

FY 2016 Q2 Investor Call

February 2, 2016



Safe Harbor Statement

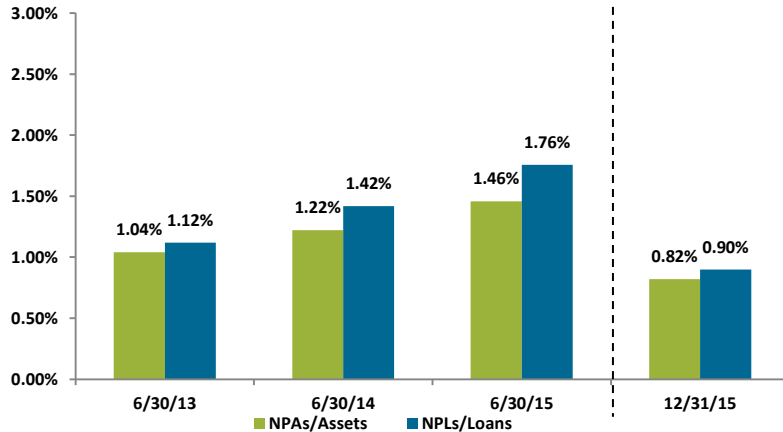
Certain statements in this presentation are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and are intended to be covered by the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These statements are subject to numerous assumptions, risks and uncertainties, and represent only the Company's belief regarding future events, many of which, by their nature, are inherently uncertain and outside its control. Any forward-looking statements the Company may make speak only as of the date on which such statements are made. The Company's actual results and financial position may differ materially from the anticipated results and financial condition indicated in or implied by these forward-looking statements, and the Company makes no commitment to update or revise forward-looking statements to reflect new information or subsequent events or changes in expectations. For a discussion of some of the risks and important factors that could affect the Company's future results and financial condition, see "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations – Forward-Looking Statements and Factors that Could Affect Future Results" in our Annual Report on Form 10-K for the fiscal year ended June 30, 2015, as updated by our SEC filings, and any other cautionary statements, written or oral, that may be made or referred to in connection with such forward-looking statements.

Q2 FY16 Highlights

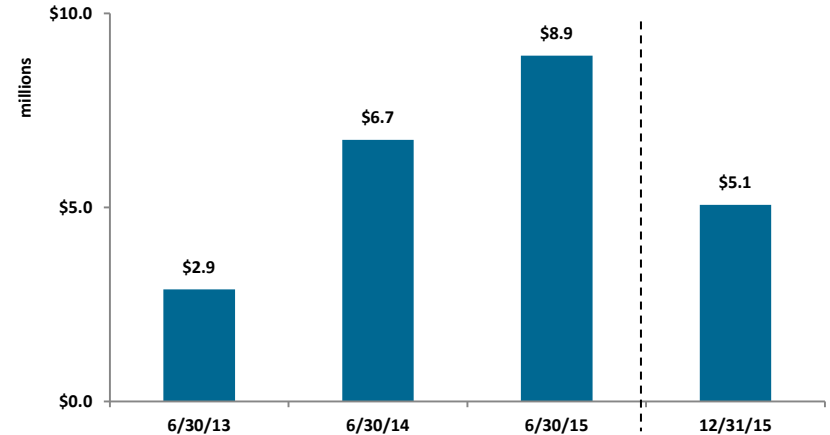
	Q1 FY16	Q2 FY16
Total Loan Volume	\$78.9 million	\$120.0 million
LASG:		
Purchased Loans	\$23.5 million invested on \$23.6 million of UPB ⁽¹⁾ (99.5% purchase price)	\$35.9 million invested on \$40.1 million of UPB ⁽¹⁾ (89.3% purchase price)
Originated Loans	\$10.9 million	\$39.5 million
Community Bank:		
Residential Mortgage Originations	\$29.0 million	\$23.4 million
Commercial Originations	\$5.4 million	\$5.3 million
SBA Division:		
Originations⁽²⁾	\$10.6 million	\$16.3 million
Loan Sales	\$5.5 million	\$7.5 million
Net Interest Margin	4.45%	4.87%
Purchased Loan Yield⁽³⁾	12.07%	12.74%
Provision for Loan Losses	\$169 thousand	\$896 thousand
Net Deposit Growth	\$18.7 million (3% growth)	\$33.3 million (5% growth)
Share Repurchases⁽⁴⁾	52,500 at \$10.45	72,600 at \$10.75
Earnings	\$1.9 million	\$1.7 million
EPS	\$0.20	\$0.18

Asset Quality Metrics

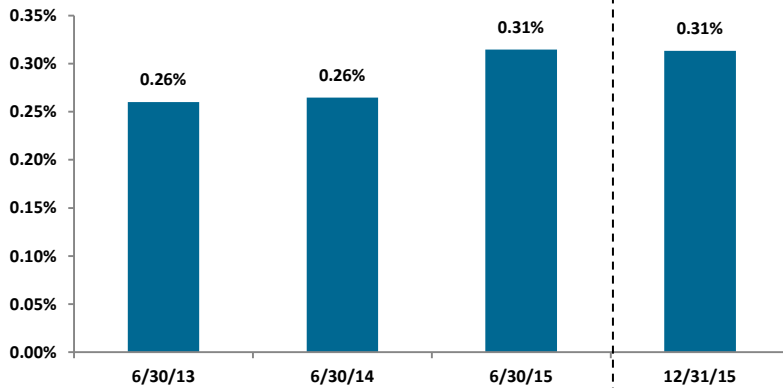
NPAs / Total Assets & NPLs / Total Loans



