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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): November 9, 2021

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**NORTHEAST BANK**

(Exact name of registrant as specified in its charter)

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**Maine**

(State or other jurisdiction of  
incorporation)

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**01-0029040**

(IRS Employer Identification  
No.)

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**27 Pearl Street  
Portland, Maine**

(Address of principal executive  
offices)

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**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 7.01            Regulation FD Disclosure.**

Northeast Bank (the "Bank") prepared an investor presentation with information about the Bank for a banking industry conference held on November 11, 2021. The investor presentation is attached as Exhibit 99.1 hereto.

The investor presentation is being furnished pursuant to Item 7.01, and the information contained therein shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, or otherwise subject to the liabilities under that Section. Furthermore, the information contained in Exhibit 99.1 shall not be deemed to be incorporated by reference into the filings of the Bank under the Securities Act of 1933.

**Item 9.01            Financial Statements and Exhibits.**

(d)                   Exhibits

| <u>Number</u> | <u>Description</u>    |
|---------------|-----------------------|
| 99.1          | Investor Presentation |

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, 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  
Jean-Pierre Lapointe  
*Chief Financial Officer*

Date: November 9, 2021

# Piper Sandler Investor Conference

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November 11, 2021

# 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 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; changes 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 political, business and economic conditions or legislative or regulatory initiatives; turbulence in the capital and debt markets; reductions in net interest income resulting from interest rate volatility as well as changes in the balances and mix of loans and deposits; changes in interest rates and real estate values; changes in loan collectability, increases in 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; changes in legislation or regulation and accounting principles, policies and guidelines; 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; reputational risk relating to our participation in the Paycheck Protection Program and other pandemic-related legislative and regulatory initiatives and programs; 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.

# Financial Highlights

|   | Q1 FY22   |
|---|---|
| <b>Total Loan Volume</b>  | <b>\$136.4 million</b>  |
| <b>National Lending:</b>  |   |
| Purchased Loans   | \$35.4 million invested on \$37.0 million of UPB <sup>(1)</sup><br>(95.5% purchase price) |
| Originated Loans <sup>(2)</sup>   | \$94.5 million  |
| Weighted Average Rate as of 9/30/2021 <sup>(3)</sup>                    | 5.87%   |
| <b>Correspondent Fee Income</b>   | <b>\$7.8 million</b>  |
| <b>Average Cost of Deposits</b>   | <b>0.39%</b>  |
| Net Interest Margin   | 4.74%   |
| Net Interest Margin excluding PPP and Collection Account <sup>(4)</sup> | 6.00%   |
| Purchased Loan Return <sup>(5)</sup>                                    | 9.19%   |
| Share Repurchases <sup>(6)</sup>  | 102,311 at \$29.91  |
| Net Income  | \$9.9 million   |
| EPS (Diluted)   | \$1.20  |
| Return on Equity  | 16.70%  |
| Return on Assets  | 2.41%   |

(1) Unpaid principal balance.

(2) National Lending originations during Q1 FY22 were 86% variable rate, all of which were Prime-rate based.

(3) Q1 FY22 National Lending originations had a weighted average floor rate of 5.87%.

(4) NIM excluding PPP and Collection Account for Q1 FY22 excludes PPP loan interest income of \$11 thousand and interest income on short-term investments of \$84 thousand, and average PPP loan balances of \$1.4 million and average short-term investments balance related to PPP collection account of \$334.3 million.

(5) Purchased loan return for Q1 FY22 included \$2.9 million of transactional income.

(6) From the inception of the repurchase program, the Bank has purchased 3,119,726 shares at \$12.84.

# Q1 FY'22 Correspondent Fee Income Summary

## Income Summary

| Income Source                              | Amount Recognized |
|--|-------------------|
| <i>Dollars in thousands</i>                |                   |
| Correspondent Fee                          | \$1,087           |
| Amortization of Purchased Accrued Interest | 1,794             |
| Earned Net Servicing Interest              | <u>4,950</u>      |
| <b>Total Correspondent Fee Income</b>      | <b>\$7,831</b>    |

## Correspondent Fee Summary

| Quarter                               | PPP Loans Purchased by Loan Source | Correspondent Fee | Purchased Accrued Interest <sup>(1)</sup> | Total <sup>(2)</sup> |
|---------------------------------------|------------------------------------|-------------------|---|----------------------|
| <i>Dollars in thousands</i>           |                                    |                   |   |                      |
| 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                          | 0                 | 598                                       | 598                  |
| Q4 FY 2021                            | 4,371,000                          | 171               | 2,703                                     | 2,874                |
| Q1 FY 2022                            | <u>6,300</u>                       | <u>0</u>          | 1   | 1                    |
| <b>Total</b>                          | <b>\$11,237,700<sup>(3)</sup></b>  | <b>\$8,905</b>    | <b>\$10,560</b>                           | <b>\$19,465</b>      |
| Less amounts recognized in Q1 FY 2022 | N/A                                | 1,087             | 1,794                                     | 2,881                |
| Income Recognized - To Date           | N/A                                | <u>\$4,081</u>    | <u>\$2,785</u>                            | <u>\$6,866</u>       |
| <b>Remainder to be Recognized</b>     | <b>N/A</b>                         | <b>\$3,737</b>    | <b>\$5,981</b>                            | <b>\$9,718</b>       |

(1) Northeast Bank's share

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

(3) Loan Source's ending PPP loan balance was \$6.66 billion as of September 30, 2021.

