of the Board so directs, by independent legal counsel in a written opinion, or (iii) by the Bank's shareholders, provided that shares owned or voted under the control of a director who is not a disinterested director may not be voted on such action.

The Bylaws provide that the Bank shall advance all expenses incurred by or on behalf of any director in connection with any proceeding in which such director is involved by reason of such director's corporate status within 30 days after the receipt by the Bank of a written statement from such director requesting such advance or advances from time to time, whether prior to or after final disposition of such proceeding. Such statement or statements shall reasonably evidence the expenses incurred by such director and shall be preceded or accompanied by (i) a written affirmation of such director's good faith belief that he or she has met the relevant standard of conduct and (ii) an undertaking by or on behalf of such director to repay any expenses so advanced if it shall ultimately be determined that such director is not entitled to be indemnified against such expenses.

The Bylaws also provide that the Bank may, at the discretion of the Board, advance any or all expenses incurred by or on behalf of any officer or any non-officer employee in connection with any proceeding in which such person is involved by reason of his or her corporate status as an officer or non-officer employee upon the receipt by the Bank of a statement from such officer or non-officer employee requesting such advance or advances from time to time, whether prior to or after final disposition of such proceeding. Such statement shall reasonably evidence the expenses incurred by such officer or non-officer employee and shall be preceded or accompanied the affirmation and undertaking described in the previous paragraph.

#### **Elimination of Certain Liabilities of Directors**

Pursuant to the Articles of Incorporation, a director of the Bank shall not be personally liable to the corporation or its shareholders for money damages for any actions taken, or failure to take action, as a director, except for liability for: (i) the amount of a financial benefit received by a director to which he is not entitled; (ii) an intentional infliction of harm on the Bank or its shareholders; (iii) a violation of Section 833 of the MBCA; or (iv) an intentional violation of criminal law.

#### **Bank Common Stock Not Insured by the FDIC**

The shares of common stock are not deposit or savings accounts and are not insured or guaranteed by the FDIC or any other government agency.

## PLAN OF DISTRIBUTION

We have entered into an Equity Distribution Agreement (the “Equity Distribution Agreement”) with the Distribution Agent, under which we may issue and sell shares of our voting common stock having an aggregate offering price of up to \$50,000,000 from time to time through the Distribution Agent, as our sales agent. The sales, if any, of shares of our voting common stock made under the Equity Distribution Agreement will be made in “at the market offerings” as defined in Rule 415 of the Securities Act.

Each time we place an order to offer and sell shares of our voting common stock under the Equity Distribution Agreement, we will designate the amount of shares of voting common stock to be sold through the Distribution Agent, the time period during which sales are requested to be made, any limitation on the number of shares that may be sold in one day, and any minimum pricing for the shares to be sold, each as agreed to by the Distribution Agent. Subject to the terms and conditions of the Equity Distribution Agreement, the Distribution Agent will use its commercially reasonable efforts consistent with its normal trading and sales practices and applicable state and federal laws, rules and regulations and the rules of the Nasdaq to sell on our behalf all of the designated shares of voting common stock requested to be sold by us. We may instruct the Distribution Agent not to sell our voting common stock if sales cannot be effected at or above the price designated by us in any such instruction. We or the Distribution Agent, upon notice to the other party, may suspend the offering of our voting common stock under the Equity Distribution Agreement.

The Distribution Agent will provide written confirmation to us with respect to each order that we place no later than the opening of trading on the Nasdaq immediately following each day on which shares of our voting common stock are sold under the Equity Distribution Agreement. Each confirmation will include the number of shares of voting common stock sold on that day, the compensation payable by us to the Distribution Agent, and the amount of proceeds to be delivered to us against receipt of the shares of voting common stock sold.

We will pay the Distribution Agent, in cash, a commission upon each sale of shares of our voting common stock sold pursuant to the Equity Distribution Agreement, an amount equal to 2% of the gross proceeds from each sale of shares of our voting common stock sold pursuant to the Equity Distribution Agreement.

Settlement for sales of our voting common stock will occur on the second business day, or such earlier day as is industry practice for regular-way trading, following the date on which any sales were made in return for payment of the net proceeds to us. There is no arrangement for funds to be received in an escrow, trust or similar arrangement.

Under the terms of the Equity Distribution Agreement, with our consent, the Distribution Agent may also sell shares of our voting common stock by any other method permitted by law, including but not limited to negotiated transactions. Among other methods, we may sell shares of our voting common stock to the Distribution Agent, as principal for its own account, at a price agreed upon at the time of sale. If we sell shares to the Distribution Agent as principal or other than in accordance with the Equity Distribution Agreement, we will enter into a separate agreement with the Distribution Agent, and we will describe such agreement in a separate offering circular supplement.

We have agreed to reimburse the Distribution Agent up to \$110,000 for the reasonable out-of-pocket expenses incurred by it in connection with the offering (regardless of whether the sale of the voting common stock is consummated), including without limitation, disbursements, fees and expenses of the Distribution Agent’s legal counsel, reasonably incurred, and travel expenses.

The offering of shares of our voting common stock pursuant to the Equity Distribution Agreement will terminate upon the earlier of (1) the sale of all of the shares of our voting common stock subject to the Equity Distribution Agreement; (2) the termination of the Equity Distribution Agreement by us or by the Distribution Agent; or (3) such date as is required by the MBFI.

The Distribution Agent and its affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. The Distribution Agent and its affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for us, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Distribution Agent and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own accounts and for the accounts of their customers, and such investment and securities activities may involve securities and/or instruments of the issuer. The Distribution Agent and its affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

## **LEGAL MATTERS**

Certain legal matters in connection with this offering will be passed upon for us by Goodwin Procter LLP, Boston, Massachusetts, and Pierce Atwood LLP, Portland, Maine, and will be passed upon for the Distribution Agent by Nutter McClennen & Fish LLP, Boston, Massachusetts.

## **EXPERTS**

The financial statements of Northeast Bank as of June 30, 2022 and 2021 and for each of the years in the three-year period ended June 30, 2022 and the effectiveness of internal control over financial reporting as of June 30, 2022 incorporated in this offering circular by reference from the Northeast Bank Annual Report on Form 10-K for the year ended June 30, 2022 have been audited by RSM US LLP, an independent registered public accounting firm, as stated in their reports thereon, incorporated herein by reference, and have been incorporated in this offering circular in reliance upon such reports and upon the authority of such firm as experts in accounting and auditing.



**Up to \$50,000,000**

**Voting Common Stock**

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**OFFERING CIRCULAR**

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**PIPER | SANDLER**

**December 12, 2022**

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