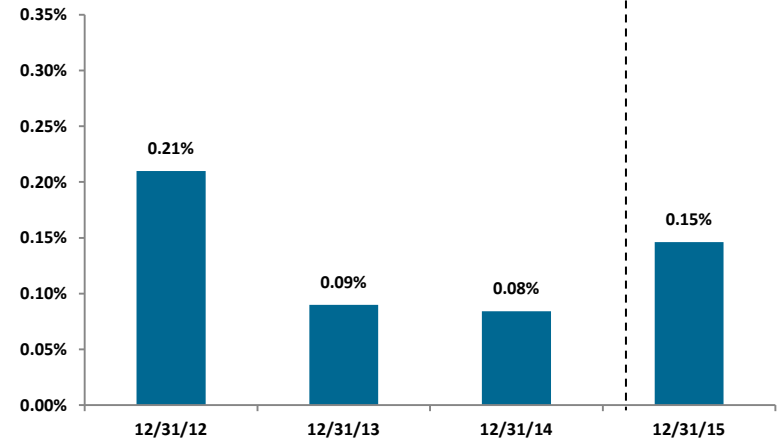
Classified Commercial Loans⁽¹⁾



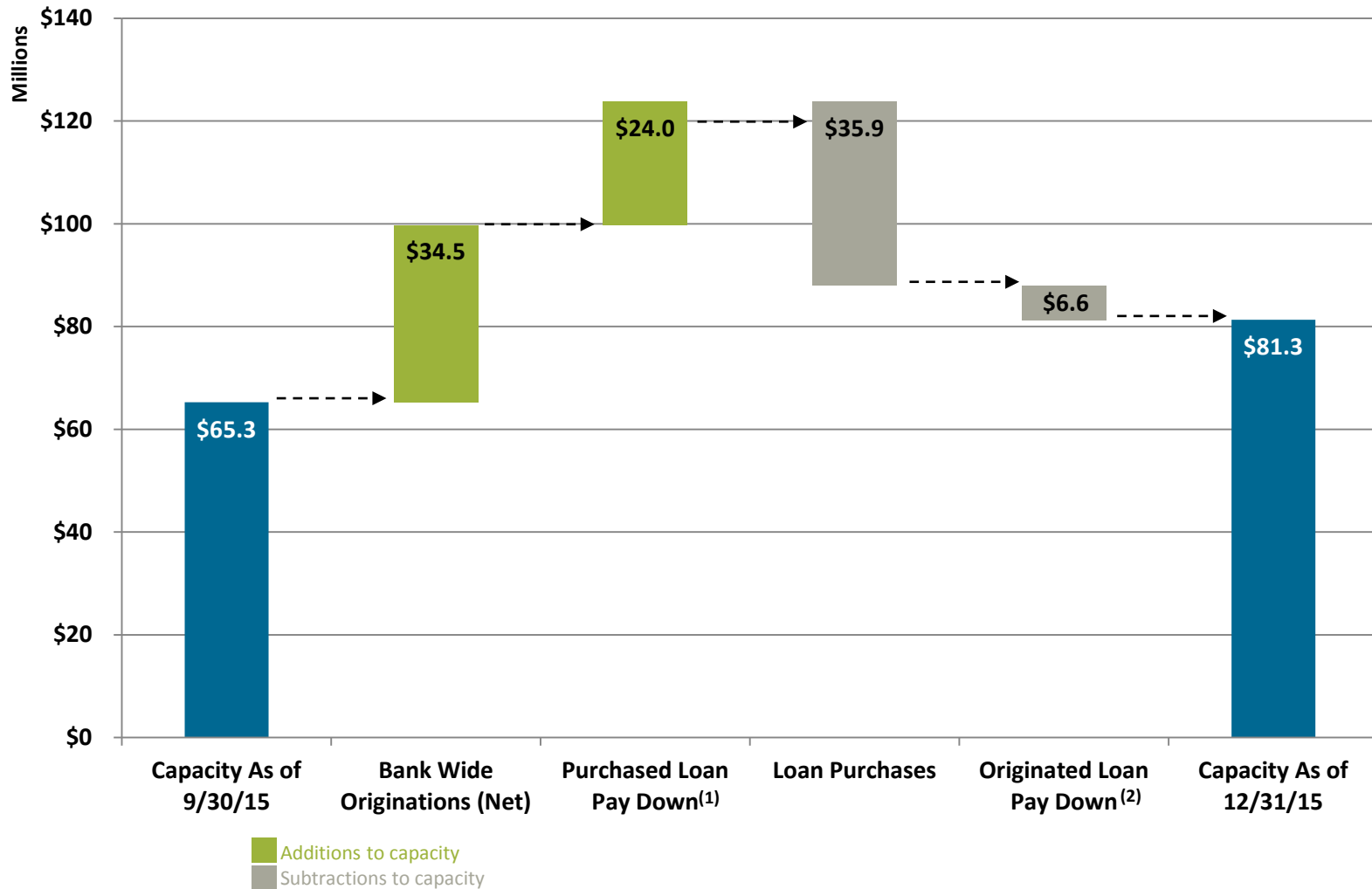
Allowance for Loan Losses / Gross Loans



NCOs / Average Loans⁽²⁾

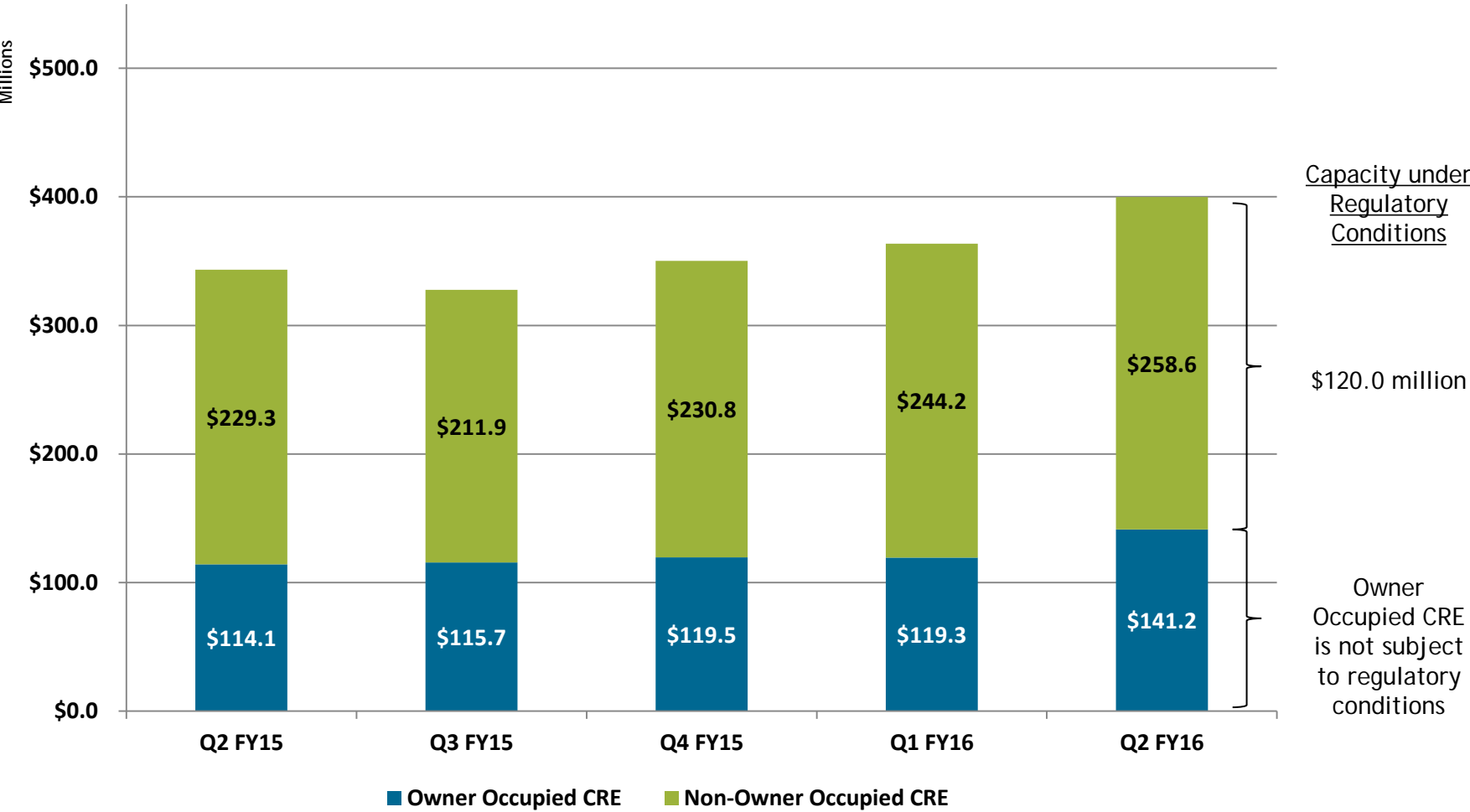


Capacity Bridge Under The 40% Purchased Loan Limitation

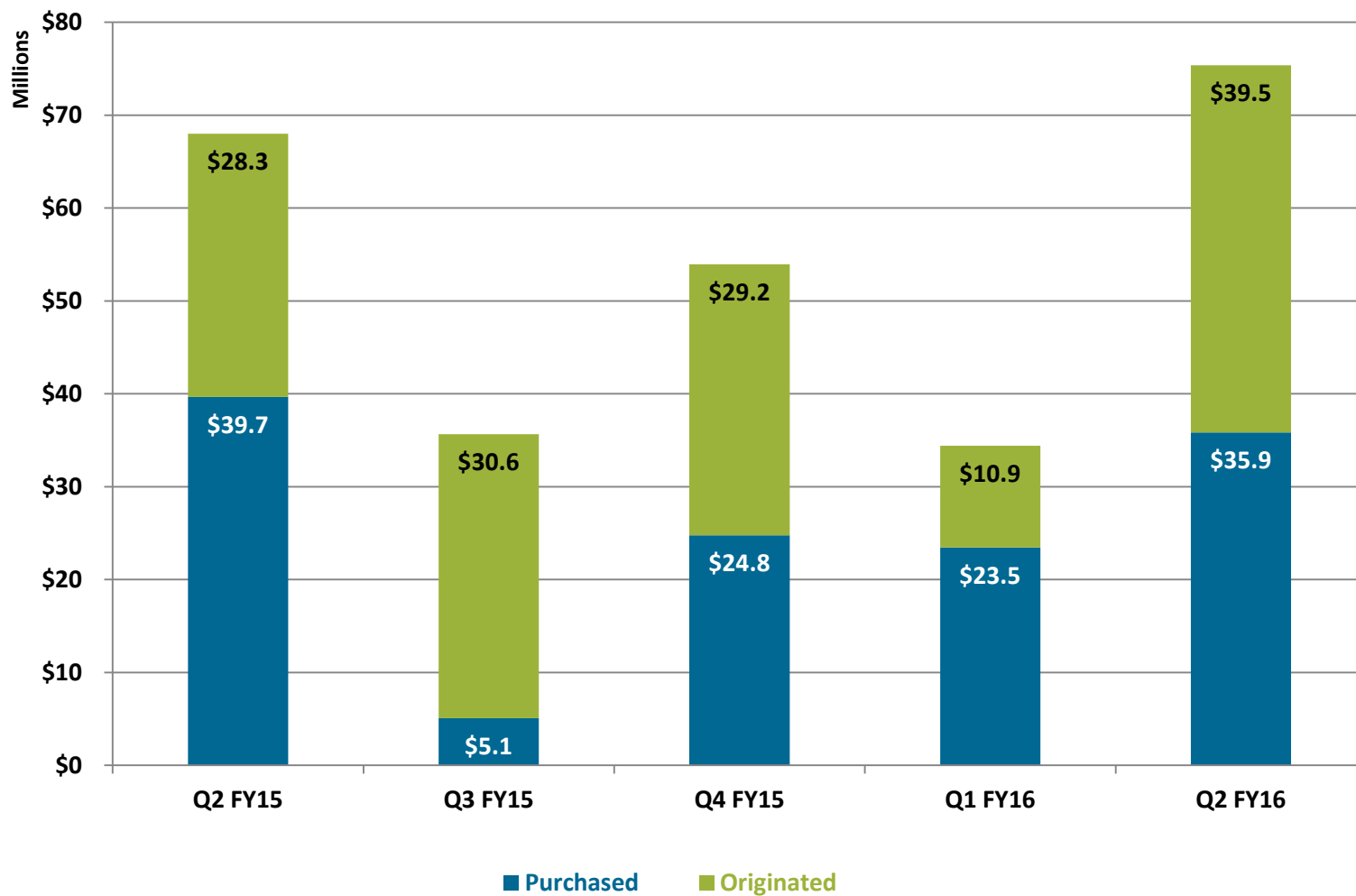


- (1) Bank wide net funded originations (funded originations less loan sales) of \$51.8 million created \$34.5 of purchased loan capacity
- (2) \$10.0 million of originated loan pay downs consumed \$6.6 million of purchased loan capacity
- (3) Every dollar of originations creates 0.67 dollars of purchased loan capacity

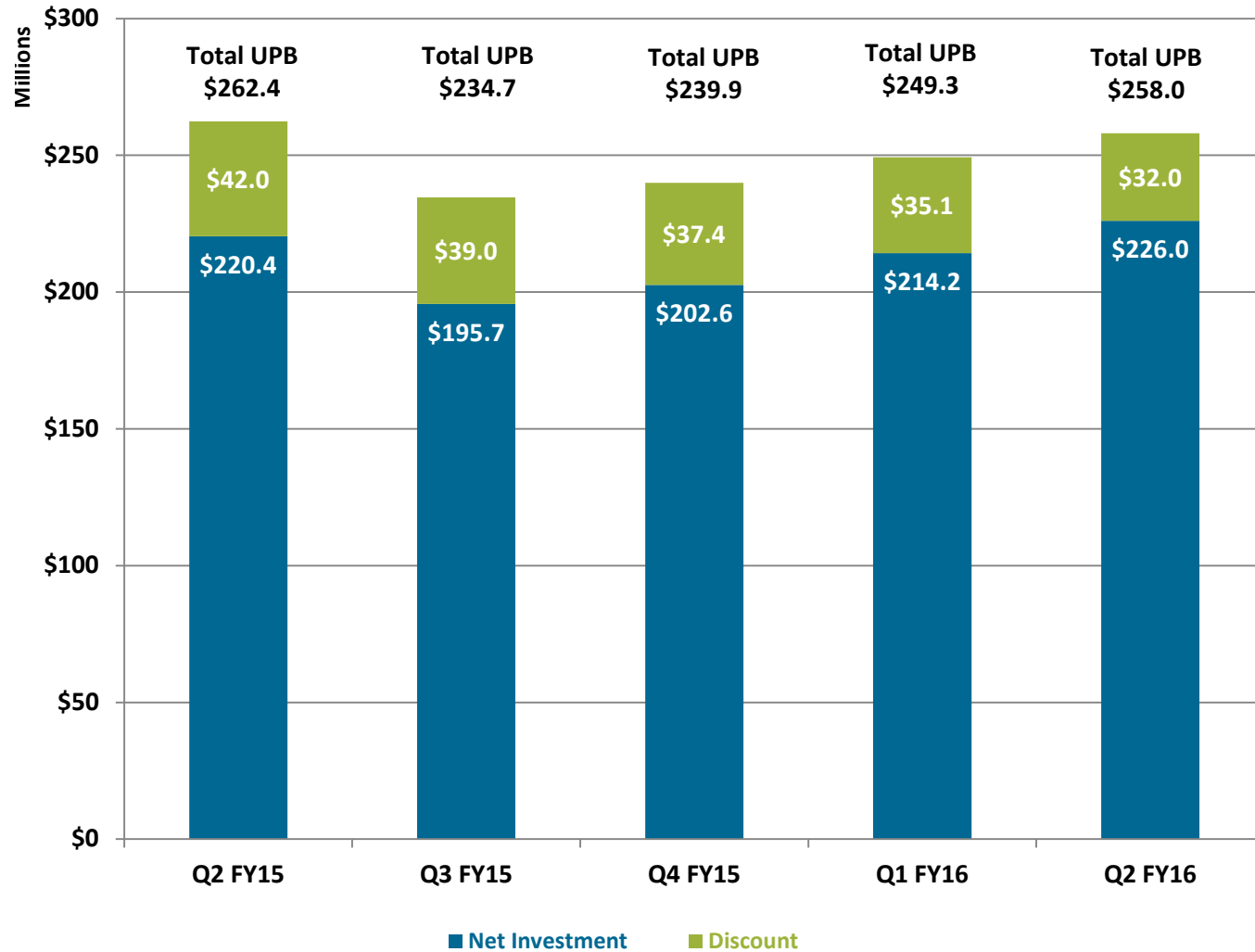
