Northeast Bank Announces Sale of Paycheck Protection Program Loans

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PORTLAND, Maine, March 04, 2021 (GLOBE NEWSWIRE) -- Northeast Bank (the "Bank") (NASDAQ: NBN), a Maine-based full-service bank, announced today that it has entered into a Loan Purchase and Sale Agreement (the "Loan Sale Agreement") with The Loan Source, Inc. ("Loan Source") to sell to Loan Source all loans originated by the Bank under the current round of the Small Business Administration's ("SBA") Paycheck Protection Program ("PPP"). From January 11, 2021 through February 26, 2021, the Bank had received SBA approval for $1.84 billion of PPP loans, of which $1.65 billion have been funded. After amortizing previously unamortized PPP loan origination fees and other costs, the Bank expects to realize a pre-tax gain of approximately $26.0 million, or an after-tax gain of approximately $18.2 million, in the current fiscal quarter on the sale of the $1.65 billion of funded PPP loans.

Pursuant to the Bank's previously disclosed Correspondent Agreement ("Correspondent Agreement") with Loan Source and ACAP SME, LLC ("ACAP"), the Bank will continue to act as correspondent for Loan Source in connection with Loan Source's pledge of PPP loans to the Federal Reserve Bank of Minneapolis under the Paycheck Protection Program Liquidity Facility ("PPPLF") and ACAP will continue to act as loan service provider for the PPP loans pledged by Loan Source. Under the Correspondent Agreement, the Bank receives correspondent fee income in the amount of 50% of the net servicing income earned on the loans pledged by Loan Source. Through February 26, 2021, Loan Source had purchased $4.72 billion in principal amount of PPP loans, which will increase by the $1.65 billion to be purchased from the Bank and any additional PPP loans sold to Loan Source as discussed above.

The Bank continues to originate PPP loans, which it will sell to Loan Source along with the remaining SBA approved and unfunded PPP loans under the terms of the Loan Sale Agreement until the PPPLF is closed. However, the Bank does not expect the volume of PPP loan originations to continue at the same rate of PPP loan originations previously closed.

"At the end of Round 1 of the PPP program in August 2020, we, along with our loan service provider, ACAP, anticipated that Congress would recognize the need for and enact legislation to provide additional PPP funds," said Rick Wayne, President and Chief Executive Officer. "During the period from the end of Round 1 until Economic Aid Act was passed on December 27, 2020, we made significant investments in marketing to generate more leads and technology to assist in our thorough underwriting process. These investments have paid off well. On February 28, 2021, the SBA reported that Northeast Bank was the eleventh largest Round 2 PPP lender in dollar volume." Mr. Wayne continued, "We are proud to continue to assist so many small businesses and employees around the country."

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 nine branches. 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*.

Forward-Looking Statements

Statements in this press release 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 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, 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 Bank's control. The Bank's actual results could differ materially from those projected in the forward-looking statements as a result of, among other factors, the negative impacts and disruptions of the COVID-19 pandemic and measures taken to contain its spread on our employees, customers, business operations, credit quality, financial position, liquidity and results of operations; the length and extent of the economic contraction resulting from the COVID-19 pandemic; continued deterioration in employment levels, general business and economic conditions on a national basis and in the local markets in which the Bank operates, including changes which adversely affect borrowers' ability to service and repay our loans; changes in customer behavior due to changing political, business and economic conditions or legislative or regulatory initiatives; turbulence in the capital and debt markets; changes in interest rates and real estate values; increases in loan defaults and charge-off rates; decreases 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; competitive pressures from other financial institutions; operational risks including, but not limited to, cybersecurity incidents, fraud, natural disasters and future pandemics; the risk that the Bank may not be successful in the implementation of its business strategy; the risk that intangibles recorded in the Bank'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 Bank's Annual Report on Form 10-K and updated by our Quarterly Reports on Form 10-Q and other filings submitted to the Federal Deposit Insurance Corporation. These statements speak only as of the date of this release and the Bank 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.

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



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