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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): April 25, 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.

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**Item 2.02          Results of Operations and Financial Condition**

On April 25, 2022, Northeast Bank (the "Bank"), issued a press release announcing its earnings for the third quarter of fiscal 2022 and declaring the payment of a dividend. The full text of this press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

The information contained herein, including the exhibit attached hereto, is furnished pursuant to Item 2.02 of this Form 8-K and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section. Further, the information in this report (including the exhibits hereto) are not to be incorporated by reference into any of the Bank's filings under the Securities Act of 1933, as amended, whether filed prior to or after the furnishing of these certificates, regardless of any general or specific incorporation language in such filing.

**Item 9.01          Financial Statements and Exhibits**  
(c)                  Exhibits**Exhibit No.          Description**

99.1                  Press Release dated April 25, 2022

**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 hereunder duly authorized.

NORTHEAST BANK

By: /s/ Jean-Pierre Lapointe

Name: Jean-Pierre Lapointe

Title: Chief Financial Officer

Date: April 25, 2022

**EXHIBIT INDEX**

| <u>Exhibit No.</u> | <u>Description</u>                 |
|--------------------|------------------------------------|
| 99.1               | Press Release dated April 25, 2022 |

**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

**Northeast Bank Reports Third Quarter Results and Declares Dividend**

Portland, ME (April 25, 2022) – Northeast Bank (the “Bank”) (NASDAQ: NBN), a Maine-based full-service bank, today reported net income of \$10.6 million, or \$1.36 per diluted common share, for the quarter ended March 31, 2022, compared to net income of \$34.2 million, or \$4.06 per diluted common share, for the quarter ended March 31, 2021. Net income for the nine months ended March 31, 2022 was \$31.9 million, or \$3.98 per diluted common share, compared to \$50.1 million, or \$6.01 per diluted common share, for the nine months ended March 31, 2021. Net income for the three and nine months ended March 31, 2021 included \$33.0 million of net gains on the sale of U.S. Small Business Administration (“SBA”) Paycheck Protection Program (“PPP”) loans originated and sold during the quarter ended March 31, 2021, which had an after-tax earnings per diluted common share impact of \$2.75 and \$2.80, respectively.

The Board of Directors declared a cash dividend of \$0.01 per share, payable on May 18, 2022, to shareholders of record as of May 4, 2022.

“We reported strong results in our third fiscal quarter,” said Rick Wayne, Chief Executive Officer. “Originations by our National Lending Division were particularly strong, with \$152.1 million for the quarter, or \$415.0 million for the fiscal year to date. This resulted in net growth in our originated portfolio of \$61.3 million, or 9.9%, compared with December 31, 2021, or \$157.0 million, or 30.0%, compared with June 30, 2021. We increased National Lending originated interest income by \$2.5 million, or 29.6%, compared with the quarter ended March 31, 2021.” Mr. Wayne continued, “As a result of this activity, we are reporting earnings of \$1.36 per diluted common share, a return on average equity of 17.6%, and a return on average assets of 2.8% for the quarter.”

As of March 31, 2022, total assets were \$1.57 billion, a decrease of \$608.3 million, or 28.0%, from total assets of \$2.17 billion as of June 30, 2021.

1. Cash and short-term investments decreased by \$784.7 million, or 77.7%, primarily due to the timing of a large deposit account related to SBA PPP elevated loan payoff collections at June 30, 2021. Cash and short-term investments may fluctuate significantly while PPP collections, including forgiveness amounts, continue, depending on the timing of receipts and remittances of cash amounts.

2. The following table highlights the changes in the loan portfolio for the three and nine months ended March 31, 2022:

|                             | Loan Portfolio Changes            |                              |                   |               |
|-----------------------------|-----------------------------------|------------------------------|-------------------|---------------|
|                             | Three Months Ended March 31, 2022 |                              |                   |               |
|                             | March 31, 2022<br>Balance         | December 31, 2021<br>Balance | Change (\$)       | Change (%)    |
|                             | (Dollars in thousands)            |                              |                   |               |
| National Lending Purchased  | \$ 479,824                        | \$ 484,513                   | \$ (4,689)        | (0.97%)       |
| National Lending Originated | 680,568                           | 619,223                      | 61,345            | 9.91%         |
| SBA National                | 34,574                            | 35,682                       | (1,108)           | (3.11%)       |
| Community Banking           | 37,359                            | 41,766                       | (4,407)           | (10.55%)      |
| Total                       | <u>\$ 1,232,325</u>               | <u>\$ 1,181,184</u>          | <u>\$ 51,141</u>  | <u>4.33%</u>  |
|                             | Nine Months Ended March 31, 2022  |                              |                   |               |
|                             | March 31, 2022<br>Balance         | June 30, 2021<br>Balance     | Change (\$)       | Change (%)    |
|                             | (Dollars in thousands)            |                              |                   |               |
| National Lending Purchased  | \$ 479,824                        | \$ 429,054                   | \$ 50,770         | 11.83%        |
| National Lending Originated | 680,568                           | 523,535                      | 157,033           | 29.99%        |
| SBA National                | 34,574                            | 39,549                       | (4,975)           | (12.58%)      |
| Community Banking           | 37,359                            | 48,486                       | (11,127)          | (22.95%)      |
| Total                       | <u>\$ 1,232,325</u>               | <u>\$ 1,040,624</u>          | <u>\$ 191,701</u> | <u>18.42%</u> |

Loans generated by the Bank's National Lending Division for the quarter ended March 31, 2022 totaled \$176.0 million, which consisted of \$23.9 million of purchased loans, at an average price of 74.6% of unpaid principal balance, and \$152.1 million of originated loans.