CRE Activity and Capacity By Trailing 5 Quarters



LASG Activity By Trailing 5 Quarters



Purchased Loan Investment Basis and Discount Growth By Trailing 5 Quarters



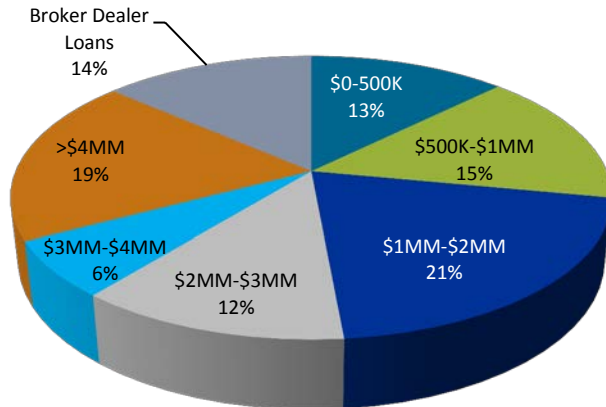
LASG Portfolio – Q2 FY16 Return Summary⁽¹⁾

	<u>Purchased</u>	<u>Originated</u>	<u>Securities Lending</u>	<u>Totals</u>
Regularly Scheduled Interest & Accretion	7.80%	5.69%	0.50%	6.01%
Gain on Asset Sales	0.00%	0.00%	0.00%	0.00%
Accelerated Accretion & Fees Recognized on Loan Payoffs	4.94%	0.00%	0.00%	2.54%
Total	12.74%	5.69%	0.50%	8.55%

(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, on an annualized basis. The total return does not include the effect of purchased loan charge-offs or recoveries in the quarter.

