

## FY 2018 Q2 Investor Call



# Forward-Looking Statement

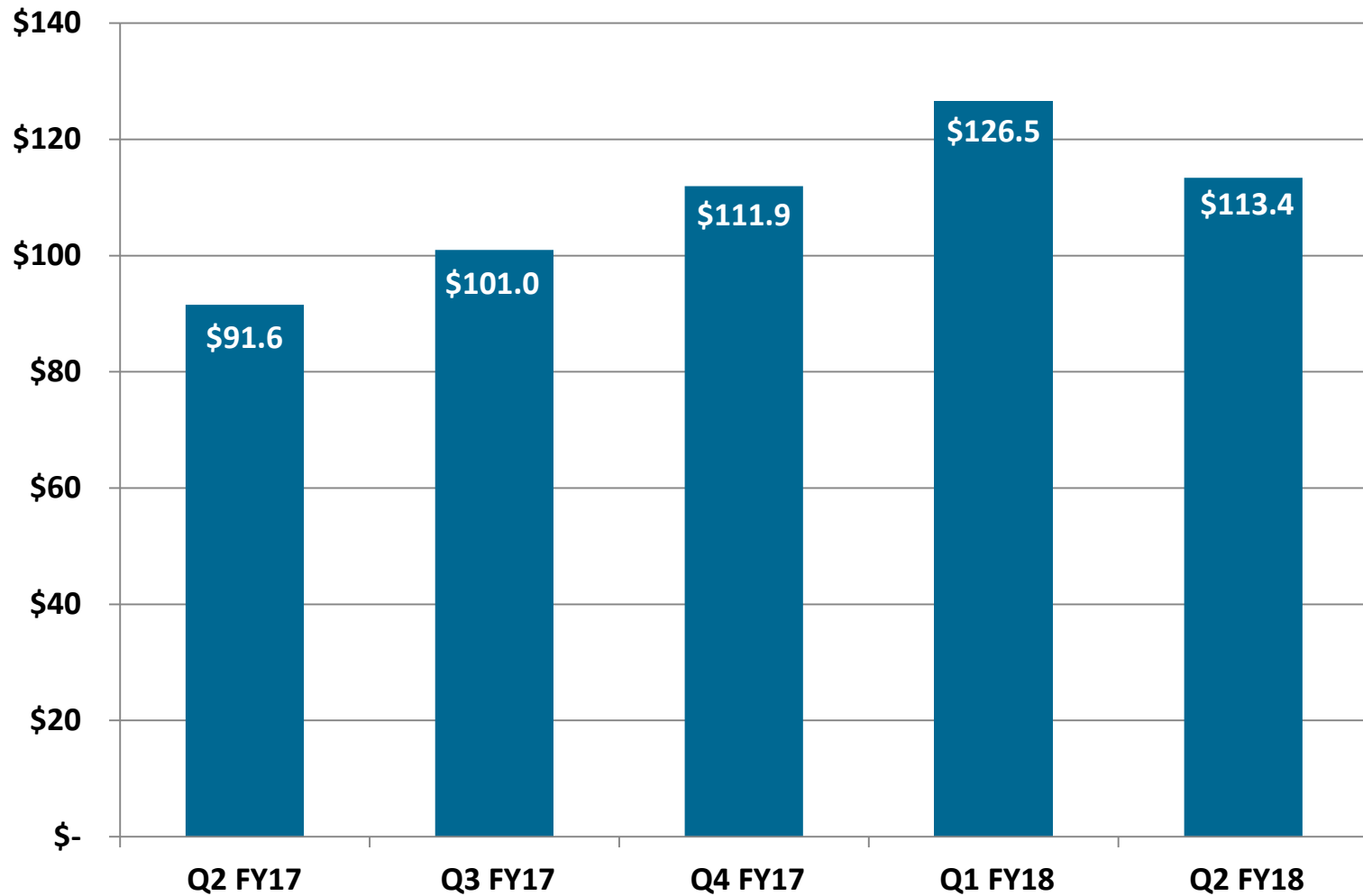
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Statements in this presentation that are not historical facts are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and are intended to be covered by the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Although Northeast 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, and other factors. You should not place undue reliance on our forward-looking statements. You should exercise caution in interpreting and relying on forward-looking statements because they are subject to significant risks, uncertainties and other factors which are, in some cases, beyond the Company's control. The Company's actual results could differ materially from those projected in the forward-looking statements as a result of, among other factors, changes in interest rates and real estate values; competitive pressures from other financial institutions; the effects of weakness in general economic conditions on a national basis or in the local markets in which the Company operates, including changes which adversely affect borrowers' ability to service and repay our loans; 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; operational risks including, but not limited to, cybersecurity, fraud and natural disasters; the risk that the Company may not be successful in the implementation of its business strategy; the risk that intangibles recorded in the Company's financial statements will become impaired; changes in assumptions used in making such forward-looking statements; and the other risks and uncertainties detailed in the Company's Annual Report on Form 10-K and updated by the Company's Quarterly Reports on Form 10-Q and other filings submitted to the Securities and Exchange Commission. These statements speak only as of the date of this presentation and the Company does not undertake any obligation to update or revise any of these forward-looking statements to reflect events or circumstances occurring after the date of this communication or to reflect the occurrence of unanticipated events.