An overview of the Bank's National Lending Division portfolio follows:

|  | National Lending Portfolio   |            |              |            |            |            |
|--|------------------------------|------------|--------------|------------|------------|------------|
|  | Three Months Ended March 31, |            |              |            |            |            |
|  | 2022                         |            |              | 2021       |            |            |
| Purchased  | Originated                   | Total      | Purchased    | Originated | Total      |            |
|  | (Dollars in thousands)       |            |              |            |            |            |
| Loans purchased or originated during the period: |                              |            |              |            |            |            |
| Unpaid principal balance                         | \$ 32,079                    | \$ 152,105 | \$ 184,184   | \$ 42,547  | \$ 69,327  | \$ 111,874 |
| Net investment basis                             | 23,920                       | 152,105    | 176,025      | 39,895     | 69,327     | 109,222    |
| Loan returns during the period:                  |                              |            |              |            |            |            |
| Yield  | 8.25%                        | 6.94%      | 7.50%        | 8.48%      | 7.28%      | 7.83%      |
| Total Return on Purchased Loans (1)              | 8.30%                        | N/A        | 8.30%        | 8.48%      | N/A        | 8.48%      |
|  | Nine Months Ended March 31,  |            |              |            |            |            |
|  | 2022                         |            |              | 2021       |            |            |
| Purchased  | Originated                   | Total      | Purchased    | Originated | Total      |            |
|  | (Dollars in thousands)       |            |              |            |            |            |
| Loans purchased or originated during the period: |                              |            |              |            |            |            |
| Unpaid principal balance                         | \$ 162,492                   | \$ 414,989 | \$ 577,481   | \$ 146,135 | \$ 194,842 | \$ 340,977 |
| Net investment basis                             | 151,412                      | 414,989    | 566,401      | 135,757    | 194,842    | 330,599    |
| Loan returns during the period:                  |                              |            |              |            |            |            |
| Yield  | 8.80%                        | 6.61%      | 7.55%        | 8.88%      | 7.06%      | 7.90%      |
| Total Return on Purchased Loans (1)              | 8.80%                        | N/A        | 8.80%        | 8.88%      | N/A        | 8.88%      |
| Total loans as of period end:                    |                              |            |              |            |            |            |
| Unpaid principal balance                         | \$ 516,972                   | \$ 680,568 | \$ 1,197,540 | \$ 471,778 | \$ 473,930 | \$ 945,708 |
| Net investment basis                             | 479,824                      | 680,568    | 1,160,392    | 433,497    | 473,930    | 907,427    |

(1) 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 is considered a non-GAAP financial measure. See reconciliation in below table entitled "Total Return on Purchased Loans."

3. Deposits decreased by \$594.3 million, or 31.9%, from June 30, 2021. The decrease was attributable to decreases in demand deposits of \$590.6 million, or 60.7% and time deposits of \$160.0 million, or 57.6%, partially offset by an increase in savings and interest checking deposits of \$170.7 million, or 52.5%. The primary reason for the net decrease in deposits was due to timing of the receipt of short-term

customer funds related to PPP payoff collections prior to June 30, 2021, which were subsequently used to pay down NEWITY's PPP Liquidity Facility ("PPPLF") balance during the nine months ended March 31, 2022.

4. Shareholders' equity increased by \$15.1 million, or 6.5%, from June 30, 2021, primarily due to net income of \$31.9 million, partially offset by the repurchase of 535 thousand shares of voting common stock at a weighted average price per share of \$33.28, which resulted in a \$17.8 million decrease to shareholders' equity. Shareholders' equity also increased by \$1.4 million as a result of stock compensation expense recognized.

Net income decreased by \$23.6 million to \$10.6 million for the quarter ended March 31, 2022, compared to net income of \$34.2 million for the quarter ended March 31, 2021.

1. Net interest and dividend income before provision for loan losses increased by \$2.4 million to \$21.0 million for the quarter ended March 31, 2022, compared to \$18.6 million for the quarter ended March 31, 2021. The increase was primarily due to the following:
  - An increase in interest income earned on the National Lending Division's purchased and originated portfolios of \$3.7 million, due to higher average balances, partially offset by lower rates earned in both portfolios;
  - A decrease in deposit interest expense of \$887 thousand, due to lower interest rates and lower average balances;
  - A decrease of \$300 thousand in interest expense due to advances taken from the PPPLF to fund PPP originations during the quarter ended March 31, 2021; and
  - A decrease of \$282 thousand in interest expense due to the payoff of the subordinated debt; partially offset by,
  - A decrease in PPP loan interest income of \$2.6 million, due to the significant decrease in PPP loans during the quarter ended March 31, 2022.

The following table summarizes interest income and related yields recognized on the loan portfolios:

|                         | Interest Income and Yield on Loans |                  |                     |                     |                  |       |
|-------------------------|------------------------------------|------------------|---------------------|---------------------|------------------|-------|
|                         | Three Months Ended March 31,       |                  |                     |                     |                  |       |
|                         | 2022                               |                  |                     | 2021                |                  |       |
| Average Balance (1)     | Interest Income                    | Yield            | Average Balance (1) | Interest Income     | Yield            |       |
| (Dollars in thousands)  |                                    |                  |                     |                     |                  |       |
| Community Banking       | \$ 40,144                          | \$ 550           | 5.56%               | \$ 52,852           | \$ 658           | 5.05% |
| SBA National            | 34,605                             | 577              | 6.76%               | 44,775              | 663              | 6.01% |
| National Lending:       |                                    |                  |                     |                     |                  |       |
| Originated              | 643,707                            | 11,021           | 6.94%               | 473,881             | 8,501            | 7.28% |
| Purchased               | 477,912                            | 9,722            | 8.25%               | 406,979             | 8,513            | 8.48% |
| Total National Lending  | 1,121,619                          | 20,743           | 7.50%               | 880,860             | 17,014           | 7.83% |
| Total excluding SBA PPP | <u>\$ 1,196,368</u>                | <u>\$ 21,870</u> | 7.41%               | <u>\$ 978,487</u>   | <u>\$ 18,335</u> | 7.60% |
| SBA PPP                 | \$ 462                             | \$ 3             | 3.05%               | \$ 481,853          | \$ 2,558         | 2.15% |
| Total including SBA PPP | <u>\$ 1,196,830</u>                | <u>\$ 21,873</u> | 7.41%               | <u>\$ 1,460,340</u> | <u>\$ 20,893</u> | 5.80% |