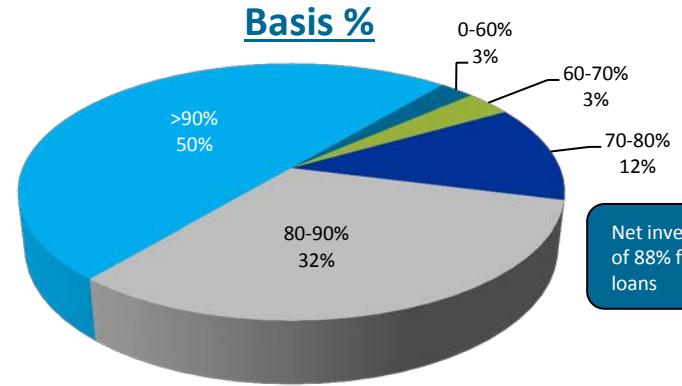
LASG Loan Portfolio Statistics

Investment Size



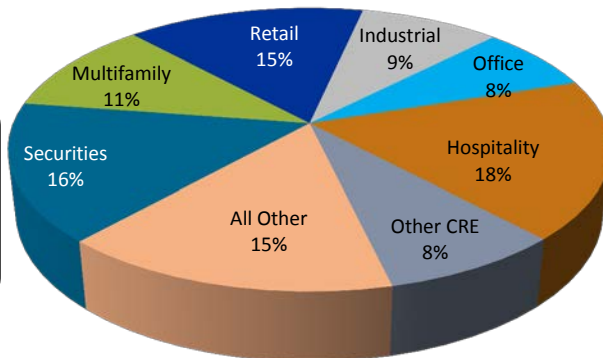
- Average investment (excluding securities lending) is \$740K/loan
- Broker-dealer loans are each \$12 million

Purchased Loan Net Investment Basis %



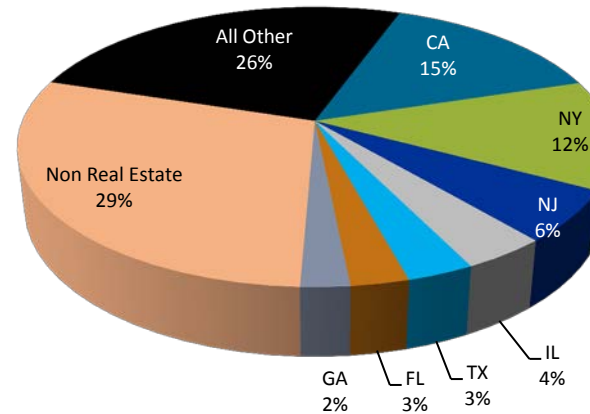
Net investment basis of 88% for purchased loans

Collateral Type



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

Collateral State⁽¹⁾

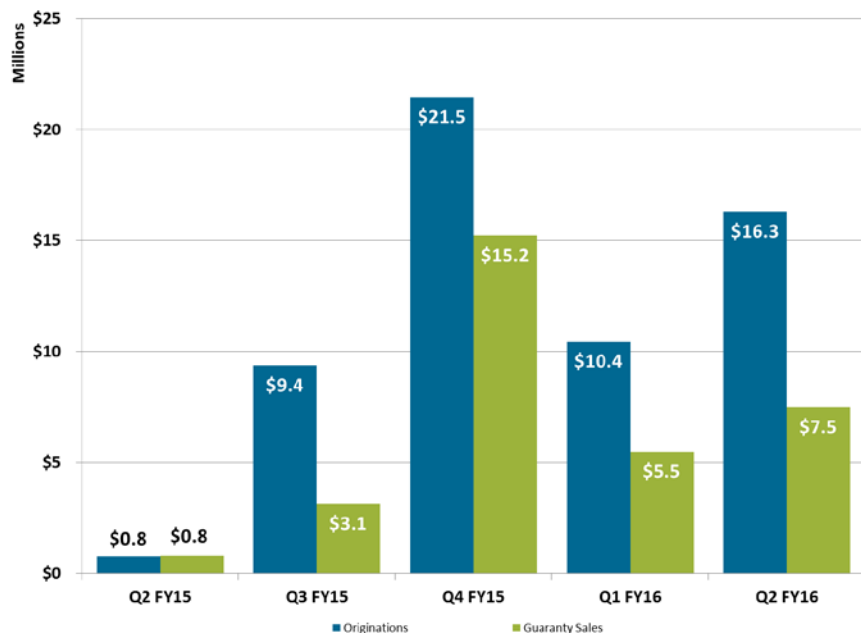


- Geographically diverse with collateral in 36 different states
- CA and NY represent combined 27% of portfolio

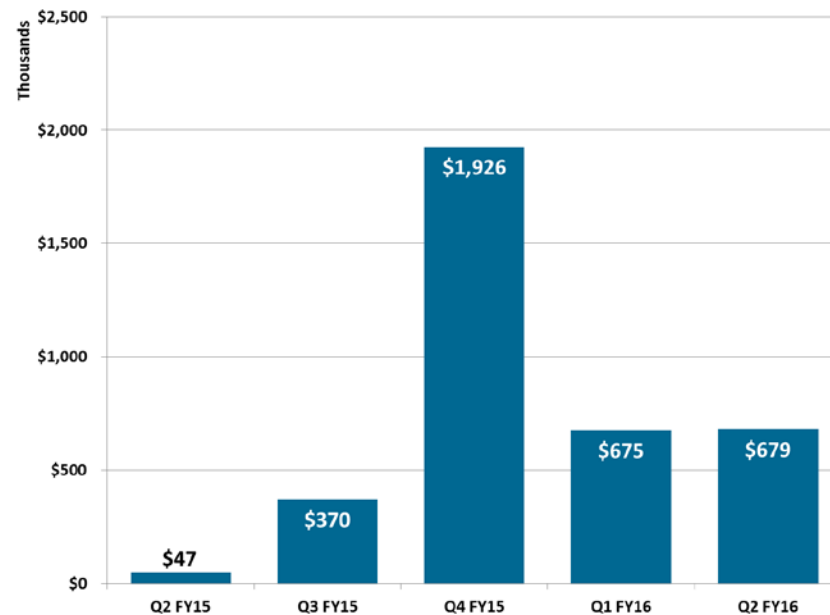
(1) Excludes \$60 million of secured loans to broker-dealers