# Correspondent Activity Summary

## Correspondent Activity by Round

|                      | Round 1             | Round 2     | Total        |
|----------------------|---------------------|-------------|--------------|
|                      | <i>In thousands</i> |             |              |
| \$ Purchased         | \$5,086,941         | \$6,150,759 | \$11,237,700 |
| \$ Paid off/Forgiven | (4,537,542)         | (45,064)    | (4,582,606)  |
| \$ Remaining         | \$549,398           | \$6,105,696 | \$6,655,094  |
| % Remaining          | 11%                 | 99%         | 59%          |



# Loan Portfolio Summary

| Loan Portfolio                     | # of Loans   | Total Balance      | Average Loan Balance | WA LTV     |
|------------------------------------|--------------|--------------------|----------------------|------------|
| <i>Dollars in thousands</i>        |              |                    |                      |            |
| <b>National Lending Division</b>   |              |                    |                      |            |
| Purchased Loans (1)                | 989          | \$432,083          | \$437                | 47%(3)     |
| Direct Originated Loans            | 116          | 316,919            | 2,732                | 48%        |
| Portfolio Finance Loans            | 95           | 241,367            | 2,541                | 48%(4)     |
| <b>SBA and USDA Loans (2)</b>      | 121          | 39,675             | 328                  | 76%        |
| <b>Community Banking Division:</b> |              |                    |                      |            |
| Commercial Loans                   | 191          | 17,633             | 92                   | 44%        |
| Residential and Consumer Loans     | 561          | 26,782             | 48                   | 66%        |
| <b>Total</b>                       | <b>2,073</b> | <b>\$1,074,460</b> | <b>\$518</b>         | <b>49%</b> |

(1) Total balance of \$432.1 million is equal to unpaid principal balance of \$467.3 million, net of \$35.2 million purchased loan discount.

(2) Total loan balance of \$39.7 million is comprised of \$7.0 million of the guaranteed portion and \$32.7 million of the unguaranteed portion of loans.

(3) This reflects the Bank's basis against the appraised value at origination.

(4) LTV is calculated as the Bank's loan amount to the value of the underlying commercial real estate collateral.

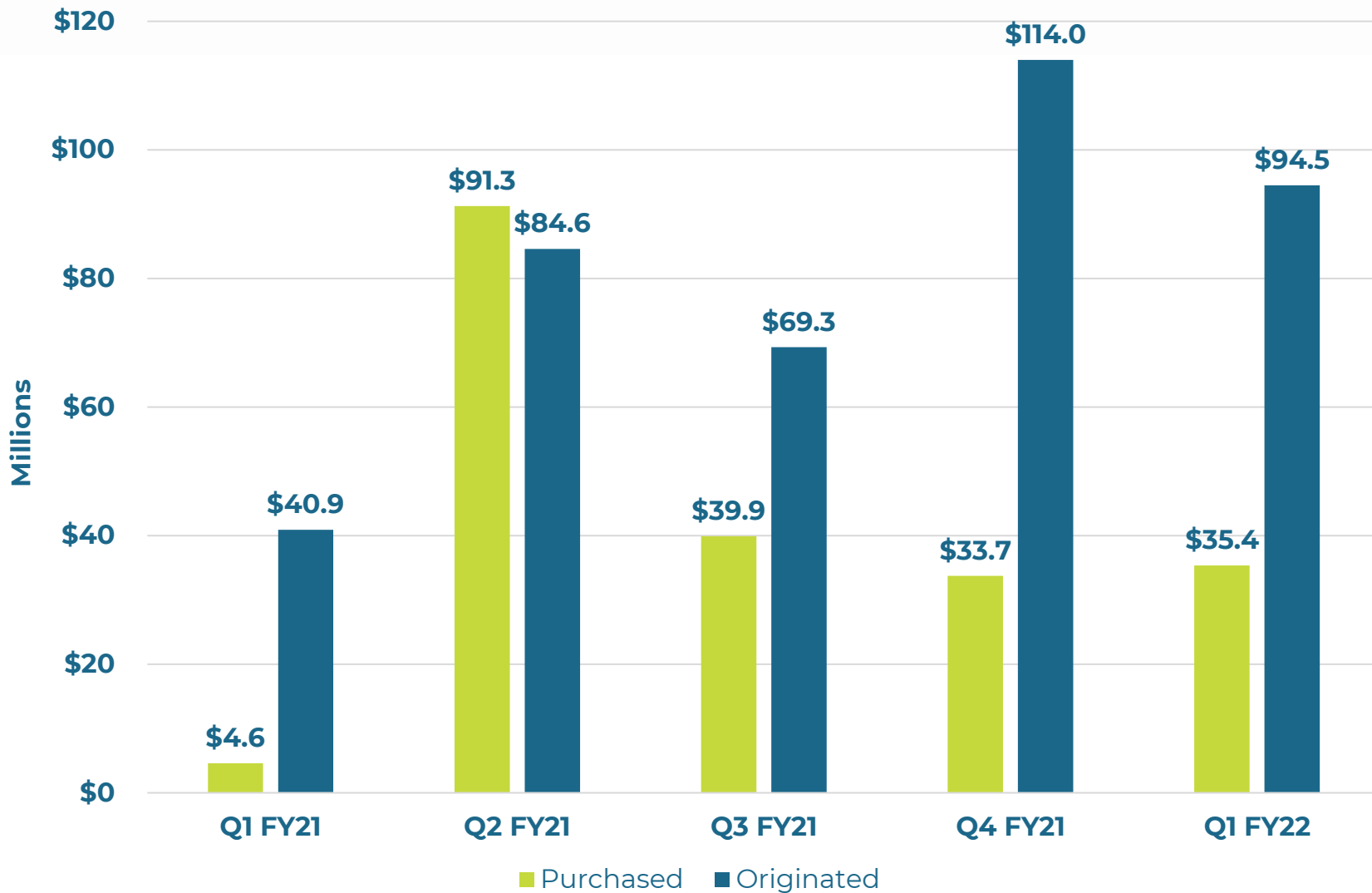
Loan balances exclude net deferred fees and costs.