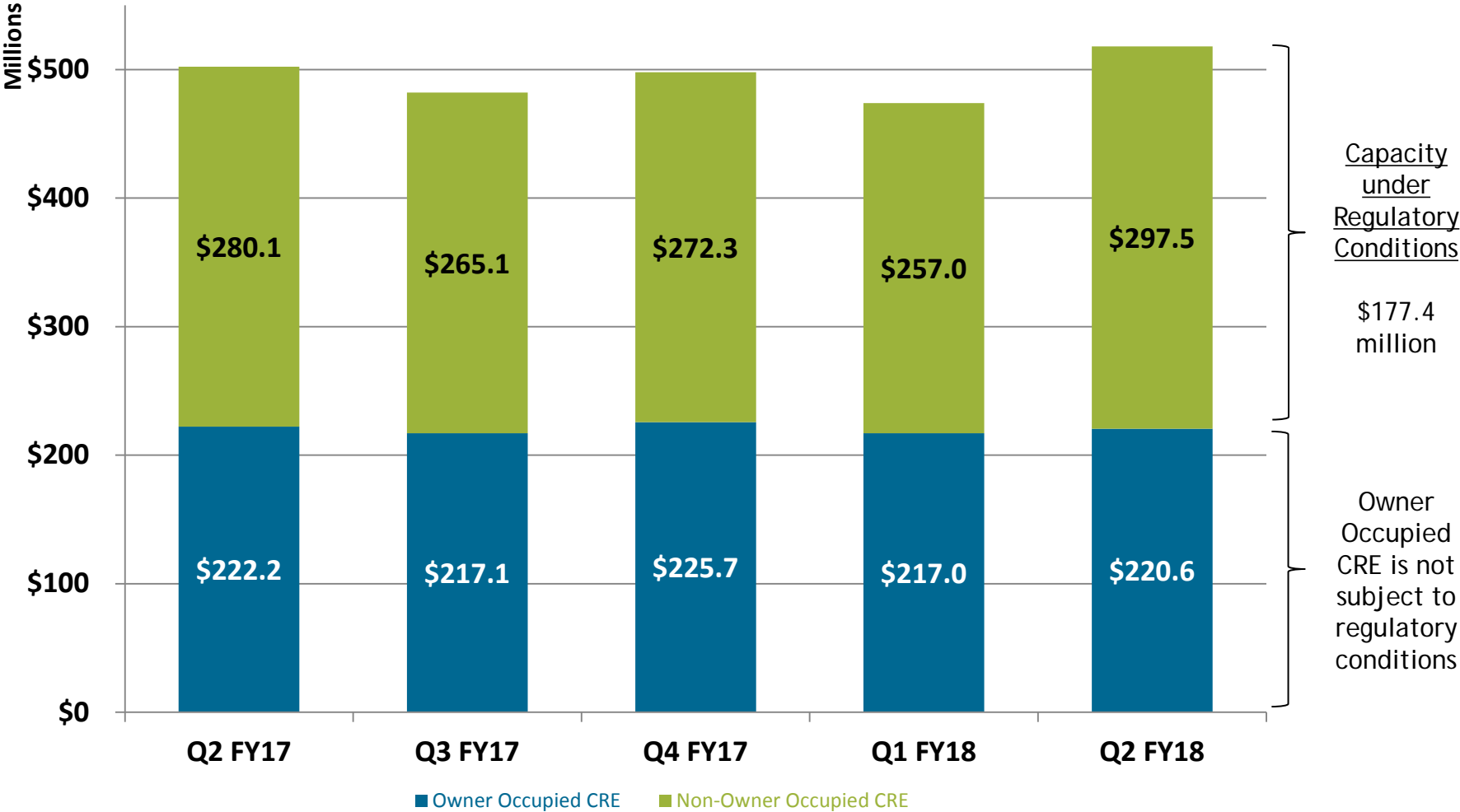
## Q2 FY18 and YTD FY18 Highlights

	Q2 FY18	YTD FY18
<b>Total Loan Volume</b>	\$101.8 million	\$176.3 million
<b>LASG:</b>		
<b>Purchased Loans</b>	\$34.8 million invested on \$38.2 million of UPB <sup>(1)</sup> (91.1% purchase price)	\$38.5 million invested on \$42.5 million of UPB <sup>(1)</sup> (90.4% purchase price)
<b>Originated Loans</b>	\$44.3 million	\$85.1 million
<b>Community Bank:</b>		
<b>Residential Mortgage Originations</b>	\$17.2 million	\$39.0 million
<b>Commercial Originations</b>	\$1.0 million	\$1.4 million
<b>SBA:</b>		
<b>Originations<sup>(2)</sup></b>	\$4.5 million	\$12.3 million
<b>Sales</b>	\$3.4 million	\$12.5 million
<b>Gain on Sale</b>	\$0.3 million	\$1.4 million
<b>Net Interest Margin</b>	4.93%	5.03%
<b>Purchased Loan Yield<sup>(3)</sup></b>	11.00%	11.65%
<b>Share Repurchases<sup>(4)</sup></b>	None	None
<b>Earnings</b>	\$3.3 million	\$7.9 million
<b>EPS (Diluted)</b>	\$0.36	\$0.86
<b>Return on Equity</b>	10.20%	12.37%
<b>Return on Assets</b>	1.26%	1.49%

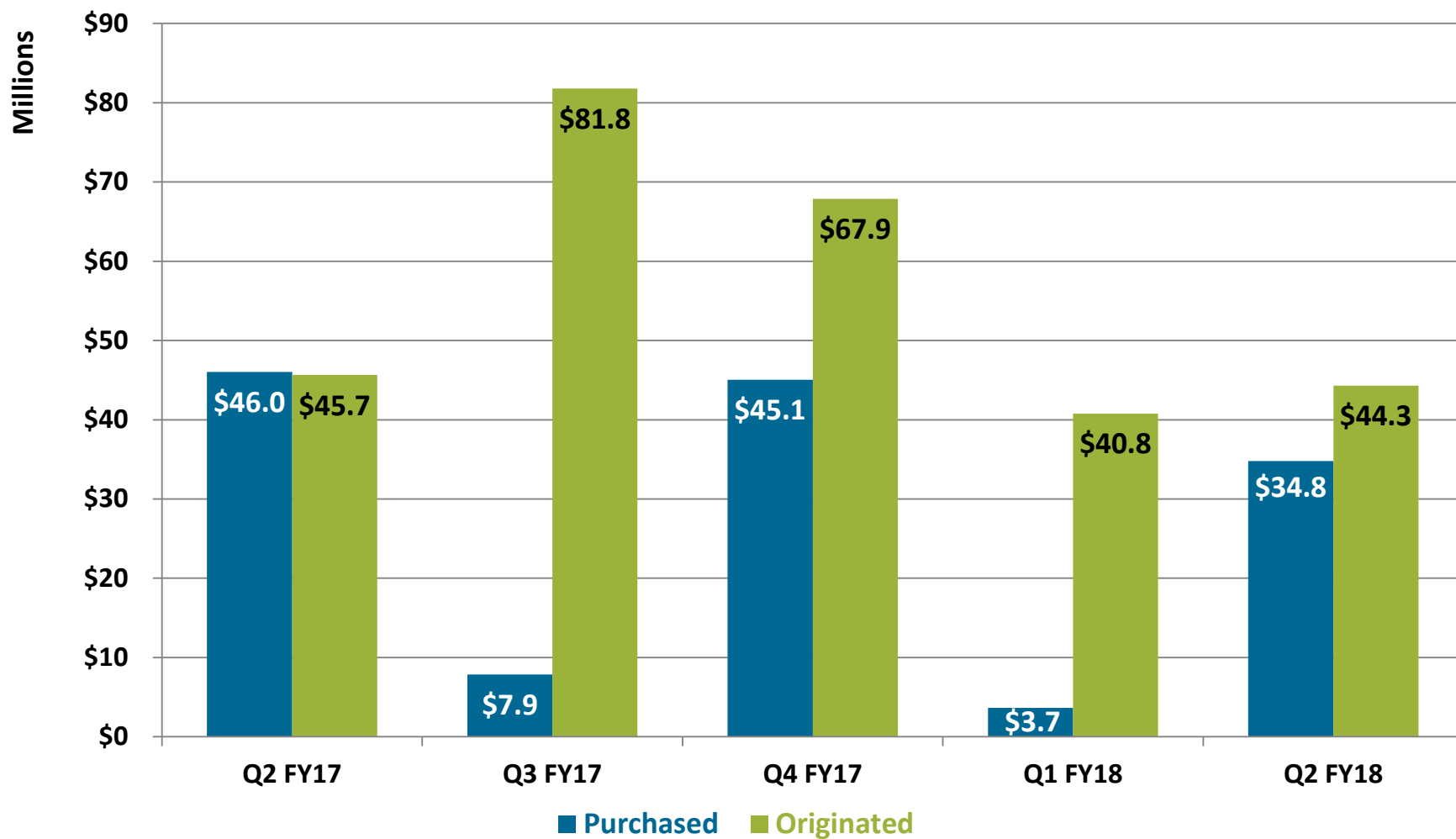
## Loan Purchasing Capacity By Trailing 5 Quarters<sup>(1)</sup>



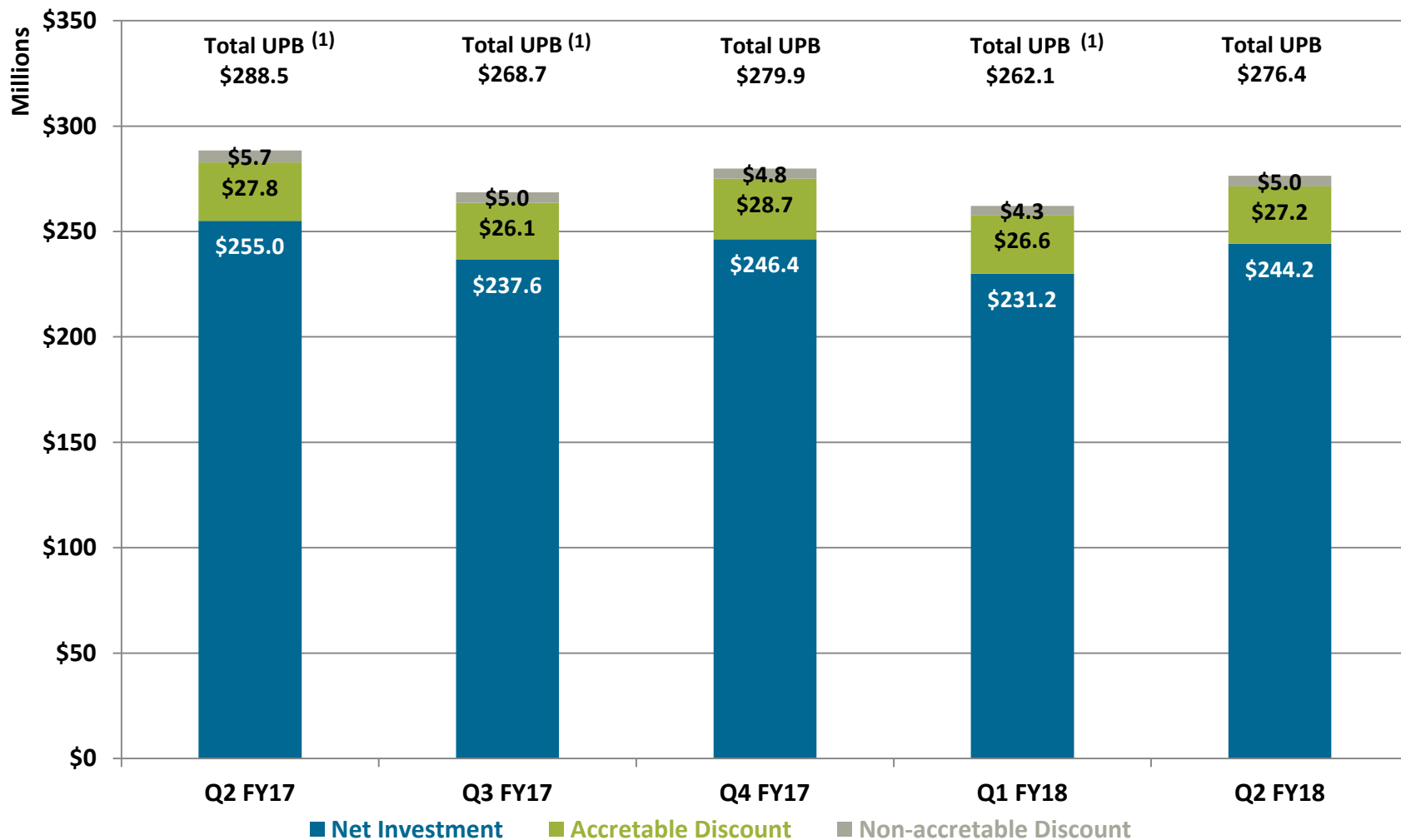
# CRE Activity and Capacity By Trailing 5 Quarters