National SBA Division Activity

Originations & Guaranty Sales



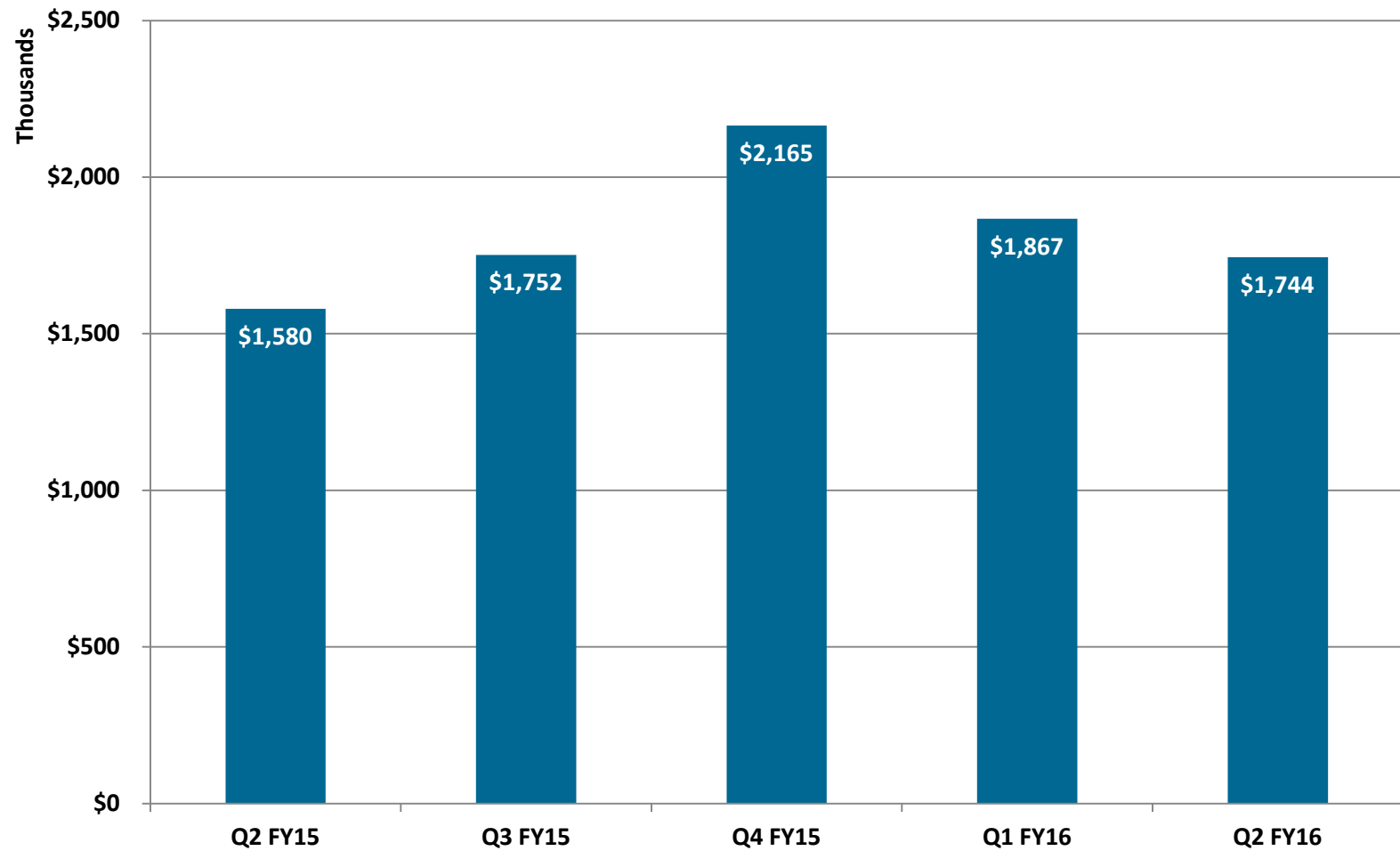
Net Gain on Sale⁽¹⁾



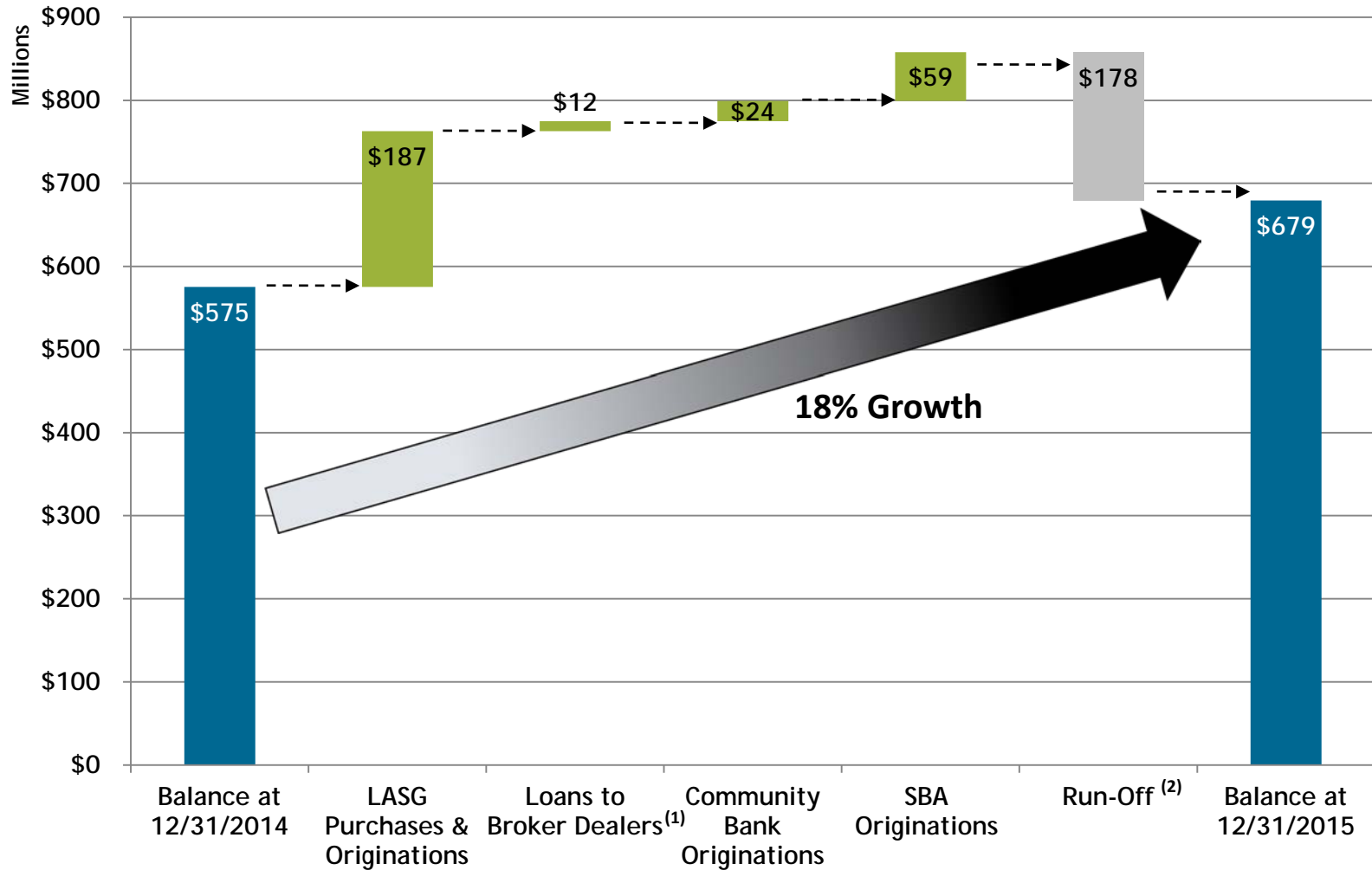
- Net gain on sale presented above includes any servicing asset that is capitalized
- Realized secondary market premiums in Q2 FY16 ranged from 108.75% to 116.41% with an average of 112.21% (note: any premium above 110% is split 50/50 with the SBA)

(1) Servicing asset included in net gain by quarter: Q3 - \$118 thousand; Q4 - \$694 thousand; Q1 16 - \$229 thousand; Q2 16 - \$199 thousand
 (2) Loan sales include originations from both current and prior quarters
 (3) First quarter of National SBA division production was Q2 FY15