# National Lending Portfolio Roll Forward: Trailing Three Months



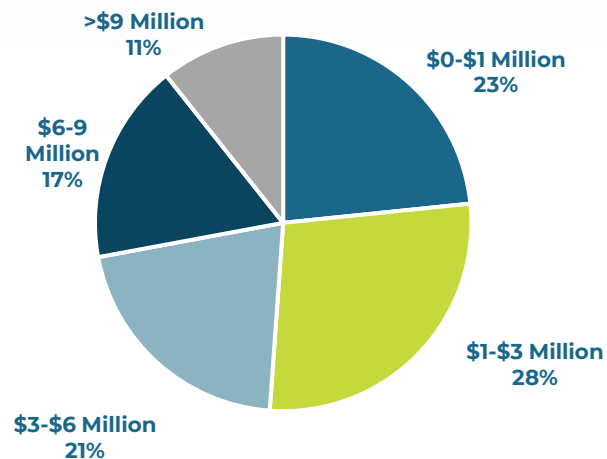
(1) Run-off includes scheduled amortization, principal pay downs and payoffs.

# National Lending Activity By Trailing 5 Quarters

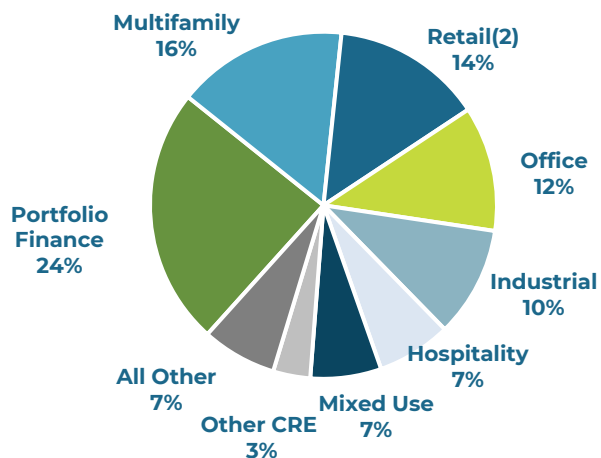


# National Lending Loan Portfolio Statistics as of September 30, 2021

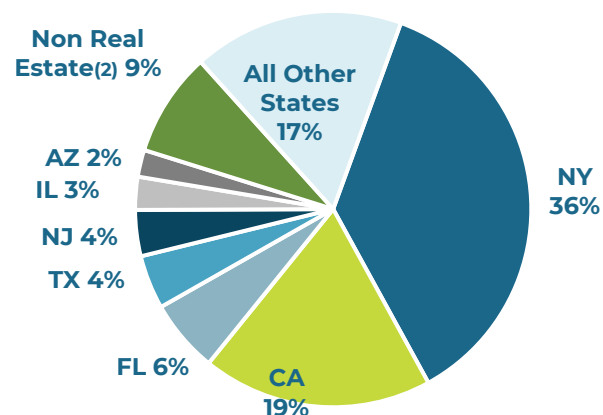
## Investment Size <sup>(1)</sup>



## Collateral Type



## Collateral State (45 States)



(1) Average investment size of \$825 thousand/loan; originated average: \$2.6 million/loan and purchased average: \$437 thousand/loan

(2) Includes traditional and non-traditional retail, such as restaurants and gas stations.

(3) 80% of the 9% Non-Real Estate total represents Portfolio Finance loans consisting of various collateral types in various locations.

# Lending Portfolio Life-to-Date Historical Volume and Charge-Offs

## National Lending Division

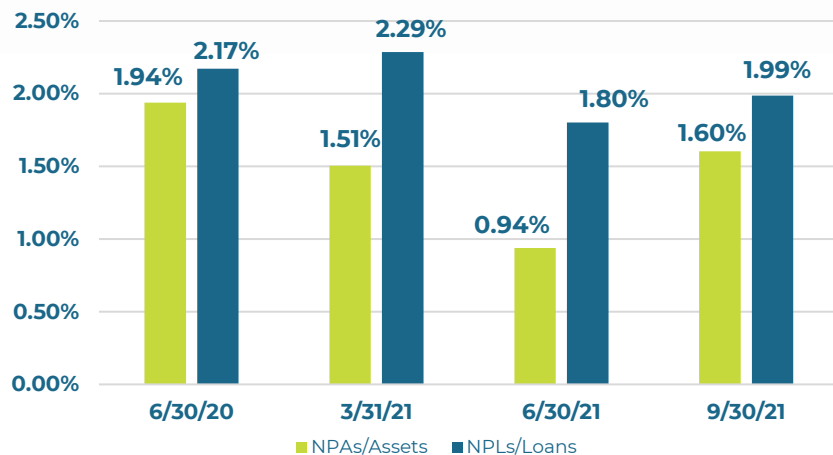
|   | Purchased                   | Originated  | SBA National | Total              |
|---|-----------------------------|-------------|--------------|--------------------|
|   | <i>Dollars in thousands</i> |             |              |                    |
| <b>Volume Life-to-Date</b>                      | \$1,235,102                 | \$1,651,605 | \$266,605    | <b>\$3,153,312</b> |
| <b>Net Charge-offs</b>                          | (\$1,698)                   | \$0         | (\$944)      | <b>(\$2,642)</b>   |
| <b>Net Charge-off Percentage <sup>(2)</sup></b> | -0.06%                      | 0.00%       | -0.28%       | <b>-0.04%</b>      |

(1) All data is life-to-date through September 30, 2021.

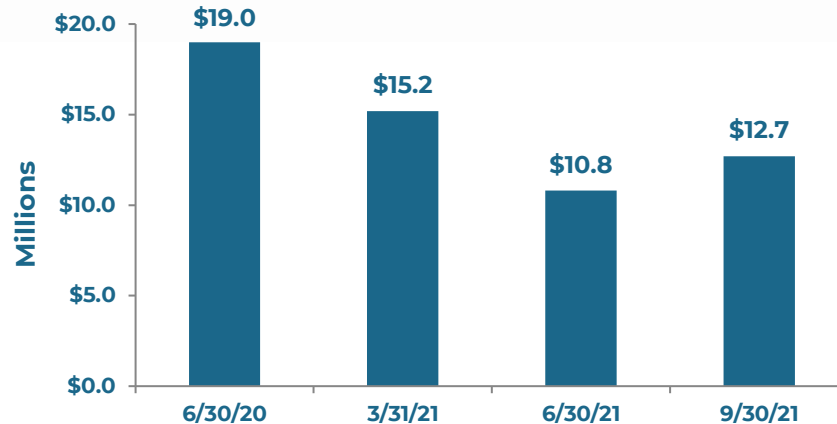
(2) Net charge-off percentage is calculated as a sum of all net charge-offs life-to-date divided by the sum of all life-to-date annual average balances for each division.