## LASG Activity By Trailing 5 Quarters



# Purchased Loan Investment Basis and Discount Growth By Trailing 5 Quarters



(1) Q2 FY 17, Q3 FY 17 and Q1 FY 18 includes \$975 thousand, \$974 thousand, and \$1.2 million, respectively, of the guaranteed portion of SBA loans, which are held for sale

# LASG Portfolio – Q2 FY18 Return Summary as of December 31, 2017<sup>(1)</sup>

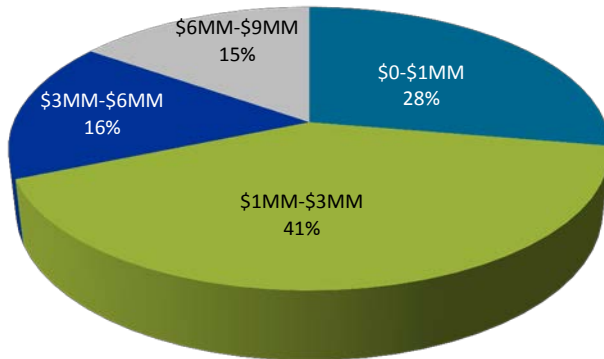
	<u>Purchased</u>	<u>Originated</u>	<u>Total</u>
Regularly Scheduled Interest & Accretion	7.71%	6.49%	7.04%
Accelerated Accretion & Fees Recognized on Loan Payoffs	3.29%	0.00%	1.27%
<b>Total</b>	<b>11.00%</b>	<b>6.49%</b>	<b>8.31%</b>

(1) The total return on purchased loans represents scheduled accretion, accelerated accretion, gains on asset sales, and other noninterest income recorded during the period divided by the average invested balance, which includes loans held for sale, on an annualized basis. The total return does not include the effect of purchased loan charge-offs or recoveries in the quarter. Total return is considered a non-GAAP financial measure.



# LASG Loan Portfolio Statistics as of December 31, 2017

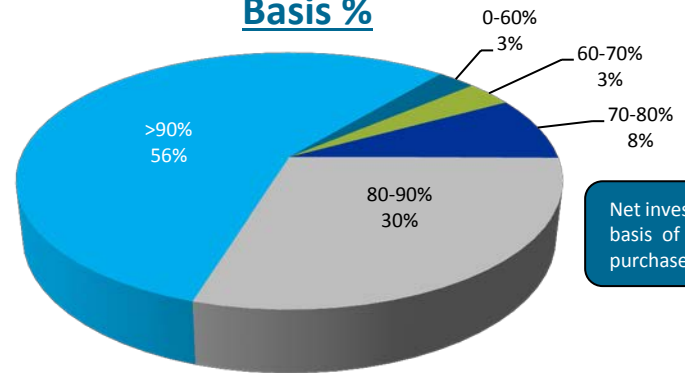
## Investment Size



• Average investment size of \$743k/loan

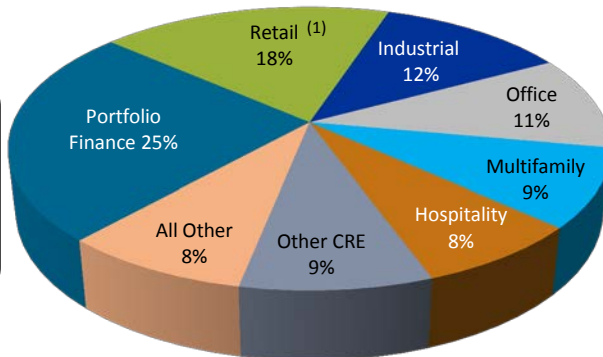
## Purchased Loan Net Investment

### Basis %



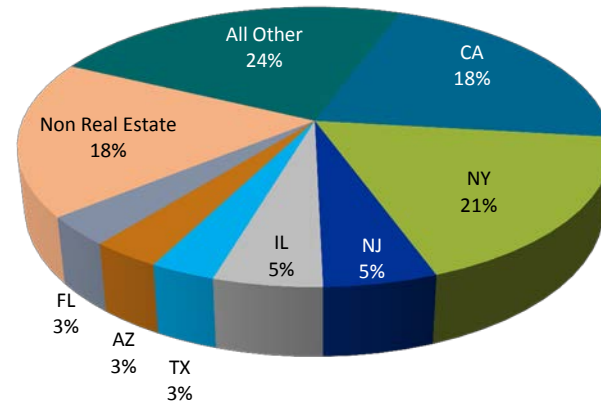
Net investment basis of 88% for purchased loans

## Collateral Type



Diverse collateral types focused primarily in five major real estate sectors: office, industrial, retail/mixed use, hospitality, and multifamily