Net Income From Continuing Operations For Trailing 5 Quarters



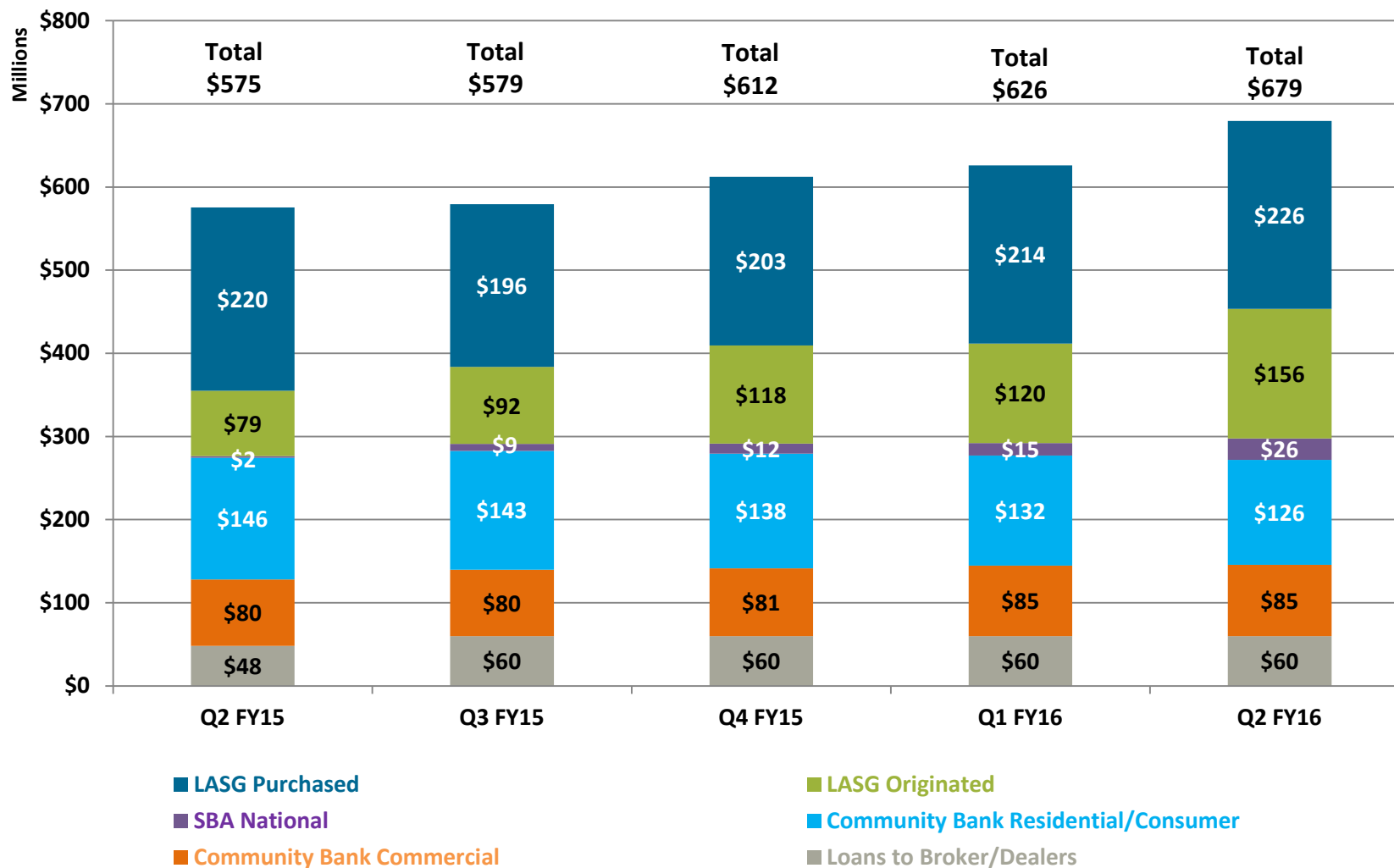
Loan Portfolio Roll Forward: 12/31/2014 – 12/31/2015



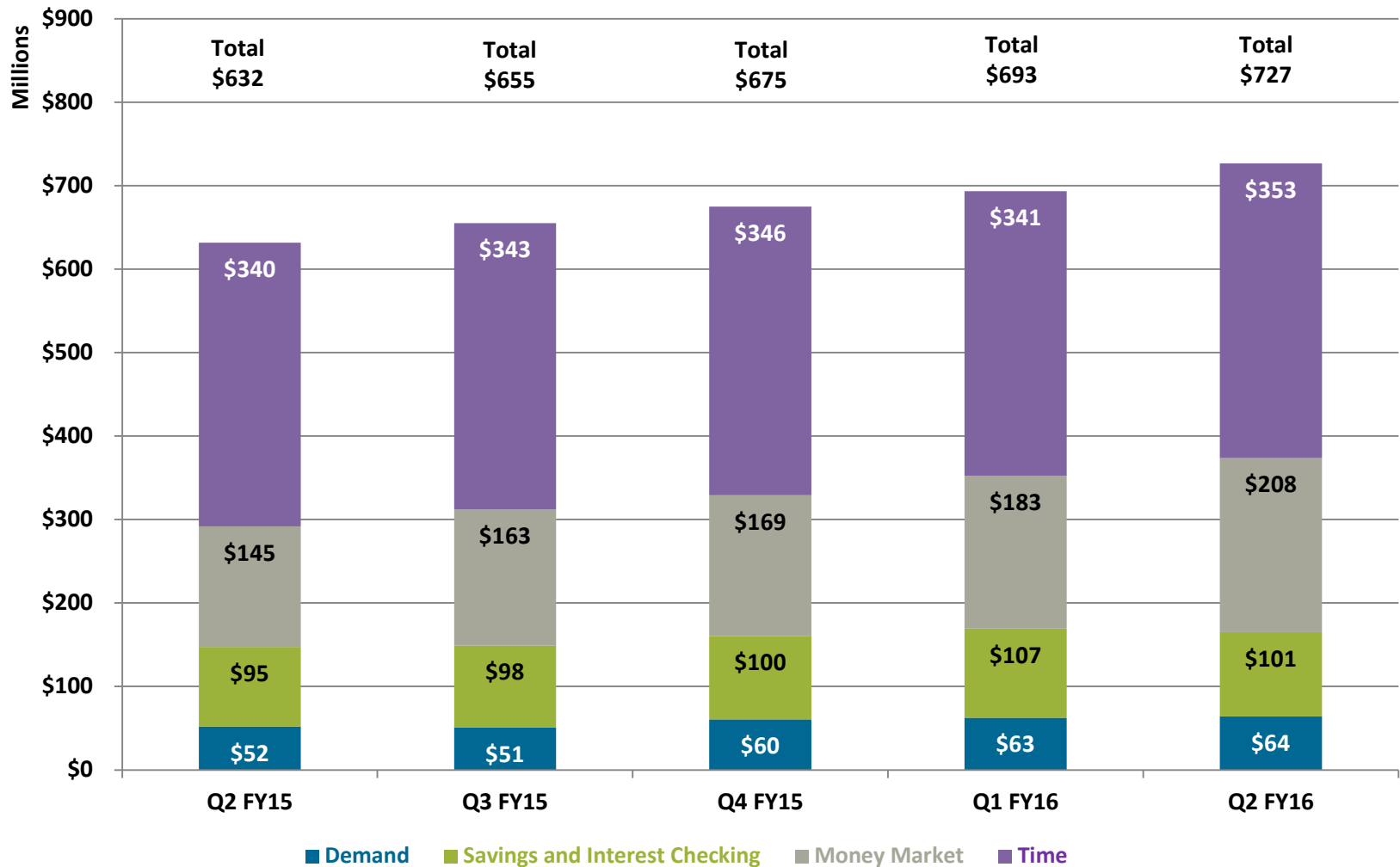
(1) Does not include \$98.7 million of residential mortgages that were originated for sale