|                         | Interest Income and Yield on Loans |                 |       |                     |                 |       |
|-------------------------|------------------------------------|-----------------|-------|---------------------|-----------------|-------|
|                         | Nine Months Ended March 31,        |                 |       |                     |                 |       |
|                         | 2022                               |                 |       | 2021                |                 |       |
|                         | Average Balance (1)                | Interest Income | Yield | Average Balance (1) | Interest Income | Yield |
|                         | (Dollars in thousands)             |                 |       |                     |                 |       |
| Community Banking       | \$ 42,995                          | \$ 1,692        | 5.24% | \$ 59,272           | \$ 2,160        | 4.85% |
| SBA National            | 36,322                             | 1,835           | 6.73% | 47,236              | 1,835           | 5.17% |
| National Lending:       |                                    |                 |       |                     |                 |       |
| Originated              | 597,127                            | 29,634          | 6.61% | 459,000             | 24,331          | 7.06% |
| Purchased               | 452,603                            | 29,883          | 8.80% | 392,183             | 26,142          | 8.88% |
| Total National Lending  | 1,049,730                          | 59,517          | 7.55% | 851,183             | 50,473          | 7.90% |
| Total excluding SBA PPP | \$ 1,129,047                       | \$ 63,044       | 7.44% | \$ 957,691          | \$ 54,468       | 7.58% |
| SBA PPP                 | \$ 827                             | \$ 17           | 2.74% | \$ 164,053          | \$ 2,638        | 2.14% |
| Total including SBA PPP | \$ 1,129,874                       | \$ 63,061       | 7.43% | \$ 1,121,744        | \$ 57,106       | 6.78% |

The components of total income on purchased loans are set forth in the table below entitled “Total Return on Purchased Loans.” When compared to the quarter ended March 31, 2021, transactional income increased by \$888 thousand for the quarter ended March 31, 2022, and regularly scheduled interest and accretion increased by \$377 thousand due to the increase in average balances. The total return on purchased loans for the quarter ended March 31, 2022 was 8.3%, a decrease from 8.5% for the quarter ended March 31, 2021. The following table details the total return on purchased loans:

|  | Total Return on Purchased Loans |            |          |            |
|--|---------------------------------|------------|----------|------------|
|  | Three Months Ended March 31,    |            |          |            |
|  | 2022                            |            | 2021     |            |
|  | Income                          | Return (1) | Income   | Return (1) |
|  | (Dollars in thousands)          |            |          |            |
| Regularly scheduled interest and accretion | \$ 7,166                        | 6.08%      | \$ 6,789 | 6.77%      |
| Transactional income:                      |                                 |            |          |            |
| Gain on real estate owned                  | 56                              | 0.05%      | -        | 0.00%      |
| Accelerated accretion and loan fees        | 2,556                           | 2.17%      | 1,724    | 1.71%      |
| Total transactional income                 | 2,612                           | 2.22%      | 1,724    | 1.71%      |
| Total                                      | \$ 9,778                        | 8.30%      | \$ 8,513 | 8.48%      |

  

|  | Nine Months Ended March 31, |            |           |            |
|--|-----------------------------|------------|-----------|------------|
|  | 2022                        |            | 2021      |            |
|  | Income                      | Return (1) | Income    | Return (1) |
|  | (Dollars in thousands)      |            |           |            |
| Regularly scheduled interest and accretion | \$ 21,379                   | 6.29%      | \$ 20,466 | 6.95%      |
| Transactional income:                      |                             |            |           |            |
| Gain on real estate owned                  | 31                          | 0.00%      | -         | 0.00%      |
| Accelerated accretion and loan fees        | 8,504                       | 2.51%      | 5,676     | 1.93%      |
| Total transactional income                 | 8,535                       | 2.51%      | 5,676     | 1.93%      |
| Total                                      | \$ 29,914                   | 8.80%      | \$ 26,142 | 8.88%      |

(1) The total return on purchased loans represents scheduled accretion, accelerated accretion, gains on asset sales and gains on real estate owned recorded during the period divided by the average invested balance, which includes purchased 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.

- Noninterest income decreased by \$34.1 million for the quarter ended March 31, 2022, compared to the quarter ended March 31, 2021, principally due to the following:
  - A decrease in gain on sale of PPP loans of \$33.0 million, due to the sale of PPP loans with a total principal balance of \$2.14 billion, which resulted in a net gain based on the recognition of net deferred fees in the quarter ended March 31, 2021 as compared to no sales in the quarter ended March 31, 2022; and



- A decrease in correspondent fee income of \$1.0 million from the recognition of correspondent fees and net servicing income. Correspondent income for the quarters ended March 31, 2022 and 2021 is comprised of the following components:

|  | Three Months Ended March 31, |                 |
|--|------------------------------|-----------------|
|  | 2022                         | 2021            |
|  | (In thousands)               |                 |
| Correspondent Fee                          | \$ 1,087                     | \$ 1,098        |
| Amortization of Purchased Accrued Interest | 1,690                        | 922             |
| Earned Net Servicing Interest              | 2,193                        | 3,950           |
| Total                                      | <u>\$ 4,970</u>              | <u>\$ 5,970</u> |

In addition to the net servicing interest income, a summary of PPP loans purchased by Loan Source and related amounts that the Bank will earn over the expected life of the loans is as follows:

| Quarter                                      | PPP Loans Purchased by Loan Source <sup>(3)</sup> | Correspondent Fee | Purchased Accrued Interest <sup>(1)</sup> | Total <sup>(2)</sup> |
|--|---|-------------------|---|----------------------|
|  |   | (In thousands)    |   |                      |
| Q4 FY 2020                                   | \$ 1,272,900                                      | \$ 2,891          | \$ 688                                    | \$ 3,579             |
| Q1 FY 2021                                   | 2,112,100   | 5,348             | 2,804                                     | 8,152                |
| Q2 FY 2021                                   | 1,333,500   | 495               | 3,766                                     | 4,261                |
| Q3 FY 2021                                   | 2,141,900   | -                 | 598                                       | 598                  |
| Q4 FY 2021                                   | 4,371,000   | 171               | 2,703                                     | 2,874                |
| Q1 FY 2022                                   | 6,300   | -                 | 1   | 1                    |
| Total  | <u>\$ 11,237,700</u>                              | <u>\$ 8,905</u>   | <u>\$ 10,560</u>                          | <u>\$ 19,465</u>     |
| Less amounts recognized in Q3 FY 22          |   | (1,087)           | (1,690)                                   | (2,777)              |
| Less amounts recognized in previous quarters |   | (6,255)           | (6,193)                                   | (12,448)             |
| Amount remaining to be recognized            |   | <u>\$ 1,563</u>   | <u>\$ 2,677</u>                           | <u>\$ 4,240</u>      |

(1) - The Bank's share

(2) - Expected to be recognized into income over life of loans

(3) - Loan Source's ending PPP loan balance was \$2.79 billion as of March 31, 2022