## Collateral State

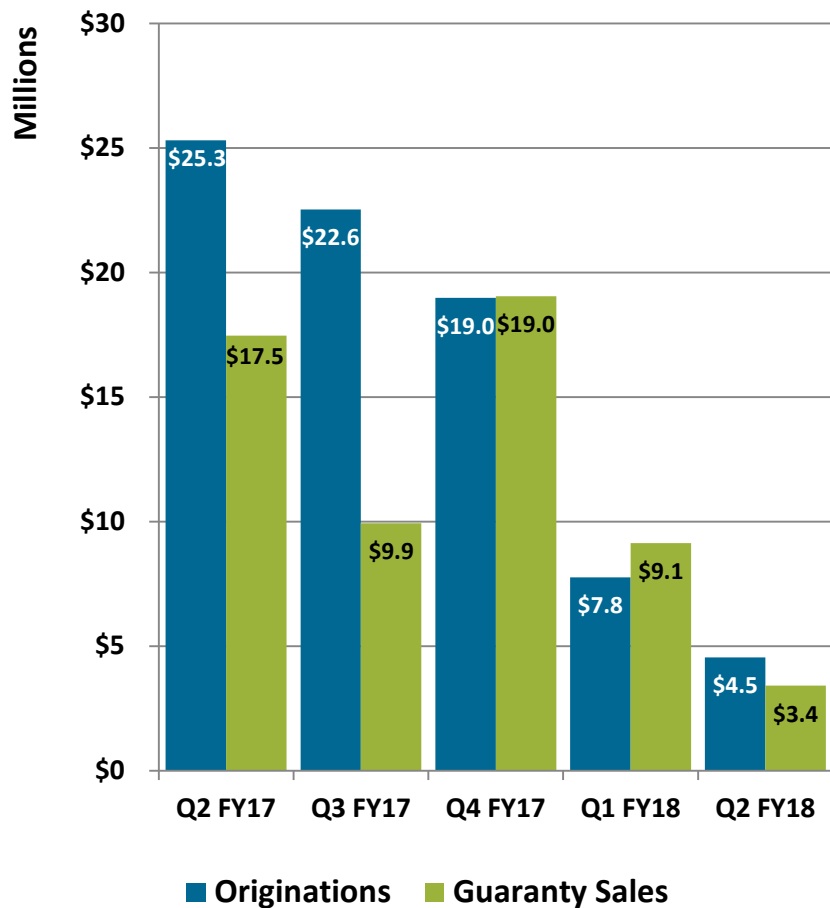


• Geographically diverse with collateral in 40 different states

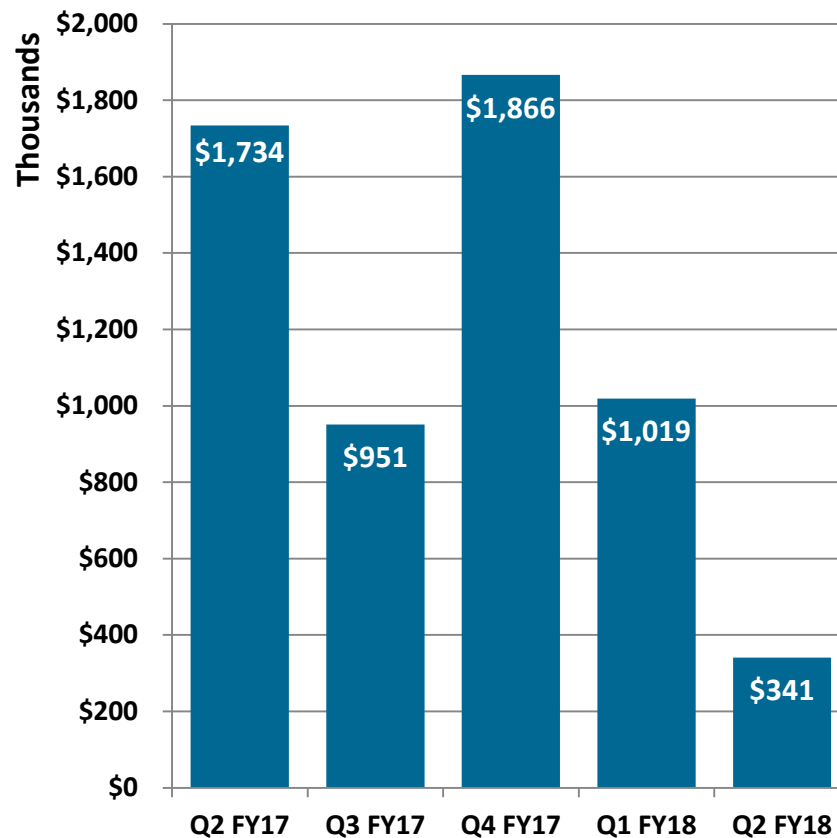
• CA and NY represent combined 39% of portfolio

# SBA Division Activity

## Originations & Guaranty Sales<sup>(1)</sup>



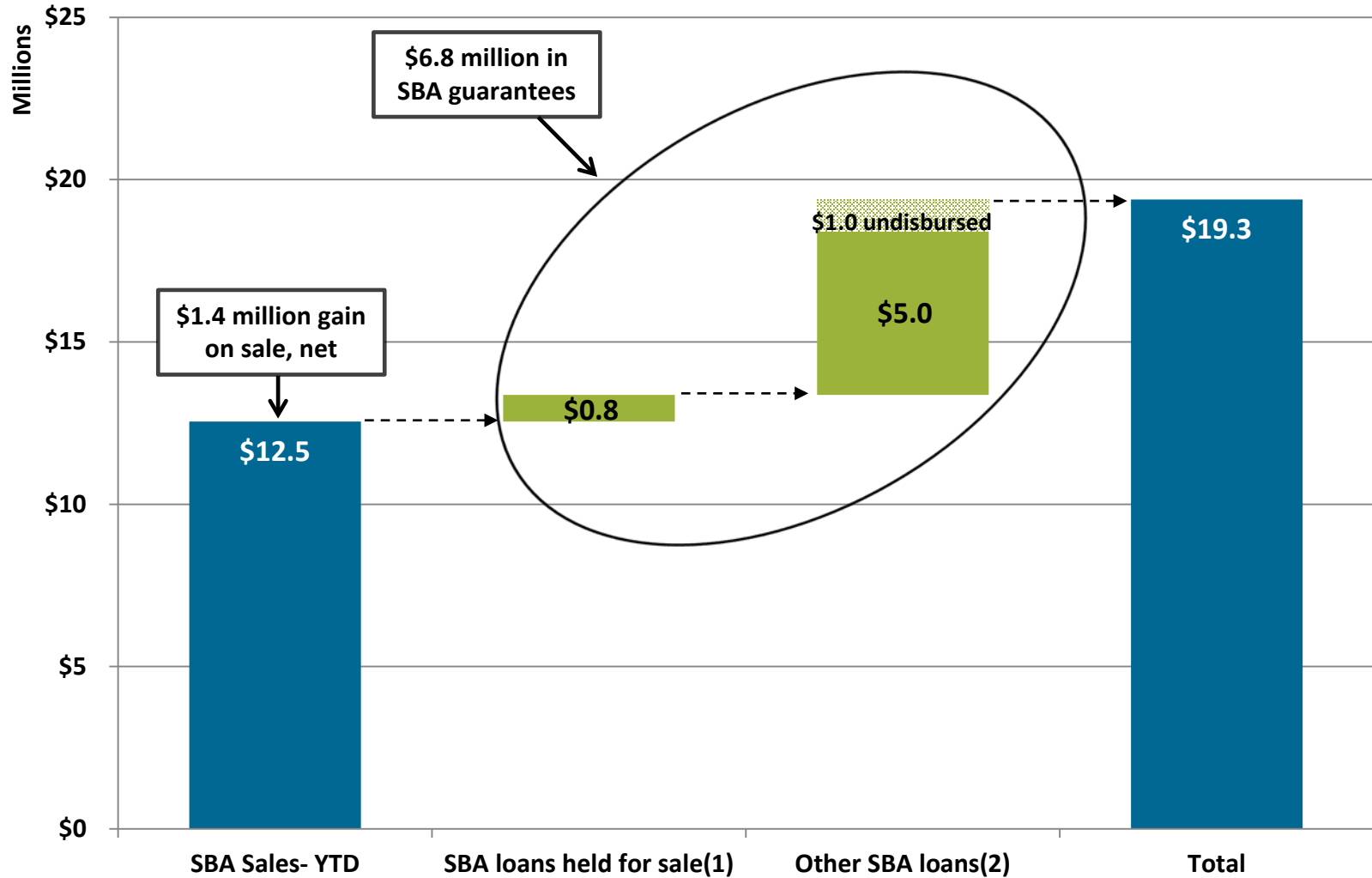
## Net Gain on Sale<sup>(2)</sup>



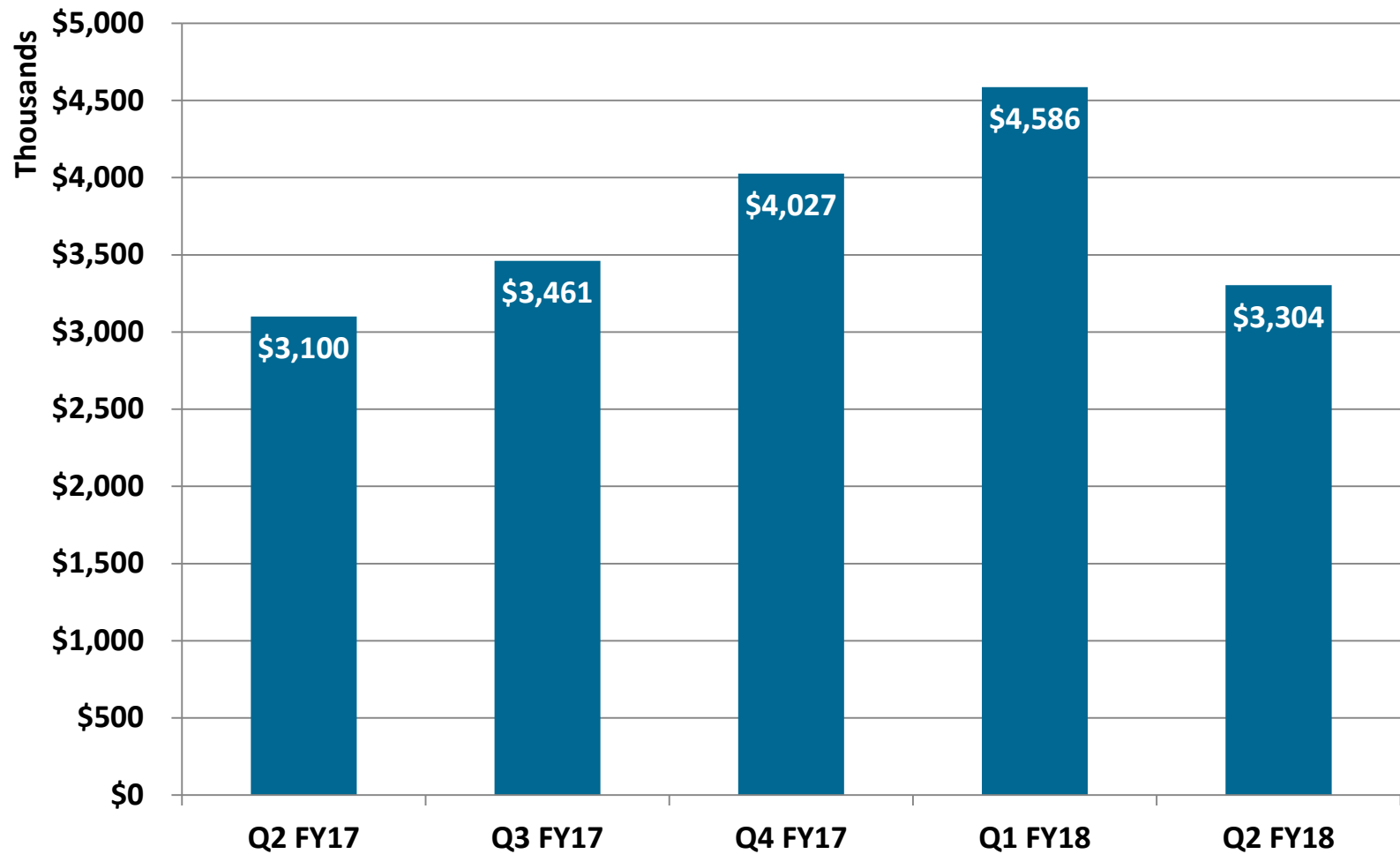
(1) Loan sales include originations from both current and prior quarters