# Asset Quality Metrics

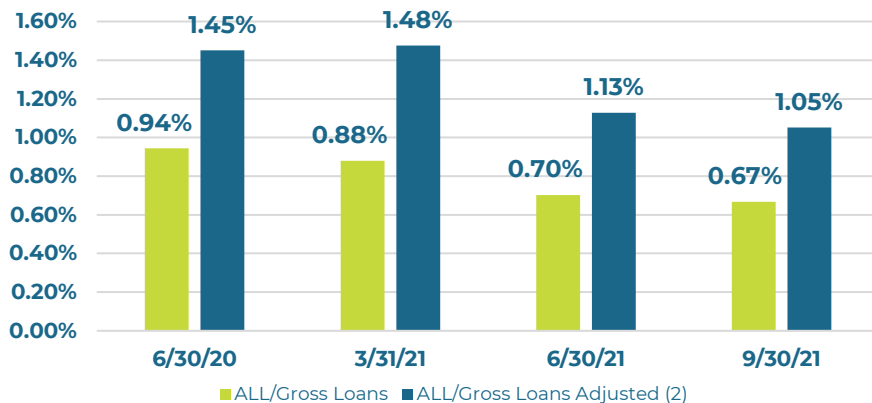
## NPAs / Total Assets & NPLs / Total Loans



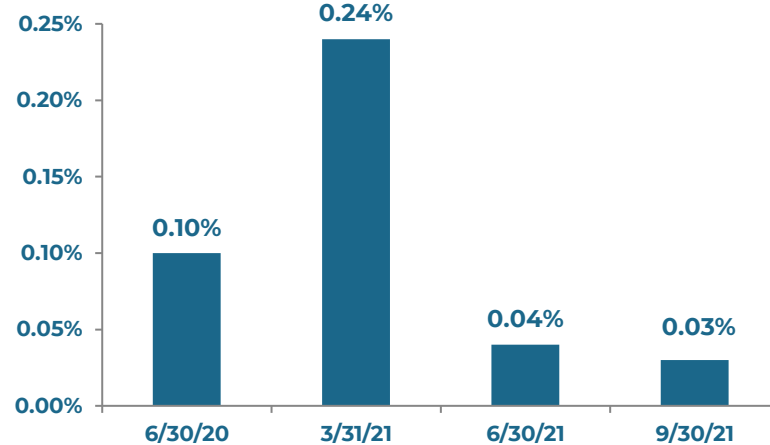
## Classified Commercial Loans<sup>(1)</sup>



## Allowance for Loan Losses / Gross Loans



## NCOs / Average Loans<sup>(3)</sup>



(1) Classified loans includes commercial real estate and commercial and industrial loans risk rated under the Bank's internal loan rating system.

(2) Represents allowance on originated loans divided by total originated loans.

(3) For periods ending 6/30, calculated as trailing twelve months of net charge-offs divided by average loans for the same period; for all other periods, calculated as current quarter's net charge-offs (annualized) divided by average loans for the same period.

# COVID-19 Modification Summary

## Full Payment Deferral<sup>(1)</sup>

Status as of September 30, 2021

| Original Deferral            | Currently in Deferral | Current | 30-59 DPD | 60-89 DPD | 90+ DPD |
|------------------------------|-----------------------|---------|-----------|-----------|---------|
| <i>(Dollars in Millions)</i> |                       |         |           |           |         |
| \$118.2                      | \$0.0                 | \$116.5 | \$0.1     | \$0.0     | \$1.6   |

## Interest-Only Period<sup>(1)</sup>

Status as of September 30, 2021

| Original Deferral            | Currently in Deferral | Current | 30-59 DPD | 60-89 DPD | 90+ DPD |
|------------------------------|-----------------------|---------|-----------|-----------|---------|
| <i>(Dollars in Millions)</i> |                       |         |           |           |         |
| \$40.3                       | \$4.5                 | \$40.2  | \$0.0     | \$0.1     | \$0.0   |

(1) Amounts represent balances as of September 30, 2021, not balances at the time of initial COVID modification. As such, any loans that previously entered into a COVID modification and have since paid off are no longer reflected in amounts above.

# Nonperforming Assets Turnover – Quarter ended September 30, 2021

|                             | Nonperforming<br>Loans        | REO          | Total          | FMV of<br>Collateral | LTV  | Notes  |
|-----------------------------|-------------------------------|--------------|----------------|----------------------|------|--|
|                             | <i>(Dollars in Thousands)</i> |              |                |                      |      |  |
| June 30, 2021 Balance       | \$18,758                      | \$1,639      | \$20,397       |                      |      |  |
| <b>NPL Additions:</b>       |                               |              |                |                      |      |  |
| #1                          | 1,349                         | -            | 1,349          | 1,050                | 128% | Portfolio finance loan in collection   |
| #2                          | 1,200                         | -            | 1,200          | 1,575                | 76%  | Mixed-use property in NY   |
| #3                          | 1,012                         | -            | 1,012          | 1,200                | 84%  | Economy hotel in WY  |
| #4                          | 403                           | -            | 403            | 3,476                | 12%  | Commercial property in VA  |
| #5                          | 384                           | -            | 384            | 1,700                | 23%  | Apartment complex in CA  |
| Other - Various             | 692                           | -            | 692            |                      |      | < \$300 thousand NIB - 8 loans   |
| REO #1                      | -                             | 118          | 118            | 118                  |      | Recently closed branch, transferred from fixed assets                            |
| <b>Total Additions:</b>     | <b>5,040</b>                  | <b>118</b>   | <b>5,158</b>   |                      |      |  |
| <b>NPL Resolutions:</b>     |                               |              |                |                      |      |  |
| #1                          | (317)                         | -            | (317)          |                      |      | Camp in NH; note sale/payoff in August   |
| #2                          | (459)                         | -            | (459)          |                      |      | 2 note-relationship: office/Industrial space in NJ; paid off in September        |
| #3                          | (292)                         | -            | (292)          |                      |      | Retail space in UT; paid off in September  |
| Other Loans - Various       | (1,338)                       | -            | (1,338)        |                      |      | 14 loans (totaling \$288 thousand) returned to accrual or paid off; net paydowns |
| REO #1                      | -                             | (989)        | (989)          |                      |      | Office property in IL held since 2018; \$74 thousand loss on sale                |
| REO #2                      | (53)                          | 53           | -              | 53                   |      | Vacant daycare in FL   |
| <b>Total Resolutions:</b>   | <b>(2,459)</b>                | <b>(936)</b> | <b>(3,395)</b> |                      |      |  |
| September 30, 2021 Balance: | \$21,339                      | \$821        | \$22,160       |                      |      |  |