(2) Run-off includes scheduled amortization, unscheduled principal pay downs, payoffs and SBA loan sales

Loan Mix As of Trailing 5 Quarter Ends

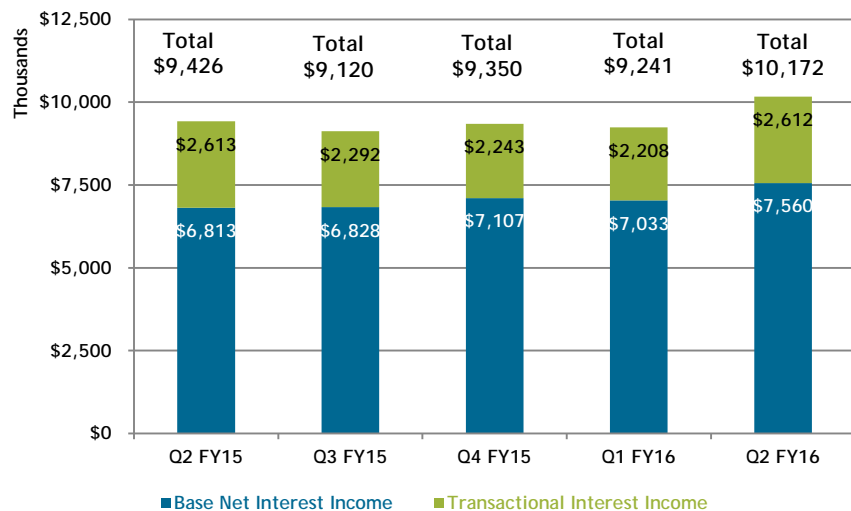


Deposit Mix By Trailing 5 Quarter Ends

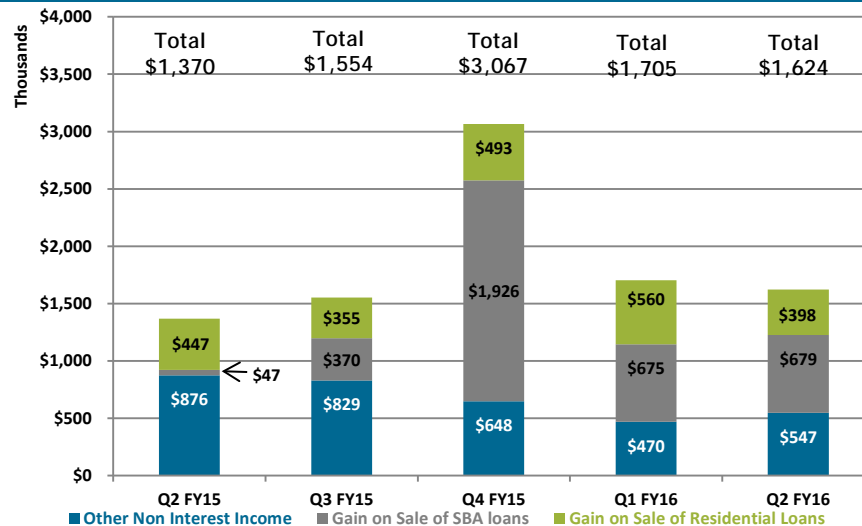


Key Components of Income For Trailing 5 Quarters

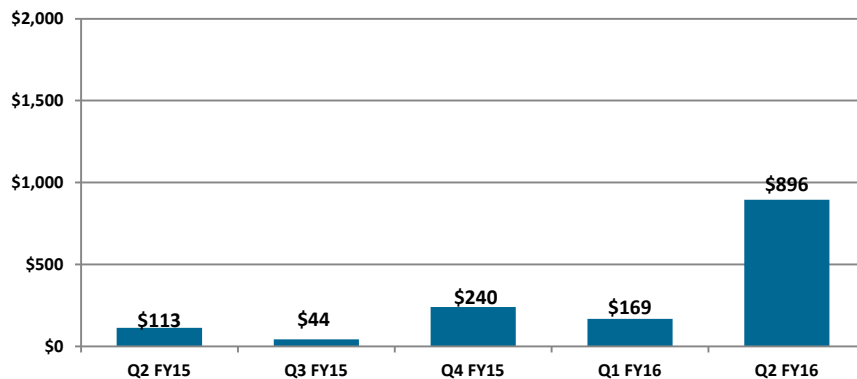
Net Interest Income Before Loan Loss Provision