(2) Servicing asset included in net gain by quarter: Q2 FY17: \$428 thousand; Q3 FY17: \$193 thousand; Q4 FY17: \$416 thousand; Q1 FY18: \$234 thousand; and Q2 FY18: \$85 thousand

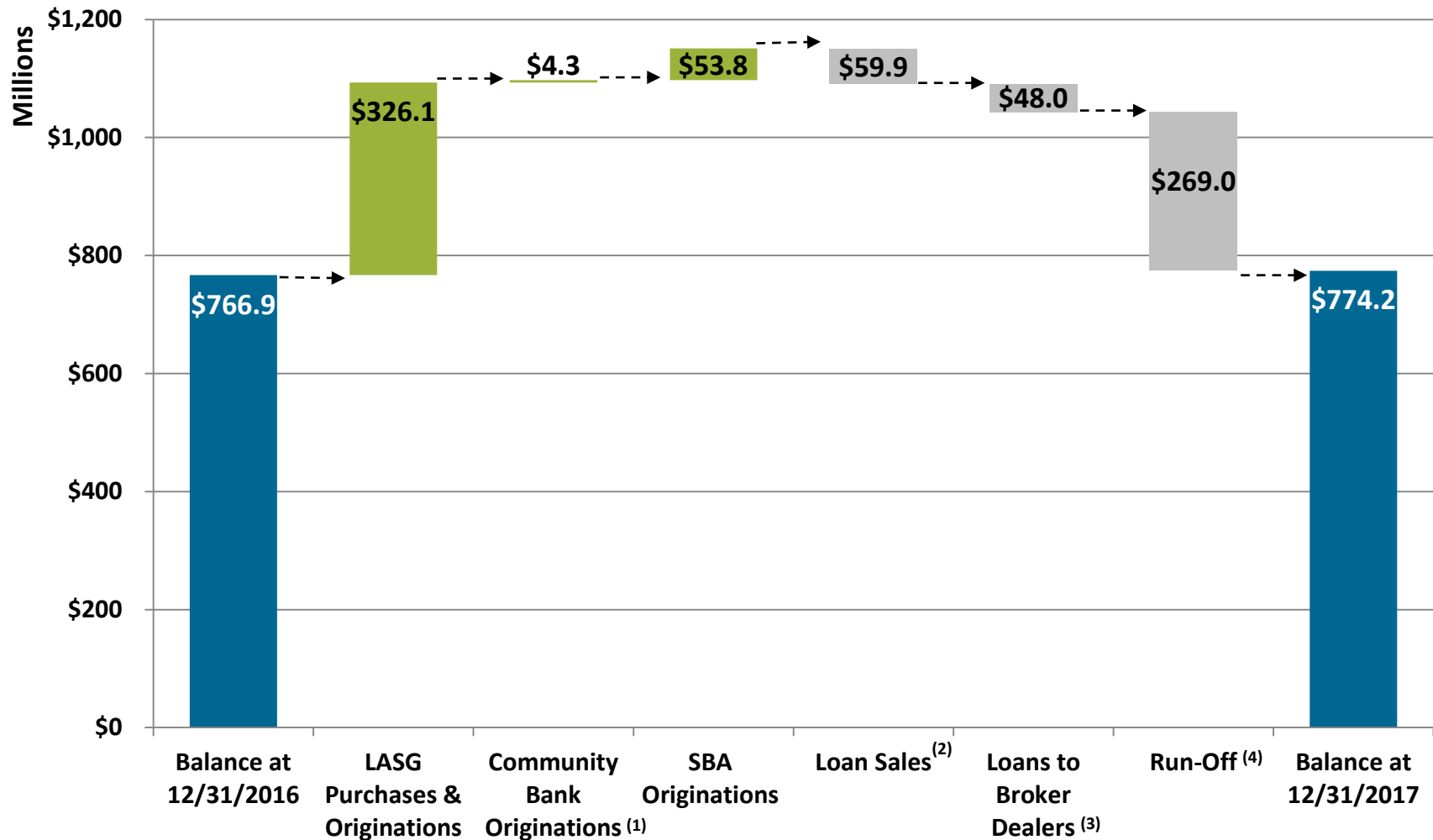
# SBA Sale Pipeline



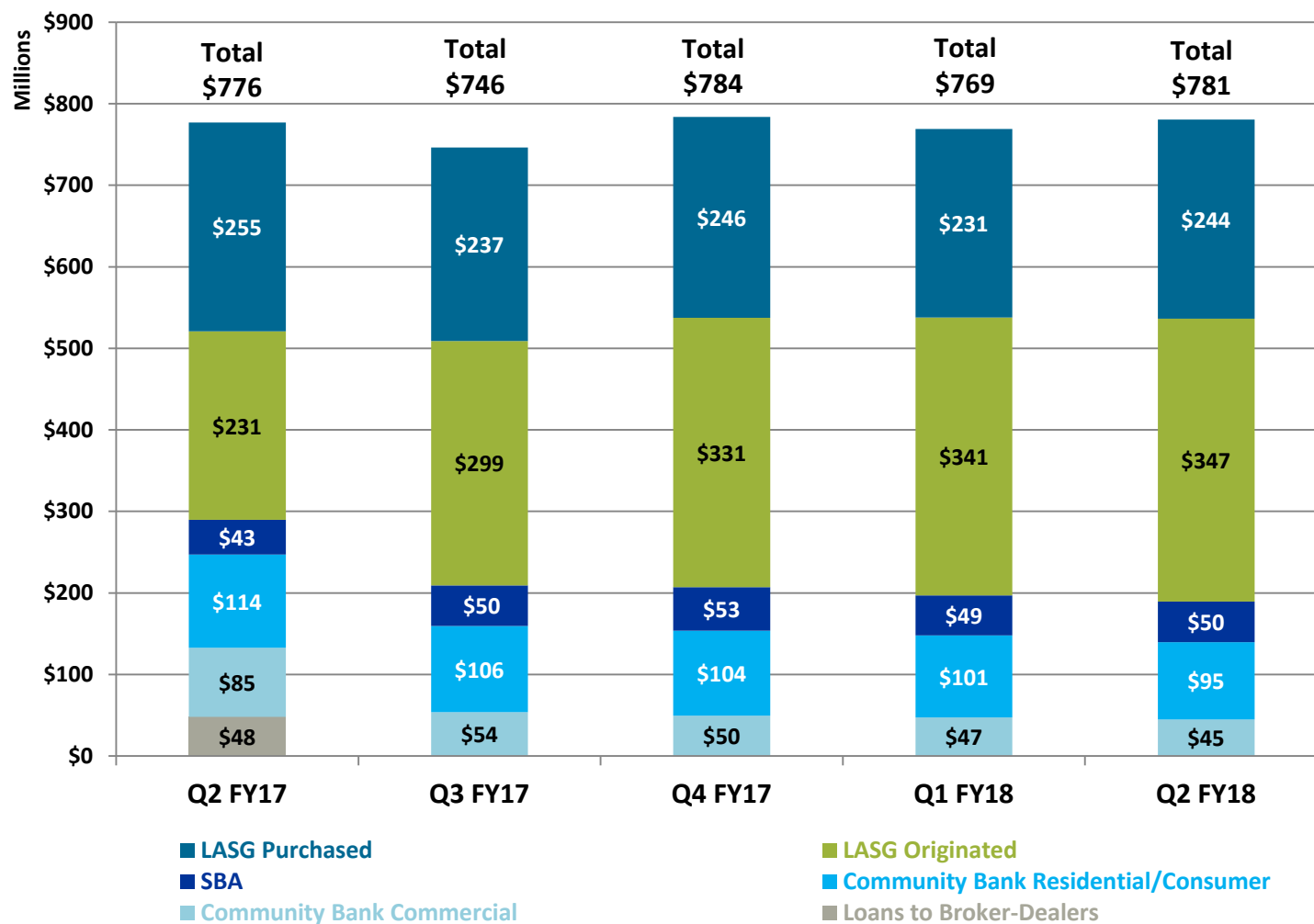
## Net Income For Trailing 5 Quarters



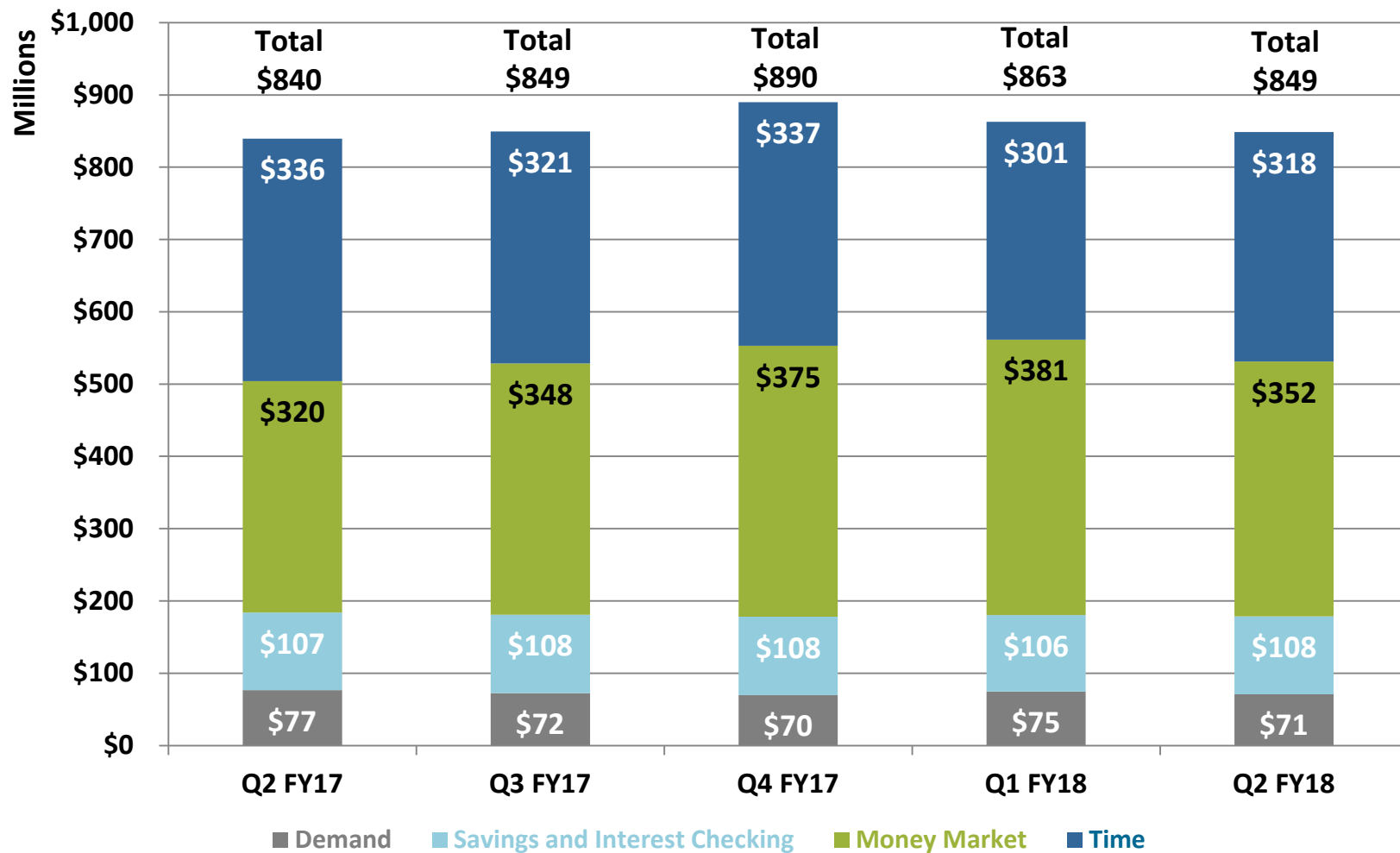
# Loan Portfolio Roll Forward: Trailing Twelve Months