In addition to the decreases above:

- An increase in unrealized loss on equity securities of \$159 thousand.
3. Noninterest expense increased by \$1.8 million for the quarter ended March 31, 2022 compared to the quarter ended March 31, 2021, primarily due to the following:
- An increase in salaries and employee benefits expense of \$2.1 million, primarily due to a decrease in deferred salaries contra-expense related to PPP originations in the quarter ended March 31, 2021, partially offset by a decrease in bonus expense, due to a non-recurring increase in bonus expense in the quarter ended March 31, 2021 attributable to the high level of PPP originations and sales; and
  - An increase in other noninterest expense of \$175 thousand, primarily due to a \$184 thousand decrease in recovery on the SBA servicing asset; partially offset by,
  - A decrease in loan expense of \$403 thousand, due to decreases in real estate owned ("REO") expense and collection legal expense due to reimbursements, partially offset by an increase in other collection expense; and
  - A decrease in data processing fees of \$135 thousand, primarily due to decreases in IT professional implementation expenses and computer service fees, partially offset by increases in software license expense and monitoring and support expense.

4. Income tax expense decreased by \$9.8 million to \$4.7 million, or an effective tax rate of 30.6%, for the quarter ended March 31, 2022, compared to \$14.5 million, or an effective tax rate of 29.8%, for the quarter ended March 31, 2021. The decrease in income tax expense is due to the decrease in pre-tax income. The increase in the effective tax rate from March 31, 2021 is primarily due to changes in state tax apportionment.

As of March 31, 2022, nonperforming assets totaled \$17.9 million, or 1.14% of total assets, compared to \$20.4 million, or 0.94% of total assets, as of June 30, 2021. The decrease was primarily due to the sale of three REO properties totaling \$1.7 million and the paydown of one nonperforming National Lending originated loan totaling \$1.0 million during the nine months ended March 31, 2022.

As of March 31, 2022, past due loans totaled \$13.1 million, or 1.07% of total loans, compared to past due loans totaling \$11.3 million, or 1.08% of total loans, as of June 30, 2021. The increase was primarily due to two National Lending purchased loans totaling \$2.6 million that became past due, partially offset by the paydown of one National Lending originated loan totaling \$1.0 million during the nine months ended March 31, 2022.

As of March 31, 2022, the Bank's Tier 1 leverage capital ratio was 16.2%, compared to 13.6% at June 30, 2021, and the Total capital ratio was 20.6% at March 31, 2022, compared to 24.3% at June 30, 2021. Capital ratios were primarily affected by increased earnings and decreased assets, while the Total capital ratio was negatively impacted by the redemption of the subordinated debt on July 1, 2021.

### **Investor Call Information**

Rick Wayne, Chief Executive Officer, Jean-Pierre Lapointe, Chief Financial Officer, and Pat Dignan, Executive Vice President and Chief Credit Officer of Northeast Bank, will host a **conference call to discuss third quarter earnings and business outlook at 10:00 a.m. Eastern Time on Tuesday, April 26<sup>th</sup>**. Investors can access the call by dialing 866.374.5140 and entering the following PIN: 69980912#. The call will be available via live webcast, which can be viewed by accessing the Bank's website at [www.northeastbank.com](http://www.northeastbank.com) and clicking on the About Us - Investor Relations section. To listen to the webcast, attendees are encouraged to visit the website at least fifteen minutes early to register, download and install any necessary audio software. Please note there will also be a slide presentation that will accompany the webcast. For those who cannot listen to the live broadcast, a replay will be available online for one year at [www.northeastbank.com](http://www.northeastbank.com).

### **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 eight 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](http://www.northeastbank.com).

### **Non-GAAP Financial Measures**

In addition to results presented in accordance with generally accepted accounting principles ("GAAP"), this press release contains certain non-GAAP financial measures, including tangible common shareholders' equity, tangible book value per share, total return on purchased loans, efficiency ratio, net interest margin excluding PPP, and net interest margin excluding PPP and collection account. The Bank's management believes that the supplemental non-GAAP information is utilized by regulators and market analysts to evaluate a company's financial condition and therefore, such information is useful to investors. These disclosures should not be viewed as a substitute for financial results determined in accordance with GAAP, nor are they necessarily

comparable to non-GAAP performance measures that may be presented by other companies. Because non-GAAP financial measures are not standardized, it may not be possible to compare these financial measures with other companies' non-GAAP financial measures having the same or similar names.

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### **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 ongoing negative impacts and disruptions of the ongoing 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; 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.

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**NORTHEAST BANK**  
**BALANCE SHEETS**

(Unaudited)

(Dollars in thousands, except share and per share data)