# Allowance Allocation

| Loan Segment                      | Total Loan Balances at September 30, 2021 | Total Reserves at September 30, 2021 | ALL / Total Loans at September 30, 2021 | Total Reserves at June 30, 2021 | ALL / Total Loans at June 30, 2021 | Total Reserves at September 30, 2020 | ALL / Total Loans at September 30, 2020 |
|-----------------------------------|---|--------------------------------------|---|---------------------------------|------------------------------------|--------------------------------------|---|
| <i>Dollars in thousands</i>       |   |                                      |   |                                 |                                    |                                      |   |
| <b>LASG Purchased</b>             | <b>\$432,083</b>                          | <b>\$415</b>                         | <b>0.10%</b>                            | <b>\$412</b>                    | <b>0.10%</b>                       | <b>\$630</b>                         | <b>0.18%</b>                            |
| Originated Loans:                 |   |                                      |   |                                 |                                    |                                      |   |
| C&I (Portfolio Finance primarily) | 244,978                                   | 1,494                                | 0.61%                                   | 1195                            | 0.47%                              | 1013                                 | 0.50%                                   |
| Commercial Real Estate            | 311,926                                   | 2,364                                | 0.76%                                   | 2,323                           | 0.86%                              | 2,613                                | 1.02%                                   |
| SBA and USDA:                     |   |                                      |   |                                 |                                    |                                      |   |
| - Guaranteed                      | 7,025                                     | -                                    | 0.00%                                   | -                               | 0.00%                              | -                                    | 0.00%                                   |
| - Unguaranteed                    | 31,457                                    | 2,651                                | 8.43%                                   | 3,119                           | 9.22%                              | 4,841                                | 11.56%                                  |
| 1-4 Family Residential            | 45,882                                    | 213                                  | 0.46%                                   | 233                             | 0.49%                              | 408                                  | 0.64%                                   |
| Consumer                          | 996                                       | 29                                   | 2.91%                                   | 31                              | 2.67%                              | 31                                   | 2.18%                                   |
| <b>Total Originated Loans</b>     | <b>642,264</b>                            | <b>6,751</b>                         | <b>1.05%</b>                            | <b>6,901</b>                    | <b>1.13%</b>                       | <b>8,906</b>                         | <b>1.55%</b>                            |
| <b>Total Loans</b>                | <b>\$1,074,347</b>                        | <b>\$7,166</b>                       | <b>0.67%</b>                            | <b>\$7,313</b>                  | <b>0.70%</b>                       | <b>\$9,536</b>                       | <b>1.02%</b>                            |

(1) Under purchased loan accounting, only further declines in expected cash flows subsequent to the acquisition of a loan are recognized through a specific reserve in the allowance for loan losses.

Loan balances are net of deferred fees and costs.

# National Lending Portfolio by Collateral Type

| Collateral Type                 | Direct Originated           |                  | Portfolio Finance |                  | Purchased     |                  | Total National Lending |                  |               |
|---------------------------------|-----------------------------|------------------|-------------------|------------------|---------------|------------------|------------------------|------------------|---------------|
|                                 | <i>Dollars in thousands</i> | <i>Balance</i>   | <i>WA LTV</i>     | <i>Balance</i>   | <i>WA LTV</i> | <i>Balance</i>   | <i>WA LTV</i>          | <i>Balance</i>   | <i>WA LTV</i> |
| <b>1-4 Family</b>               |                             | \$18,030         | 39%               | \$13,902         | 60%           | \$6,861          | 29%                    | \$38,793         | 45%           |
| <b>Hospitality</b>              |                             | 53,671           | 51%               | 12,745           | 58%           | 15,084           | 41%                    | 81,500           | 50%           |
| <b>Industrial</b>               |                             | 28,586           | 48%               | 30,514           | 48%           | 81,217           | 46%                    | 140,317          | 47%           |
| <b>Land and Construction</b>    |                             | 2,841            | 50%               | 6,500            | 22%           | 6,149            | 49%                    | 15,490           | 38%           |
| <b>Mixed Use</b>                |                             | 19,914           | 54%               | 52,620           | 47%           | 25,302           | 44%                    | 97,836           | 48%           |
| <b>Multi Family</b>             |                             | 41,389           | 45%               | 37,723           | 52%           | 127,361          | 44%                    | 206,473          | 46%           |
| <b>Office</b>                   |                             | 51,818           | 48%               | 20,751           | 56%           | 70,887           | 51%                    | 143,456          | 51%           |
| <b>Retail</b>                   |                             | 95,910           | 50%               | 27,712           | 52%           | 96,517           | 51%                    | 220,139          | 51%           |
| <b>Small Balance Commercial</b> |                             | 4,760            | 32%               | 38,900           | 33%           | 2,705            | 36%                    | 46,365           | 33%           |
| <b>Total</b>                    |                             | <b>\$316,919</b> | <b>48%</b>        | <b>\$241,367</b> | <b>48%</b>    | <b>\$432,083</b> | <b>47%</b>             | <b>\$990,369</b> | <b>48%</b>    |

All data as of September 30, 2021, unless otherwise noted. Loan balances exclude net deferred fees and costs.