# Loan Mix As of Trailing 5 Quarter Ends<sup>(1)</sup>

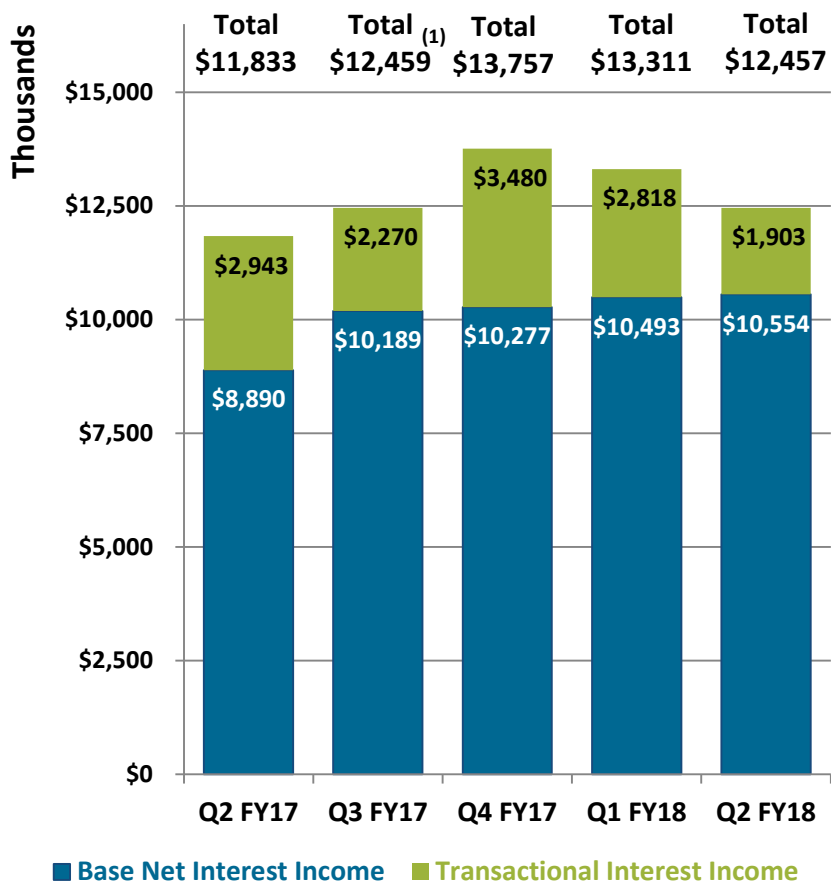


# Deposit Mix By Trailing 5 Quarter Ends

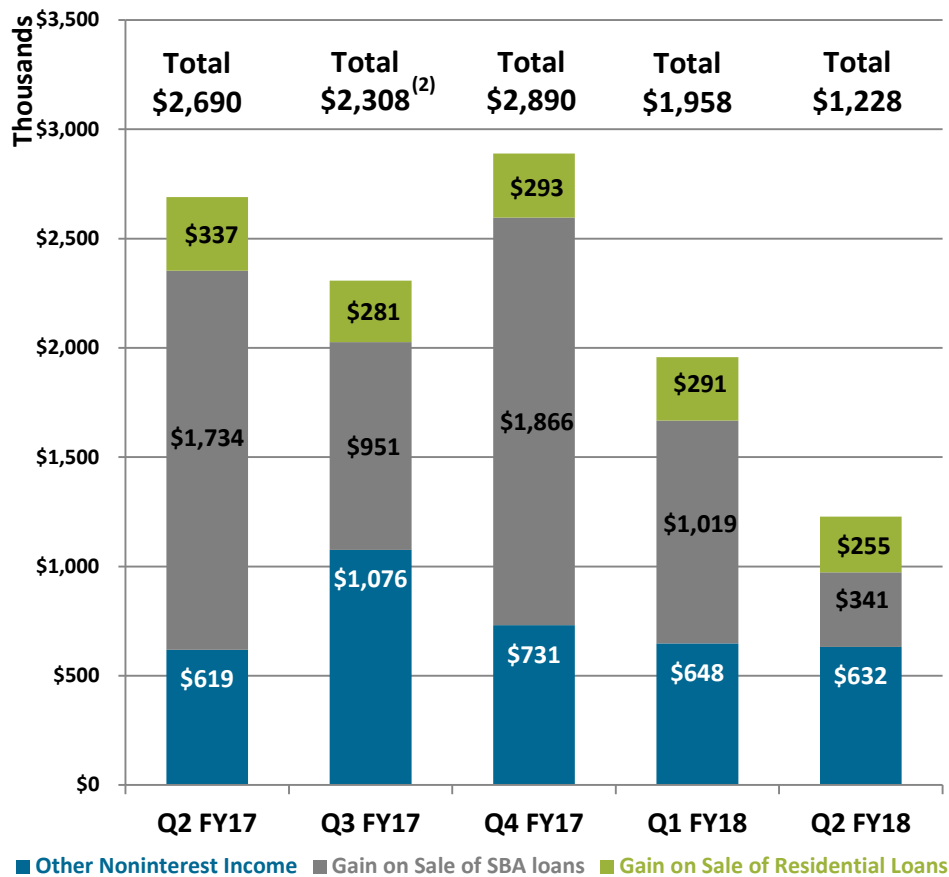


# Key Components of Income For Trailing 5 Quarters

## Net Interest Income Before Loan Loss Provision



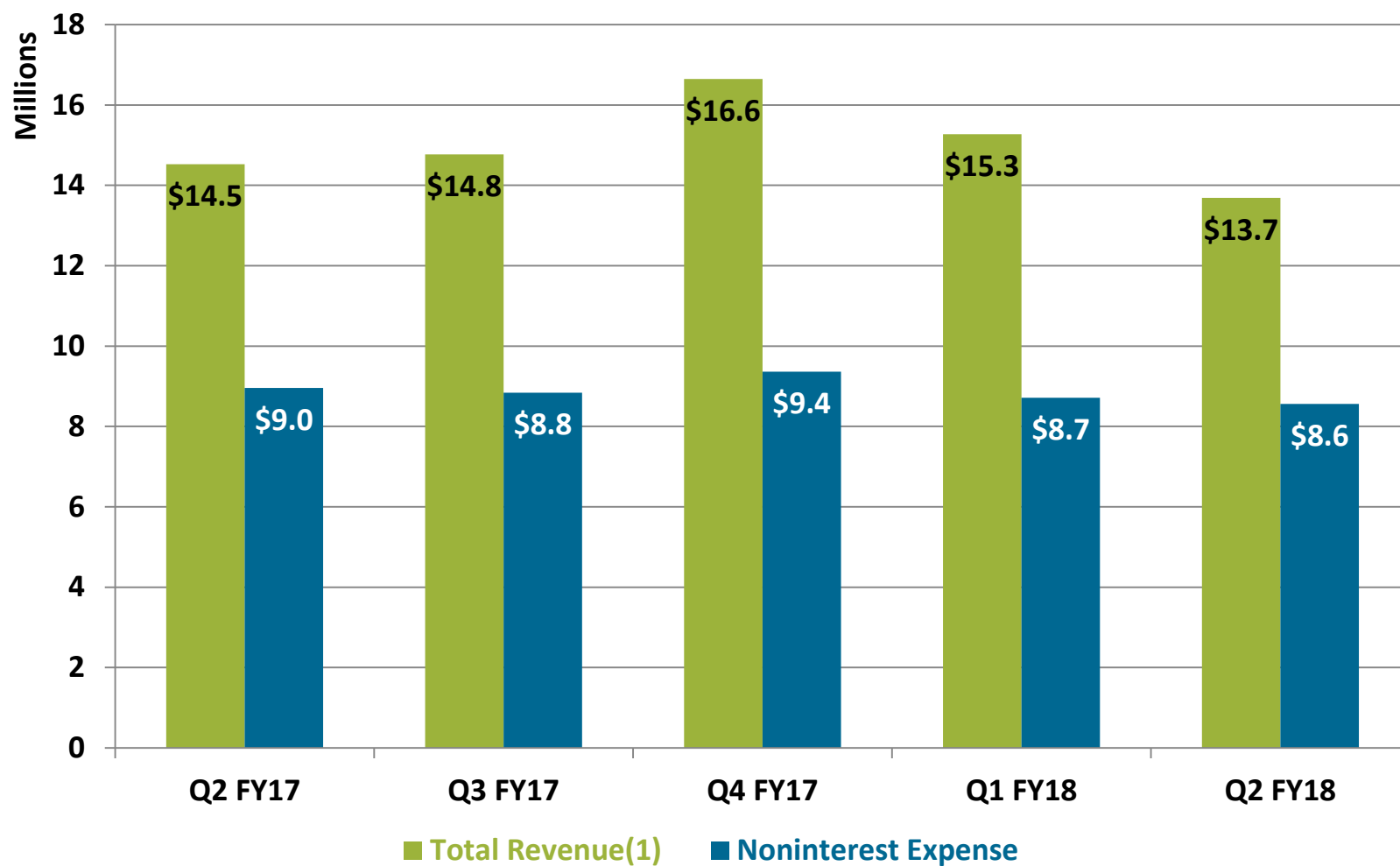
## Noninterest Income



(1) Includes \$203 thousand of Community Banking Division prepayment fees related to four loans in Q3 FY17  