|  | <u>March 31, 2022</u> | <u>June 30, 2021</u> |
|--|-----------------------|----------------------|
| Assets   |                       |                      |
| Cash and due from banks  | \$ 2,319              | \$ 2,850             |
| Short-term investments   | 223,492               | 1,007,641            |
| Total cash and cash equivalents  | <u>225,811</u>        | <u>1,010,491</u>     |
| Available-for-sale debt securities, at fair value  | 55,723                | 59,737               |
| Equity securities, at fair value   | 6,955                 | 7,230                |
| Total investment securities  | <u>62,678</u>         | <u>66,967</u>        |
| Loans:   |                       |                      |
| Commercial real estate   | 838,296               | 725,287              |
| Commercial and industrial  | 337,061               | 257,604              |
| Residential real estate  | 56,180                | 56,591               |
| Consumer   | 788                   | 1,142                |
| Total loans  | <u>1,232,325</u>      | <u>1,040,624</u>     |
| Less: Allowance for loan losses  | 5,816                 | 7,313                |
| Loans, net   | <u>1,226,509</u>      | <u>1,033,311</u>     |
| Premises and equipment, net  | 9,493                 | 11,271               |
| Real estate owned and other repossessed collateral, net  | -                     | 1,639                |
| Federal Home Loan Bank stock, at cost  | 1,282                 | 1,209                |
| Loan servicing rights, net   | 1,696                 | 2,061                |
| Bank-owned life insurance  | 17,815                | 17,498               |
| Other assets   | 20,832                | 29,955               |
| Total assets   | <u>\$ 1,566,116</u>   | <u>\$ 2,174,402</u>  |
| Liabilities and Shareholders' Equity   |                       |                      |
| Deposits:  |                       |                      |
| Demand   | \$ 381,866            | \$ 972,495           |
| Savings and interest checking  | 495,800               | 325,062              |
| Money market   | 272,614               | 287,033              |
| Time   | 117,842               | 277,840              |
| Total deposits   | <u>1,268,122</u>      | <u>1,862,430</u>     |
| Federal Home Loan Bank advances  | 15,000                | 15,000               |
| Subordinated debt  | -                     | 15,050               |
| Lease liability  | 4,862                 | 6,061                |
| Other liabilities  | 30,663                | 43,470               |
| Total liabilities  | <u>1,318,647</u>      | <u>1,942,011</u>     |
| Commitments and contingencies  | -                     | -                    |
| Shareholders' equity   |                       |                      |
| Preferred stock, \$1.00 par value, 1,000,000 shares authorized; no shares issued and outstanding at March 31, 2022 and June 30, 2021   | -                     | -                    |
| Voting common stock, \$1.00 par value, 25,000,000 shares authorized; 7,727,312 and 8,150,480 shares issued and outstanding at March 31, 2022 and June 30, 2021, respectively | 7,727                 | 8,151                |
| Non-voting common stock, \$1.00 par value, 3,000,000 shares authorized; No shares issued and outstanding at March 31, 2022 and June 30, 2021                                 | -                     | -                    |
| Additional paid-in capital   | 48,159                | 64,420               |
| Retained earnings  | 192,759               | 161,132              |
| Accumulated other comprehensive loss   | (1,176)               | (1,312)              |
| Total shareholders' equity   | <u>247,469</u>        | <u>232,391</u>       |
| Total liabilities and shareholders' equity   | <u>\$ 1,566,116</u>   | <u>\$ 2,174,402</u>  |

**NORTHEAST BANK**  
**STATEMENTS OF INCOME**

(Unaudited)

(Dollars in thousands, except share and per share data)

|  | Three Months Ended March 31, |                  | Nine Months Ended March 31, |                  |
|--|------------------------------|------------------|-----------------------------|------------------|
|  | 2022                         | 2021             | 2022                        | 2021             |
| <b>Interest and dividend income:</b>   |                              |                  |                             |                  |
| Interest and fees on loans   | \$ 21,873                    | \$ 20,893        | \$ 63,061                   | \$ 57,106        |
| Interest on available-for-sale securities  | 65                           | 158              | 235                         | 641              |
| Other interest and dividend income   | 73                           | 110              | 365                         | 252              |
| Total interest and dividend income   | <u>22,011</u>                | <u>21,161</u>    | <u>63,661</u>               | <u>57,999</u>    |
| <b>Interest expense:</b>   |                              |                  |                             |                  |
| Deposits   | 916                          | 1,803            | 3,408                       | 7,390            |
| Federal Home Loan Bank advances  | 122                          | 145              | 377                         | 395              |
| Paycheck Protection Program Liquidity Facility   | -                            | 300              | -                           | 302              |
| Subordinated debt  | -                            | 282              | -                           | 845              |
| Obligation under capital lease agreements  | 21                           | 28               | 70                          | 84               |
| Total interest expense   | <u>1,059</u>                 | <u>2,558</u>     | <u>3,855</u>                | <u>9,016</u>     |
| Net interest and dividend income before provision for loan losses                              | 20,952                       | 18,603           | 59,806                      | 48,983           |
| Provision (credit) for loan losses   | (287)                        | (211)            | (1,582)                     | 531              |
| Net interest and dividend income after provision for loan losses                               | <u>21,239</u>                | <u>18,814</u>    | <u>61,388</u>               | <u>48,452</u>    |
| <b>Noninterest income:</b>   |                              |                  |                             |                  |
| Fees for other services to customers   | 476                          | 441              | 1,236                       | 1,427            |
| Gain on sales of PPP loans   | -                            | 33,010           | 86                          | 34,124           |
| Gain on sales of residential loans held for sale   | -                            | 4                | -                           | 105              |
| Net unrealized loss on equity securities   | (258)                        | (99)             | (332)                       | (115)            |
| Gain (loss) on real estate owned, other repossessed collateral and premises and equipment, net | 56                           | -                | 55                          | (344)            |
| Correspondent fee income   | 4,970                        | 5,970            | 18,842                      | 16,798           |
| Bank-owned life insurance income   | 105                          | 105              | 317                         | 318              |
| Other noninterest income   | 59                           | 38               | 97                          | 69               |
| Total noninterest income   | <u>5,408</u>                 | <u>39,469</u>    | <u>20,301</u>               | <u>52,382</u>    |
| <b>Noninterest expense:</b>  |                              |                  |                             |                  |
| Salaries and employee benefits   | 7,258                        | 5,113            | 22,226                      | 17,436           |
| Occupancy and equipment expense  | 916                          | 940              | 2,667                       | 2,914            |
| Professional fees  | 540                          | 599              | 1,455                       | 1,405            |
| Data processing fees   | 1,167                        | 1,302            | 3,341                       | 3,392            |
| Marketing expense  | 160                          | 130              | 511                         | 290              |
| Loan acquisition and collection expense  | 452                          | 855              | 2,911                       | 2,368            |
| FDIC insurance premiums  | 98                           | 119              | 298                         | 324              |
| Other noninterest expense  | 810                          | 578              | 2,518                       | 1,868            |
| Total noninterest expense  | <u>11,401</u>                | <u>9,636</u>     | <u>35,927</u>               | <u>29,997</u>    |
| Income before income tax expense   | 15,246                       | 48,647           | 45,762                      | 70,837           |
| Income tax expense   | 4,659                        | 14,485           | 13,895                      | 20,705           |
| Net income   | <u>\$ 10,587</u>             | <u>\$ 34,162</u> | <u>\$ 31,867</u>            | <u>\$ 50,132</u> |
| <b>Weighted-average shares outstanding:</b>  |                              |                  |                             |                  |
| Basic  | 7,687,737                    | 8,344,797        | 7,907,398                   | 8,261,248        |
| Diluted  | 7,790,963                    | 8,421,247        | 7,998,221                   | 8,347,882        |
| <b>Earnings per common share:</b>  |                              |                  |                             |                  |
| Basic  | \$ 1.38                      | \$ 4.09          | \$ 4.03                     | \$ 6.07          |
| Diluted  | 1.36                         | 4.06             | 3.98                        | 6.01             |
| Cash dividends declared per common share   | \$ 0.01                      | \$ 0.01          | \$ 0.03                     | \$ 0.03          |