# National Lending Portfolio — Weighted Average LTV By Bucket

| National Lending Portfolio     | <40%             | 40-49%           | 50-59%           | 60-69%           | 70-79%          | >=80%           | Total            |
|--------------------------------|------------------|------------------|------------------|------------------|-----------------|-----------------|------------------|
| <i>Dollars in thousands</i>    |                  |                  |                  |                  |                 |                 |                  |
| <b>Purchased Loans</b>         | \$152,249        | \$83,528         | \$81,166         | \$66,598         | \$36,581        | \$11,961        | \$432,083        |
| <b>Direct Originated Loans</b> | 85,725           | 69,916           | 70,248           | 77,682           | 8,445           | 4,902           | 316,919          |
| <b>Portfolio Finance Loans</b> | 64,609           | 46,403           | 106,959          | 23,396           | -               | -               | 241,367          |
| <b>Total</b>                   | <b>\$302,584</b> | <b>\$199,847</b> | <b>\$258,372</b> | <b>\$167,677</b> | <b>\$45,027</b> | <b>\$16,863</b> | <b>\$990,369</b> |
| <b>% of Total</b>              | <b>31%</b>       | <b>19%</b>       | <b>26%</b>       | <b>18%</b>       | <b>4%</b>       | <b>2%</b>       | <b>100%</b>      |

# National Lending Purchased Portfolio — Further Analysis

## National Lending Purchased Portfolio

## Origination Year

| <i>Dollars in thousands</i>                             | <b>Pre-2009</b> | <b>2009-2015</b> | <b>2016 and later</b> | <b>Total</b>     |
|---|-----------------|------------------|-----------------------|------------------|
| <b>Current Basis</b>                                    | \$174,034       | \$149,085        | \$108,964             | <b>\$432,083</b> |
| <b># of Loans</b>                                       | 620             | 213              | 138                   | <b>971</b>       |
| <b>% of Portfolio</b>                                   | 40%             | 35%              | 25%                   | <b>100%</b>      |
| <b>Original Principal Balance</b>                       | \$389,635       | \$231,871        | \$141,167             | <b>\$762,673</b> |
| <b>Current Principal Balance</b>                        | 190,483         | 159,554          | 117,231               | <b>467,268</b>   |
| <b>% Principal Paid Down Since Origination</b>          | 51%             | 31%              | 17%                   | <b>39%</b>       |
| <b>Current Basis<sup>(1)</sup> / Original Principal</b> | 45%             | 64%              | 77%                   | <b>57%</b>       |

(1) Current basis is net of principal paydowns and remaining discount.

All data as of September 30, 2021, unless otherwise noted. Loan balances exclude net deferred fees and costs.

# National Lending Originated Portfolio — Interest Reserve Analysis

## Portfolio Finance

| <i>Dollars in thousands</i>                           | Balance   | % with Interest Reserves | Interest Reserve WA Duration | WA Advance Rate <sup>(1)</sup> | WA Loan to Underlying RE <sup>(1)</sup> |
|---|-----------|--------------------------|------------------------------|--------------------------------|---|
| <b>Total Portfolio Finance Loans</b>                  | \$241,367 |                          |                              | 66%                            | 48%                                     |
| <b>Portfolio Finance Loans with Interest Reserves</b> | 197,108   | 82%                      | 6.4 Months                   |                                |   |

## Direct Originated Loans

| <i>Dollars in thousands</i>                           | Balance   | % with Interest Reserves | Interest Reserve WA Duration | WA LTV <sup>(1)</sup> |
|---|-----------|--------------------------|------------------------------|-----------------------|
| <b>Total Direct Originated Loans</b>                  | \$316,919 |                          |                              | 48%                   |
| <b>Direct Originated Loans with Interest Reserves</b> | 224,557   | 71%                      | 8.8 Months                   |                       |

(1) Weighted Average calculations utilize original balance and real estate values at the time of origination. All data as of September 30, 2021, unless otherwise noted. Loan balances exclude net deferred fees and costs.

# Community Banking Division Portfolio by Collateral Type

| Collateral Type              | Commercial      |               | Consumer        |               | Total           |
|------------------------------|-----------------|---------------|-----------------|---------------|-----------------|
| <i>Dollars in thousands</i>  | <b>Balance</b>  | <b>WA LTV</b> | <b>Balance</b>  | <b>WA LTV</b> | <b>Balance</b>  |
| <b>1-4 Family</b>            | \$1,855         | 49%           | \$24,649        | 66%           | \$26,504        |
| <b>Hospitality</b>           | 2,610           | 29%           | -               | -             | 2,610           |
| <b>Industrial</b>            | 165             | 49%           | -               | -             | 165             |
| <b>Land and Construction</b> | 296             | 27%           | 369             | 64%           | 665             |
| <b>Mixed Use</b>             | 324             | 82%           | -               | -             | 324             |
| <b>Multi Family</b>          | 3,429           | 41%           | 1,369           | 67%           | 4,798           |
| <b>Office</b>                | 4,509           | 38%           | -               | -             | 4,509           |
| <b>Retail</b>                | 2,721           | 48%           | -               | -             | 2,721           |
| <b>Small Balance</b>         | 1,724           | 79%           | 386             | 52%           | 2,110           |
| <b>Unsecured</b>             | -               | NAP           | 9               | 100%          | 9               |
| <b>Total</b>                 | <b>\$17,633</b> | <b>44%</b>    | <b>\$26,782</b> | <b>66%</b>    | <b>\$44,415</b> |