 (2) Includes \$365 thousand gain on sale of a Community Banking Division commercial loan portfolio in Q3 FY17



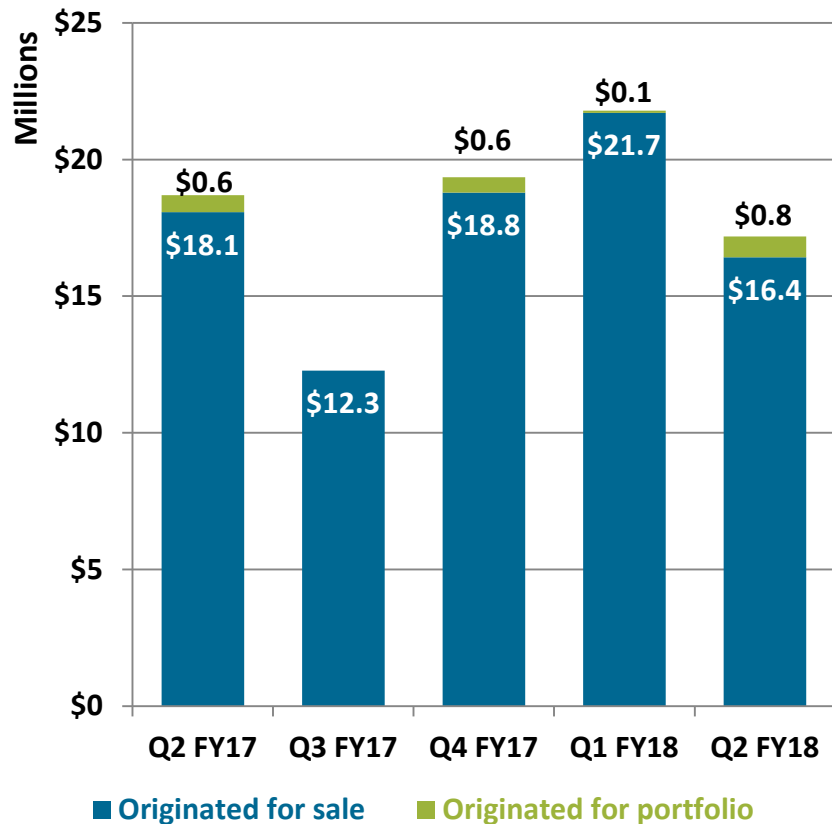
## Revenue and Noninterest Expense for Trailing 5 Quarters



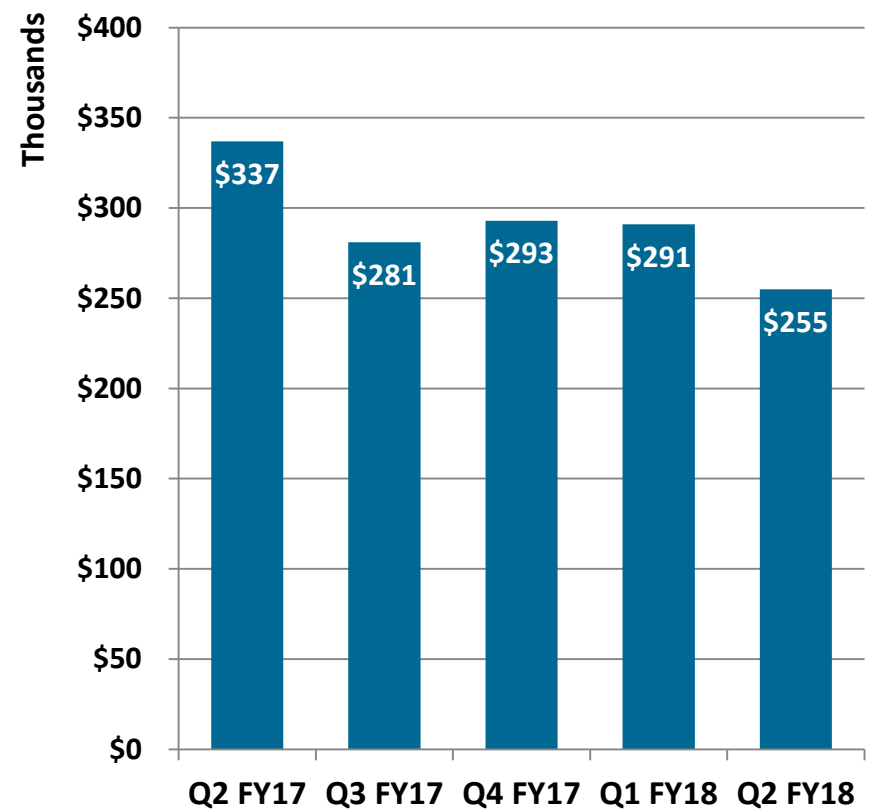
(1) Total Revenue includes net interest income before loan loss provision and noninterest income