**NORTHEAST BANK**  
**AVERAGE BALANCE SHEETS AND ANNUALIZED YIELDS**  
(Unaudited)  
(Dollars in thousands)

|  | Three Months Ended March 31, |                                |                           |                    |                                |                           |
|--|------------------------------|--------------------------------|---------------------------|--------------------|--------------------------------|---------------------------|
|  | 2022                         |                                |                           | 2021               |                                |                           |
|  | Average<br>Balance           | Interest<br>Income/<br>Expense | Average<br>Yield/<br>Rate | Average<br>Balance | Interest<br>Income/<br>Expense | Average<br>Yield/<br>Rate |
| <b>Assets:</b>                                 |                              |                                |                           |                    |                                |                           |
| <b>Interest-earning assets:</b>                |                              |                                |                           |                    |                                |                           |
| Investment securities                          | \$ 63,865                    | \$ 65                          | 0.41%                     | \$ 69,034          | \$ 158                         | 0.93%                     |
| Loans (1) (2) (3)                              | 1,196,830                    | 21,873                         | 7.41%                     | 1,460,340          | 20,893                         | 5.80%                     |
| Federal Home Loan Bank stock                   | 1,280                        | 6                              | 1.90%                     | 2,410              | 6                              | 1.01%                     |
| Short-term investments (4)                     | 226,820                      | 67                             | 0.12%                     | 387,198            | 104                            | 0.11%                     |
| Total interest-earning assets                  | 1,488,795                    | 22,011                         | 6.00%                     | 1,918,982          | 21,161                         | 4.47%                     |
| Cash and due from banks                        | 2,504                        |                                |                           | 2,112              |                                |                           |
| Other non-interest earning assets              | 46,022                       |                                |                           | 62,127             |                                |                           |
| Total assets                                   | \$ 1,537,321                 |                                |                           | \$ 1,983,221       |                                |                           |
| <b>Liabilities &amp; Shareholders' Equity:</b> |                              |                                |                           |                    |                                |                           |
| <b>Interest-bearing liabilities:</b>           |                              |                                |                           |                    |                                |                           |
| NOW accounts                                   | \$ 353,019                   | \$ 202                         | 0.23%                     | \$ 180,630         | \$ 90                          | 0.20%                     |
| Money market accounts                          | 256,074                      | 192                            | 0.30%                     | 316,116            | 347                            | 0.45%                     |
| Savings accounts                               | 126,902                      | 167                            | 0.53%                     | 38,500             | 10                             | 0.11%                     |
| Time deposits                                  | 134,558                      | 355                            | 1.07%                     | 587,440            | 1,356                          | 0.94%                     |
| Total interest-bearing deposits                | 870,553                      | 916                            | 0.43%                     | 1,122,686          | 1,803                          | 0.65%                     |
| Federal Home Loan Bank advances                | 15,000                       | 122                            | 3.30%                     | 39,306             | 145                            | 1.50%                     |
| PPPLF advances                                 | -                            | -                              | 0.00%                     | 345,063            | 300                            | 0.35%                     |
| Subordinated debt                              | -                            | -                              | 0.00%                     | 15,015             | 282                            | 7.62%                     |
| Capital lease obligations                      | 5,022                        | 21                             | 1.70%                     | 6,588              | 28                             | 1.72%                     |
| Total interest-bearing liabilities             | 890,575                      | 1,059                          | 0.48%                     | 1,528,658          | 2,558                          | 0.68%                     |
| <b>Non-interest bearing liabilities:</b>       |                              |                                |                           |                    |                                |                           |
| Demand deposits and escrow accounts            | 388,171                      |                                |                           | 238,756            |                                |                           |
| Other liabilities                              | 14,220                       |                                |                           | 20,850             |                                |                           |
| Total liabilities                              | 1,292,966                    |                                |                           | 1,788,264          |                                |                           |
| Shareholders' equity                           | 244,355                      |                                |                           | 194,957            |                                |                           |
| Total liabilities and shareholders' equity     | \$ 1,537,321                 |                                |                           | \$ 1,983,221       |                                |                           |
| Net interest income                            |                              | \$ 20,952                      |                           | \$ 18,603          |                                |                           |
| Interest rate spread                           |                              |                                | 5.52%                     |                    |                                | 3.79%                     |
| Net interest margin (5)                        |                              |                                | 5.71%                     |                    |                                | 3.93%                     |
| Cost of funds (6)                              |                              |                                | 0.34%                     |                    |                                | 0.59%                     |

- (1) Interest income and yield are stated on a fully tax-equivalent basis using the statutory tax rate.  
(2) Includes loans held for sale.  
(3) Nonaccrual loans are included in the computation of average, but unpaid interest has not been included for purposes of determining interest income.  
(4) Short-term investments include FHLB overnight deposits and other interest-bearing deposits.  
(5) Net interest margin is calculated as net interest income divided by total interest-earning assets.  
(6) Cost of funds is calculated as total interest expense divided by total interest-bearing liabilities plus demand deposits and escrow accounts.

**NORTHEAST BANK**  
**AVERAGE BALANCE SHEETS AND ANNUALIZED YIELDS**

(Unaudited)  
(Dollars in thousands)

