

# New N.H. bank bucks the trend



DAVID LANE/UNION LEADER

**Primary Bank founder Bill Greiner (left) and chief executive Bill Stone greeted guests as the Bedford, N.H., bank opened on Friday.**

By [Deirdre Fernandes](#) | GLOBE STAFF AUGUST 01, 2015

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BEDFORD, N.H. — Something unusual happened in this quiet town Friday that warranted the appearance of the governor, both US senators, and a cadre of business leaders: a new bank opened.

The institution, Primary Bank, is small enough by most standards to go unnoticed. It only has one branch and under \$30 million in assets, less than a half percent of total New Hampshire bank assets. And the founders, more comfortable in khakis than suits, aren't out to revolutionize the industry with the latest mobile phone application.

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But in the aftermath of the Great Recession, the near collapse of the banking system, and the financial reforms that followed, simply opening a brick-and-mortar, community bank is enough to make national headlines and draw the attention of politicians and even campaigning GOP presidential contenders.

Primary Bank is only the fourth new bank to open in the country since 2010 and the sole one to do so this year. Prior to 2008, on average 100 banks received charters every year.

"This is really exciting news not just for Bedford, or New Hampshire, but for the country," US Senator Jeanne Shaheen told a crowd gathered in front of the bank in a shopping center along Route 101.

Bill Greiner, a local restaurant owner and founder of the bank, said he wanted to open a local bank focused on lending to area small businesses. Some of the banks he had deposits with and received loans from had in recent years been sold to bigger banks, he said, or were constrained from making loans because their parent company had problems elsewhere in the country or world and didn't want to take on any additional risks.

Three New Hampshire banks have been swallowed by larger financial institutions in the past three years. Most recently, Eastern Bank, the largest community bank in Massachusetts, entered the New Hampshire market with its purchase in 2014 of Bedford-based commercial lender Centrix Bank & Trust.

"When you're part of a bigger bank, you are focused on bigger deals," Greiner said. "We saw an opportunity."

But persuading others, especially investors, that a new bank is a good bet was a challenge.

“It’s a harder sell,” said Pat Rohan, a managing director for New Jersey-based FinPro Inc., a consulting company that worked with Primary Bank. “Investors are wary.”

That may be why so few banks have been launched in recent years, regulators and bank experts said.

They blame a number of factors, from the weak economy and low interest rates that have cut into bank profits, to stricter oversight and higher capital requirements, that increase costs.

In a report last year, the Federal Reserve noted, “the presence of a structural shift in the 2010-and-after period, though it remains unclear if this effect is transitory or persistent, regulatory or nonregulatory.”

Still, after more than three years, Greiner and his partners persuaded 385 investors to put in \$29 million to launch the bank. Most of the investors are business owners from New Hampshire, who Greiner anticipates will take out loans with Primary Bank and encourage their friends to do the same.

Unlike older, more established banks, Primary also doesn’t have the additional expense of replacing technology, so it can keep some of its costs down, Greiner said.

Whether there will be a market for another bank, even with its intensely local focus, remains to be seen. Eastern Bank has done well since entering the New Hampshire market, said Andy Ravens, a spokesman for the Massachusetts institution. The bank had the best June for small business lending since Centrix was founded in 1998, he said.

“We’re out there, we’re lending,” Raven said. “We’re not aware of a lot of folks out there who are qualified not getting cash.”

Still, other banks say Primary could have a shot at grabbing some of the market. Two other banks, Bangor Savings Bank in Maine and Hyde Park-based Blue Hills Bank, have invested in Primary.

William Parent, the president of Blue Hills, said southern New Hampshire is a growing market that isn’t saturated with community banks and the investment is a way for his bank to enter the community without all the overhead costs.

Primary will only be able to lend up to \$4 million for each borrower, but if a customer needs more it can bring in Blue Hills or Bangor Savings .

“It’s a good investment,” said Parent. “I’m not sure I’d be an advocate [of new] banks in Eastern Mass. There’s enough competition, even too much competition, here.”

And if Primary’s leaders ever decide to sell the bank several years down the road, Blue Hills will have built relationships with the bank’s leadership and its customers, Parent said.

Primary Bank officials said any discussions about selling the bank are premature. Any decisions on the bank’s future will be made by directors and shareholders, most of whom are from New Hampshire, they said. “Who can predict where things will be X years down the road?” Greiner asked.

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