# Residential Mortgage Originations & Gain On Sale By Trailing 5 Quarters

## Residential Mortgage Originations

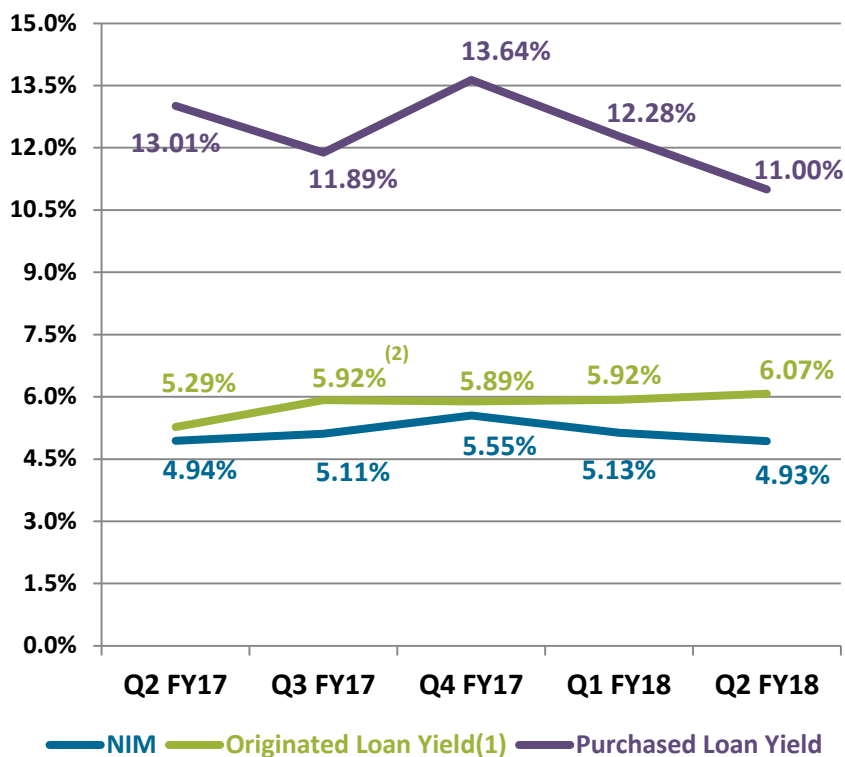


## Residential Mortgage Gain On Sale

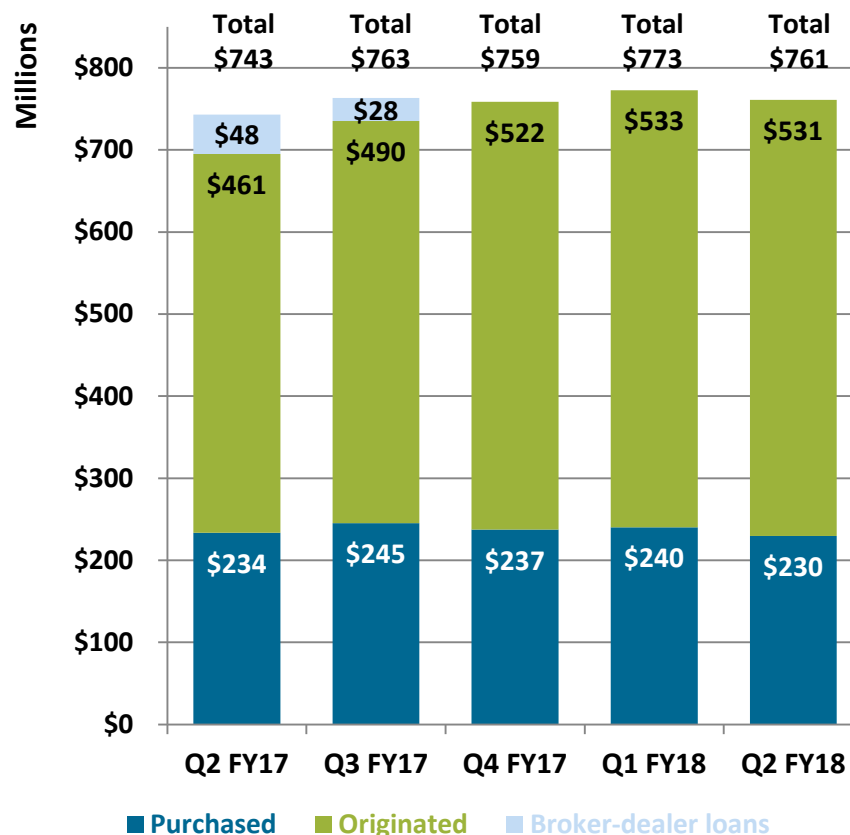


# Loan Performance & Average Loan Balance For Trailing 5 Quarters

## Loan Performance



## Average Loan Balance For Trailing 5 Quarters<sup>(3)</sup>



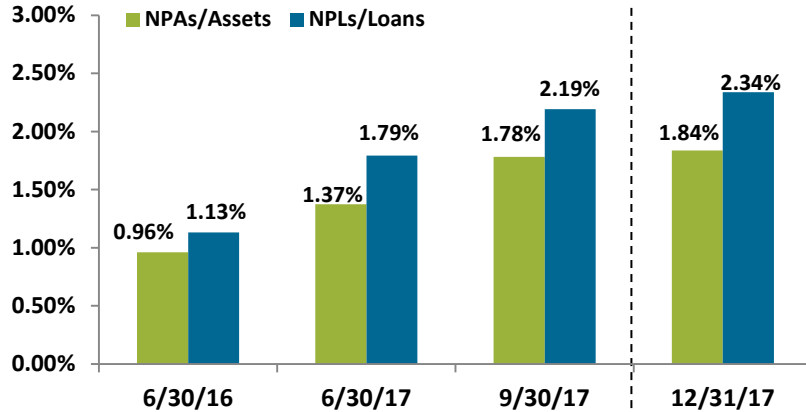
(1) Excludes secured loans to broker-dealers

(2) Originated loan yield includes \$203 thousand (17 bps) of Community Banking Division prepayment fees related to four loans in Q3 FY17

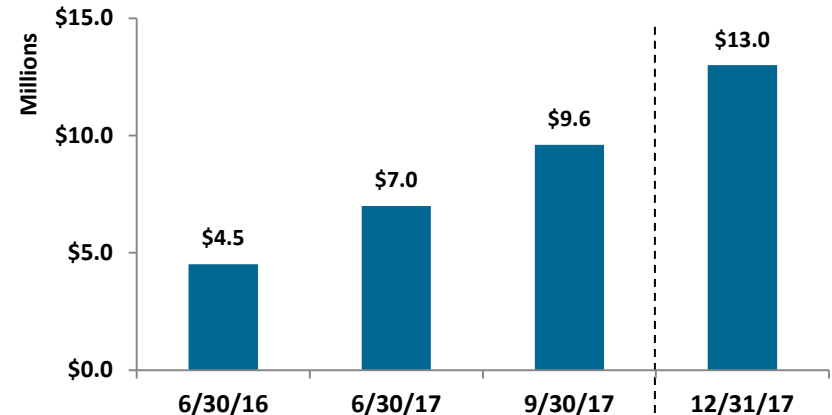
(3) Includes loans held for sale

# Asset Quality Metrics

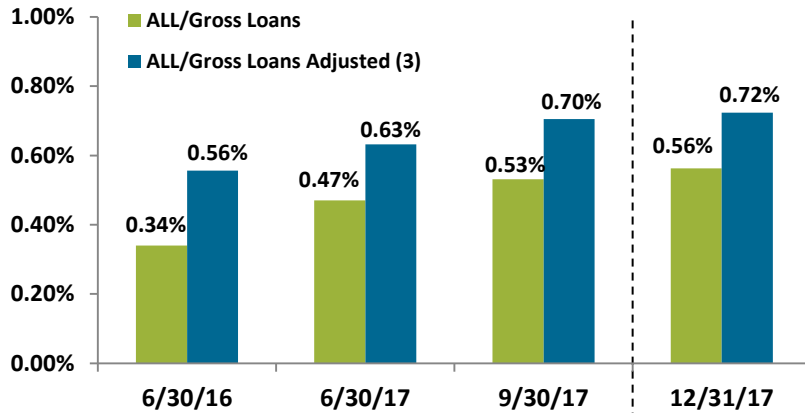
## NPAs / Total Assets & NPLs / Total Loans



## Classified Commercial Loans<sup>(1)</sup>



## Allowance for Loan Losses / Gross Loans



## NCOs / Average Loans<sup>(2)</sup>