|  | Nine Months Ended March 31, |                                |                           |                    |                                |                           |
|--|-----------------------------|--------------------------------|---------------------------|--------------------|--------------------------------|---------------------------|
|  | 2022                        |                                |                           | 2021               |                                |                           |
|  | Average<br>Balance          | Interest<br>Income/<br>Expense | Average<br>Yield/<br>Rate | Average<br>Balance | Interest<br>Income/<br>Expense | Average<br>Yield/<br>Rate |
| <b>Assets:</b>                                 |                             |                                |                           |                    |                                |                           |
| <b>Interest-earning assets:</b>                |                             |                                |                           |                    |                                |                           |
| Investment securities                          | \$ 65,295                   | \$ 235                         | 0.48%                     | \$ 70,539          | \$ 641                         | 1.21%                     |
| Loans (1) (2) (3)                              | 1,129,874                   | 63,061                         | 7.43%                     | 1,121,744          | 57,106                         | 6.78%                     |
| Federal Home Loan Bank stock                   | 1,237                       | 19                             | 2.05%                     | 1,725              | 51                             | 3.94%                     |
| Short-term investments (4)                     | 330,722                     | 346                            | 0.14%                     | 232,237            | 201                            | 0.12%                     |
| Total interest-earning assets                  | 1,527,128                   | 63,661                         | 5.55%                     | 1,426,245          | 57,999                         | 5.42%                     |
| Cash and due from banks                        | 2,686                       |                                |                           | 2,703              |                                |                           |
| Other non-interest earning assets              | 50,751                      |                                |                           | 47,581             |                                |                           |
| Total assets                                   | \$ 1,580,565                |                                |                           | \$ 1,476,529       |                                |                           |
| <b>Liabilities &amp; Shareholders' Equity:</b> |                             |                                |                           |                    |                                |                           |
| <b>Interest-bearing liabilities:</b>           |                             |                                |                           |                    |                                |                           |
| NOW accounts                                   | \$ 303,525                  | \$ 569                         | 0.25%                     | \$ 143,938         | \$ 330                         | 0.31%                     |
| Money market accounts                          | 265,639                     | 591                            | 0.30%                     | 312,797            | 1,259                          | 0.54%                     |
| Savings accounts                               | 99,725                      | 361                            | 0.48%                     | 37,771             | 36                             | 0.13%                     |
| Time deposits                                  | 207,304                     | 1,887                          | 1.21%                     | 469,793            | 5,765                          | 1.63%                     |
| Total interest-bearing deposits                | 876,193                     | 3,408                          | 0.52%                     | 964,299            | 7,390                          | 1.02%                     |
| Federal Home Loan Bank advances                | 15,000                      | 377                            | 3.35%                     | 22,984             | 395                            | 2.29%                     |
| PPPLF advances                                 | -                           | -                              | 0.00%                     | 113,932            | 302                            | 0.35%                     |
| Subordinated debt                              | -                           | -                              | 0.00%                     | 14,983             | 845                            | 7.51%                     |
| Capital lease obligations                      | 5,431                       | 70                             | 1.72%                     | 5,793              | 84                             | 1.93%                     |
| Total interest-bearing liabilities             | 896,624                     | 3,855                          | 0.57%                     | 1,121,991          | 9,016                          | 1.07%                     |
| <b>Non-interest bearing liabilities:</b>       |                             |                                |                           |                    |                                |                           |
| Demand deposits and escrow accounts            | 429,354                     |                                |                           | 157,569            |                                |                           |
| Other liabilities                              | 14,596                      |                                |                           | 17,527             |                                |                           |
| Total liabilities                              | 1,340,574                   |                                |                           | 1,297,087          |                                |                           |
| Shareholders' equity                           | 239,991                     |                                |                           | 179,442            |                                |                           |
| Total liabilities and shareholders' equity     | \$ 1,580,565                |                                |                           | \$ 1,476,529       |                                |                           |
| Net interest income                            |                             | \$ 59,806                      |                           |                    | \$ 48,983                      |                           |
| Interest rate spread                           |                             |                                | 4.98%                     |                    |                                | 4.35%                     |
| Net interest margin (5)                        |                             |                                | 5.22%                     |                    |                                | 4.58%                     |
| Cost of funds (6)                              |                             |                                | 0.39%                     |                    |                                | 0.94%                     |

- (1) Interest income and yield are stated on a fully tax-equivalent basis using the statutory tax rate.
- (2) Includes loans held for sale.
- (3) Nonaccrual loans are included in the computation of average, but unpaid interest has not been included for purposes of determining interest income.
- (4) Short-term investments include FHLB overnight deposits and other interest-bearing deposits.
- (5) Net interest margin is calculated as net interest income divided by total interest-earning assets.
- (6) Cost of funds is calculated as total interest expense divided by total interest-bearing liabilities plus demand deposits and escrow accounts.

**NORTHEAST BANK**  
**SELECTED FINANCIAL HIGHLIGHTS AND OTHER DATA**  
(Unaudited)  
(Dollars in thousands, except share and per share data)