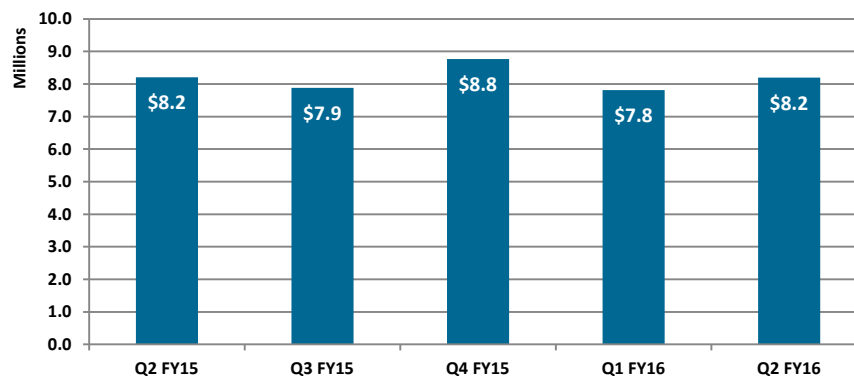
Noninterest Income



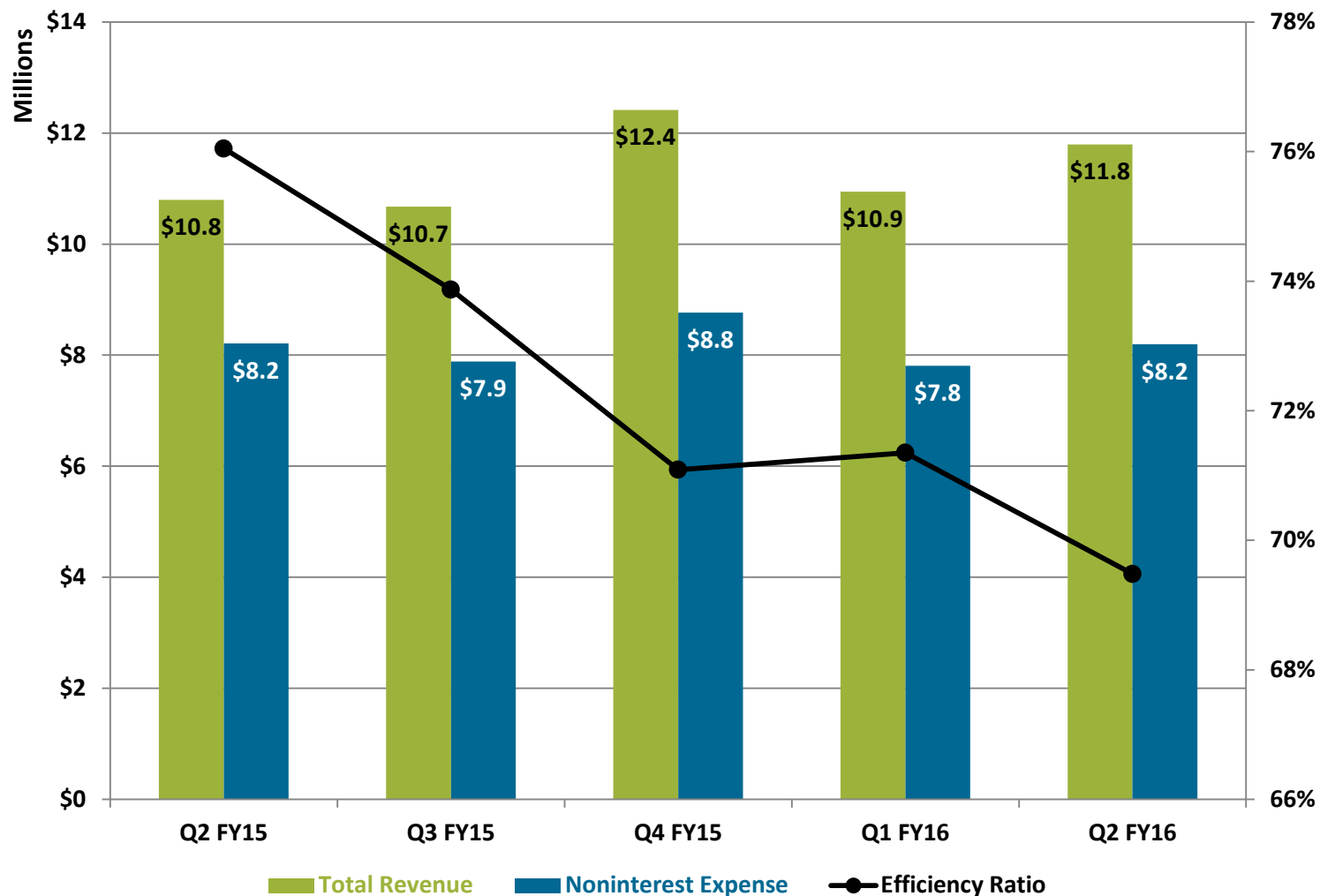
Provision for Loan Losses



Noninterest Expense



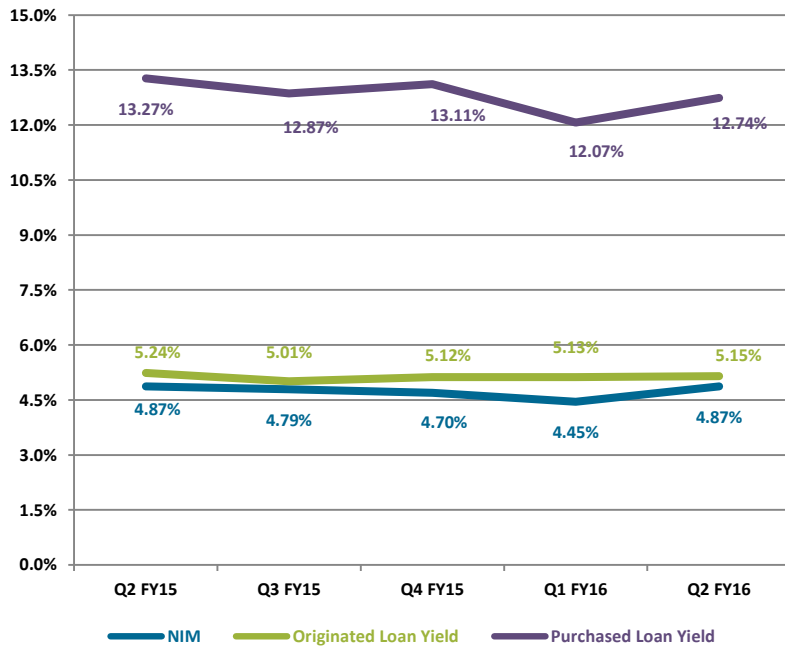
Revenue and Noninterest Expense for Trailing 5 Quarters



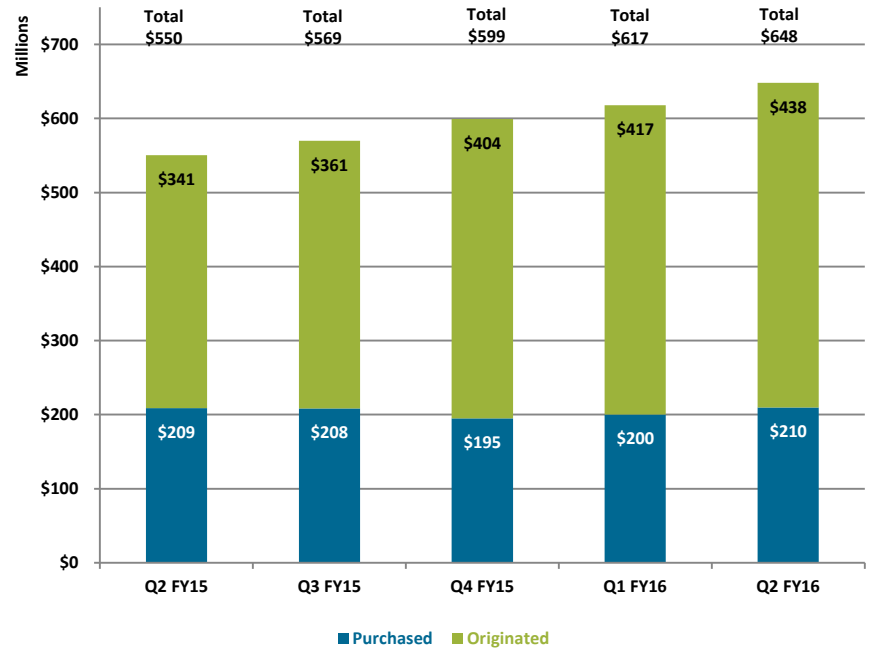
(1) Total Revenue includes net interest income before loan loss provision plus non interest income

Loan Performance & Average Loan Balance For Trailing 5 Quarters

Loan Performance



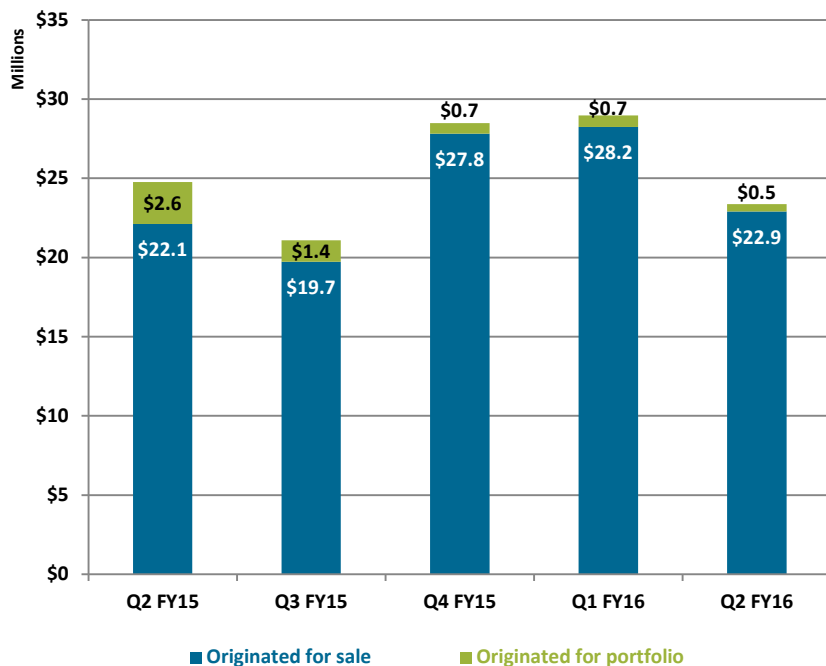
Average Loan Balance For Trailing 5 Quarters⁽¹⁾



(1) Includes loans held for sale

Residential Mortgage Originations & Gain On Sale By Trailing 5 Quarters

Residential Mortgage Originations



Residential Mortgage Gain On Sale