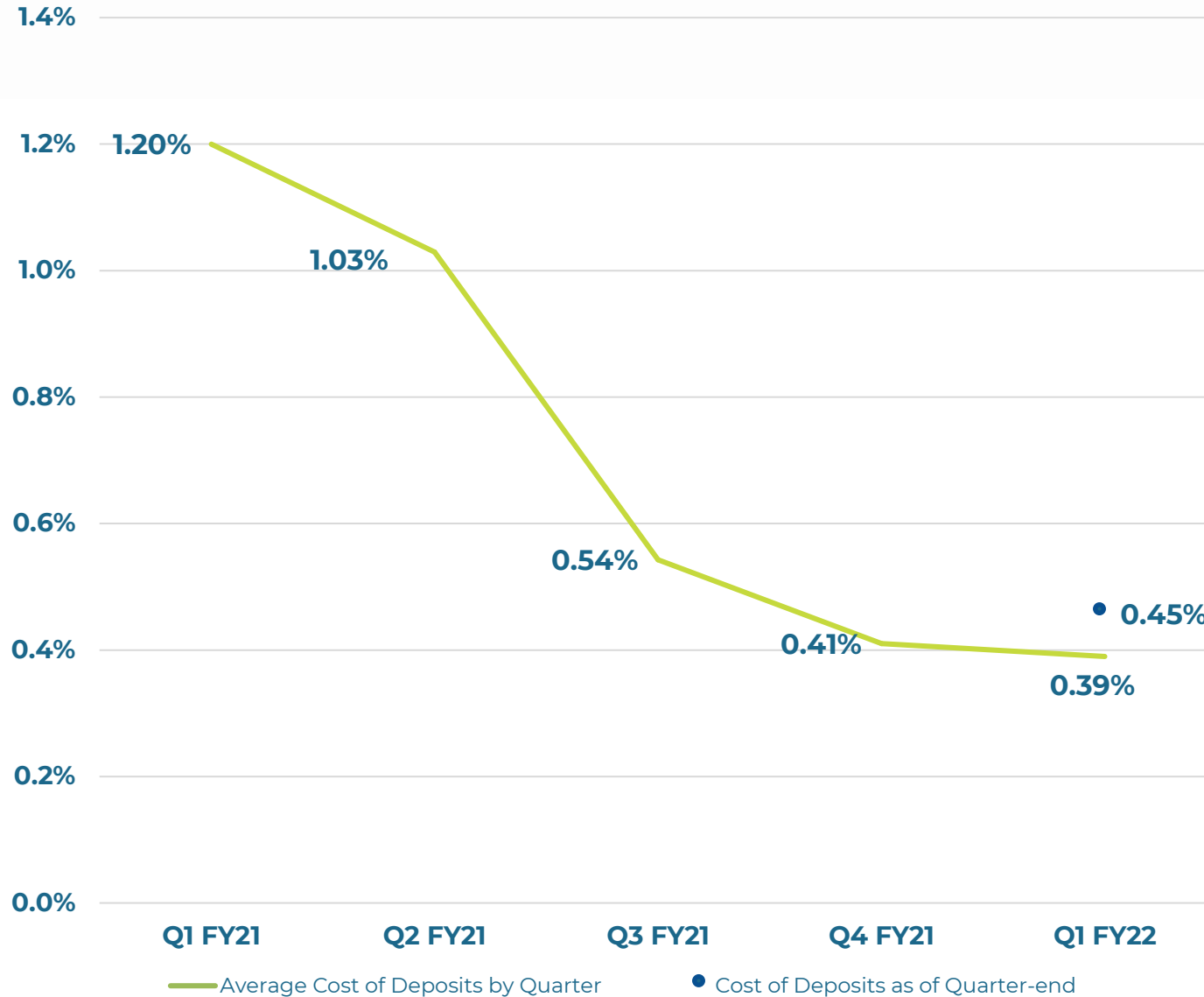
All data as of September 30, 2021, unless otherwise noted. Loan balances exclude net deferred fees and costs.

# SBA and USDA Loans by Collateral Type

| Collateral Type                 | SBA and USDA Loans |                     |                      |               |
|---------------------------------|--------------------|---------------------|----------------------|---------------|
| <i>Dollars in thousands</i>     | <i>Guaranteed</i>  | <i>Unguaranteed</i> | <i>Total Balance</i> | <i>WA LTV</i> |
| <b>Hospitality</b>              | \$1,442            | \$18,423            | \$19,865             | 73%           |
| <b>Industrial</b>               | 654                | 4,589               | 5,243                | 69%           |
| <b>Office</b>                   | -                  | 2,785               | 2,785                | 79%           |
| <b>Retail</b>                   | 3,546              | 5,114               | 8,660                | 90%           |
| <b>Small Balance Commercial</b> | 702                | 1,512               | 2,214                | 62%           |
| <b>1-4 Family</b>               | 681                | 227                 | 908                  | 66%           |
| <b>Total</b>                    | <b>\$7,025</b>     | <b>\$32,650</b>     | <b>\$39,675</b>      | <b>76%</b>    |

All data as of September 30, 2021, unless otherwise noted. Loan balances exclude net deferred fees and costs.