|  | Three Months Ended |                   |                    |               |                |
|--|--------------------|-------------------|--------------------|---------------|----------------|
|  | March 31, 2022     | December 31, 2021 | September 30, 2021 | June 30, 2021 | March 31, 2021 |
| Net interest income  | \$ 20,952          | \$ 20,055         | \$ 18,799          | \$ 18,102     | \$ 18,603      |
| Provision (credit) for loan losses                                       | (287)              | (1,069)           | (226)              | (1,926)       | (211)          |
| Noninterest income   | 5,408              | 6,493             | 8,399              | 19,650        | 39,469         |
| Noninterest expense  | 11,401             | 11,187            | 13,338             | 9,427         | 9,636          |
| Net income   | 10,587             | 11,403            | 9,877              | 21,370        | 34,162         |
| Weighted-average common shares outstanding:                              |                    |                   |                    |               |                |
| Basic  | 7,687,737          | 7,952,938         | 8,132,131          | 8,318,689     | 8,344,797      |
| Diluted  | 7,790,963          | 8,041,476         | 8,212,836          | 8,397,897     | 8,421,247      |
| Earnings per common share:   |                    |                   |                    |               |                |
| Basic  | \$ 1.38            | \$ 1.43           | \$ 1.21            | \$ 2.57       | \$ 4.09        |
| Diluted  | 1.36               | 1.42              | 1.20               | 2.54          | 4.06           |
| Dividends declared per common share                                      | \$ 0.01            | \$ 0.01           | \$ 0.01            | \$ 0.01       | \$ 0.01        |
| Return on average assets   | 2.79%              | 2.86%             | 2.41%              | 4.55%         | 6.99%          |
| Return on average equity   | 17.57%             | 18.77%            | 16.70%             | 37.97%        | 71.06%         |
| Net interest rate spread (1)   | 5.52%              | 4.99%             | 4.46%              | 3.67%         | 3.79%          |
| Net interest margin (2)  | 5.71%              | 5.24%             | 4.74%              | 3.99%         | 3.93%          |
| Net interest margin, excluding PPP (Non-GAAP) (3)                        | 5.71%              | 5.24%             | 4.75%              | 4.55%         | 4.64%          |
| Net interest margin, excluding PPP and collection account (Non-GAAP) (4) | 6.72%              | 6.44%             | 6.00%              | 5.56%         | 5.06%          |
| Efficiency ratio (non-GAAP) (5)  | 43.25%             | 42.14%            | 49.04%             | 24.97%        | 16.59%         |
| Noninterest expense to average total assets                              | 3.01%              | 2.80%             | 3.26%              | 2.01%         | 1.97%          |
| Average interest-earning assets to average interest-bearing liabilities  | 167.20%            | 168.71%           | 174.98%            | 173.30%       | 125.53%        |
|  | As of:             |                   |                    |               |                |
|  | March 31, 2022     | December 31, 2021 | September 30, 2021 | June 30, 2021 | March 31, 2021 |
| Nonperforming loans:   |                    |                   |                    |               |                |
| Originated portfolio:  |                    |                   |                    |               |                |
| Residential real estate  | \$ 621             | \$ 611            | \$ 619             | \$ 696        | \$ 643         |
| Commercial real estate   | 6,608              | 7,963             | 6,644              | 5,756         | 4,790          |
| Commercial and industrial  | 230                | 311               | 1,510              | 286           | 1,408          |
| Consumer   | 12                 | 20                | 39                 | 43            | 23             |
| Total originated portfolio   | 7,471              | 8,905             | 8,812              | 6,781         | 6,864          |
| Total purchased portfolio  | 10,441             | 12,294            | 12,527             | 11,977        | 16,059         |
| Total nonperforming loans  | 17,912             | 21,199            | 21,339             | 18,758        | 22,923         |
| Real estate owned and other repossessed collateral, net                  |                    | 53                | 821                | 1,639         | 2,885          |
| Total nonperforming assets   | \$ 17,912          | \$ 21,252         | \$ 22,160          | \$ 20,397     | \$ 25,808      |
| Past due loans to total loans  | 1.07%              | 1.23%             | 1.39%              | 1.08%         | 1.67%          |
| Nonperforming loans to total loans                                       | 1.45%              | 1.79%             | 1.99%              | 1.80%         | 2.29%          |
| Nonperforming assets to total assets                                     | 1.14%              | 1.46%             | 1.60%              | 0.94%         | 1.51%          |
| Allowance for loan losses to total loans                                 | 0.47%              | 0.51%             | 0.67%              | 0.70%         | 0.88%          |
| Allowance for loan losses to nonperforming loans                         | 32.47%             | 28.49%            | 33.58%             | 38.99%        | 38.48%         |
| Commercial real estate loans to total capital (6)                        | 252.90%            | 260.40%           | 232.10%            | 215.38%       | 223.09%        |
| Net loans to core deposits (7) (10)                                      | 97.19%             | 102.53%           | 98.96%             | 55.71%        | 76.99%         |
| Purchased loans to total loans, including held for sale                  | 38.94%             | 41.02%            | 40.22%             | 41.23%        | 43.22%         |
| Equity to total assets   | 15.80%             | 16.39%            | 17.32%             | 10.69%        | 12.65%         |
| Common equity tier 1 capital ratio                                       | 20.13%             | 20.27%            | 22.03%             | 22.16%        | 21.07%         |
| Total capital ratio  | 20.60%             | 20.79%            | 22.69%             | 24.29%        | 23.39%         |
| Tier 1 leverage capital ratio  | 16.17%             | 15.19%            | 14.83%             | 13.63%        | 14.32%         |
| Total shareholders' equity   | \$ 247,469         | \$ 239,237        | \$ 239,508         | \$ 232,391    | \$ 216,862     |
| Less: Preferred stock  | -                  | -                 | -                  | -             | -              |
| Common shareholders' equity  | 247,469            | 239,237           | 239,508            | 232,391       | 216,862        |
| Less: Intangible assets (8)  | (1,696)            | (1,645)           | (1,906)            | (2,061)       | (2,149)        |
| Tangible common shareholders' equity (non-GAAP)                          | \$ 245,773         | \$ 237,592        | \$ 237,602         | \$ 230,330    | \$ 214,713     |
| Common shares outstanding  | 7,727,312          | 7,815,566         | 8,172,776          | 8,150,480     | 8,344,797      |
| Book value per common share  | \$ 32.03           | \$ 30.61          | \$ 29.31           | \$ 28.51      | \$ 25.99       |
| Tangible book value per share (non-GAAP) (9)                             | 31.81              | 30.40             | 29.07              | 28.26         | 25.73          |

- (1) The net interest rate spread represents the difference between the weighted-average yield on interest-earning assets and the weighted-average cost of interest-bearing liabilities for the period.
- (2) The net interest margin represents net interest income as a percent of average interest-earning assets for the period.
- (3) Net interest margin excluding PPP removes the effects of the following: PPP loan interest income of \$3 thousand, \$2 thousand, \$11 thousand, \$884 thousand, and \$2.6 million, PPPLF interest expense of \$0, \$0, \$0, \$98 thousand, and \$300 thousand, and brokered CD interest expense of \$0, \$0, \$0, \$0, and \$99 thousand, as well as PPP loan average balances of \$462 thousand, \$628 thousand, \$1.4 million, \$172.8 million, and \$481.9 million, for the quarters ended March 31, 2022, December 31, 2021, September 30, 2021, June 30, 2021, and March 31, 2021, respectively.
- (4) Net interest margin excluding PPP and collection account removes the PPP impact above and removes the effects of the cash held by the Bank from the correspondent's collection account in short-term investments, which had an average balance of \$244.0 million, \$287.7 million, \$334.3 million, \$405.9 million, and \$121.7 million and earned \$60 thousand, \$73 thousand, \$84 thousand, \$100 thousand, and \$29 thousand in interest income for the quarters ended March 31, 2022, December 31, 2021, September 30, 2021, June 30, 2021, and March 31, 2021, respectively.
- (5) The efficiency ratio represents noninterest expense divided by the sum of net interest income (before the loan loss provision) plus noninterest income.
- (6) For purposes of calculating this ratio, commercial real estate includes all non-owner occupied commercial real estate loans defined as such by regulatory guidance, including all land development and construction loans.
- (7) Core deposits include all non-maturity deposits and maturity deposits less than \$250 thousand. Loans include loans held for sale.
- (8) Includes the loan servicing rights asset.
- (9) Tangible book value per share represents total shareholders' equity less the sum of preferred stock and intangible assets divided by common shares outstanding.
- (10) Net loans and total loans exclude PPP loans held for sale.