# Quarterly Cost of Deposits





# Deposit Portfolio Changes

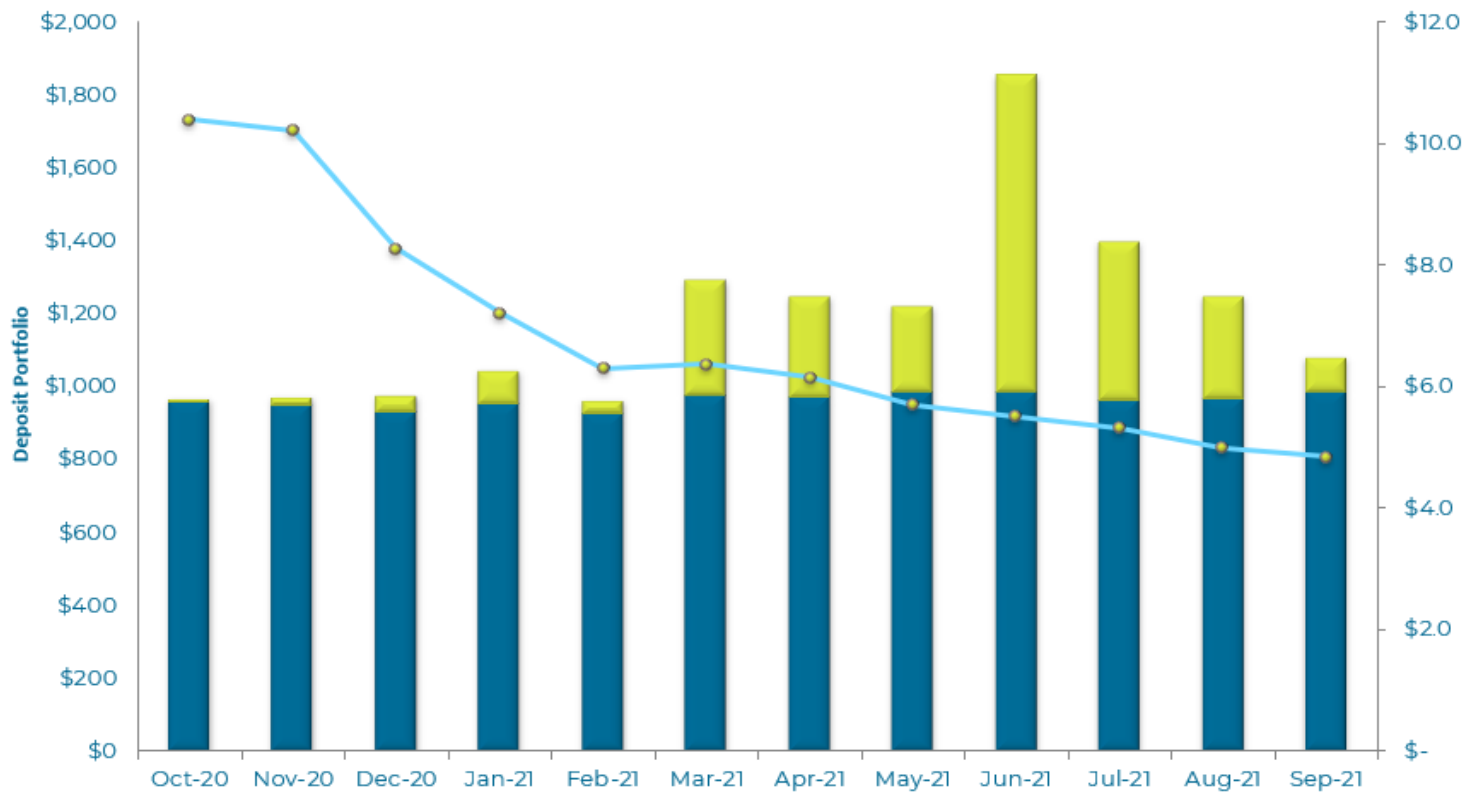
| By Channels                 |             |       |     | September 30, 2021 |       |     | September 30, 2020 |      |        | Net Change |  |  |
|-----------------------------|-------------|-------|-----|--------------------|-------|-----|--------------------|------|--------|------------|--|--|
| <i>Dollars in thousands</i> | Balance     | WAR   | Mix | Balance            | WAR   | Mix | Balance            | %    | WAR    |            |  |  |
| <b>Community Banking</b>    | \$731,537   | 0.36% | 74% | \$557,920          | 0.55% | 55% | \$173,617          | 31%  | -0.19% |            |  |  |
| <b>ableBanking</b>          | 159,924     | 0.60% | 16% | 280,560            | 1.41% | 28% | (120,636)          | -43% | -0.81% |            |  |  |
| <b>Bulletin Board</b>       | 101,273     | 1.25% | 10% | 164,577            | 2.20% | 16% | (63,304)           | -38% | -0.95% |            |  |  |
| <b>Sub-Total</b>            | 992,734     | 0.49% | 91% | 1,003,057          | 1.06% | 99% | (10,323)           | -1%  | -0.57% |            |  |  |
| <b>Holdback Accounts</b>    | 93,576 (1)  | 0.00% | 9%  | 12,595             | 0.00% | 1%  | 80,981             | 643% | 0.00%  |            |  |  |
| <b>Grand Total</b>          | \$1,086,310 | 0.45% |     | \$1,015,652        | 1.05% |     | \$70,658           | 7%   | -0.60% |            |  |  |

| By Products                   |             |       |     | September 30, 2021 |       |     | September 30, 2020 |      |        | Net Change |  |  |
|-------------------------------|-------------|-------|-----|--------------------|-------|-----|--------------------|------|--------|------------|--|--|
| <i>Dollars in thousands</i>   | Balance     | WAR   | Mix | Balance            | WAR   | Mix | Balance            | %    | WAR    |            |  |  |
| <b>Checking</b>               | \$395,897   | 0.19% | 40% | \$247,076          | 0.18% | 25% | \$148,821          | 60%  | 0.01%  |            |  |  |
| <b>Savings</b>                | 84,676      | 0.43% | 9%  | 37,533             | 0.11% | 4%  | 47,143             | 126% | 0.32%  |            |  |  |
| <b>Money Market</b>           | 270,801     | 0.29% | 27% | 311,561            | 0.50% | 31% | (40,760)           | -13% | -0.21% |            |  |  |
| <b>Certificate of Deposit</b> | 241,359     | 1.23% | 24% | 406,887            | 2.12% | 41% | (165,528)          | -41% | -0.89% |            |  |  |
| <b>Sub-Total</b>              | 992,733     | 0.49% | 91% | 1,003,057          | 1.06% | 99% | (10,324)           | -1%  | -0.58% |            |  |  |
| <b>Holdback Accounts</b>      | 93,576 (1)  | 0.00% | 9%  | 12,595             | 0.00% | 1%  | 80,981             | 643% | 0.00%  |            |  |  |
| <b>Grand Total</b>            | \$1,086,310 | 0.45% |     | \$1,015,652        | 1.05% |     | \$70,658           | 7%   | -0.60% |            |  |  |

(1) Includes PPP Collection Account balance of \$77.9 million at September 30, 2021

# Deposit Portfolio and Interest Analysis

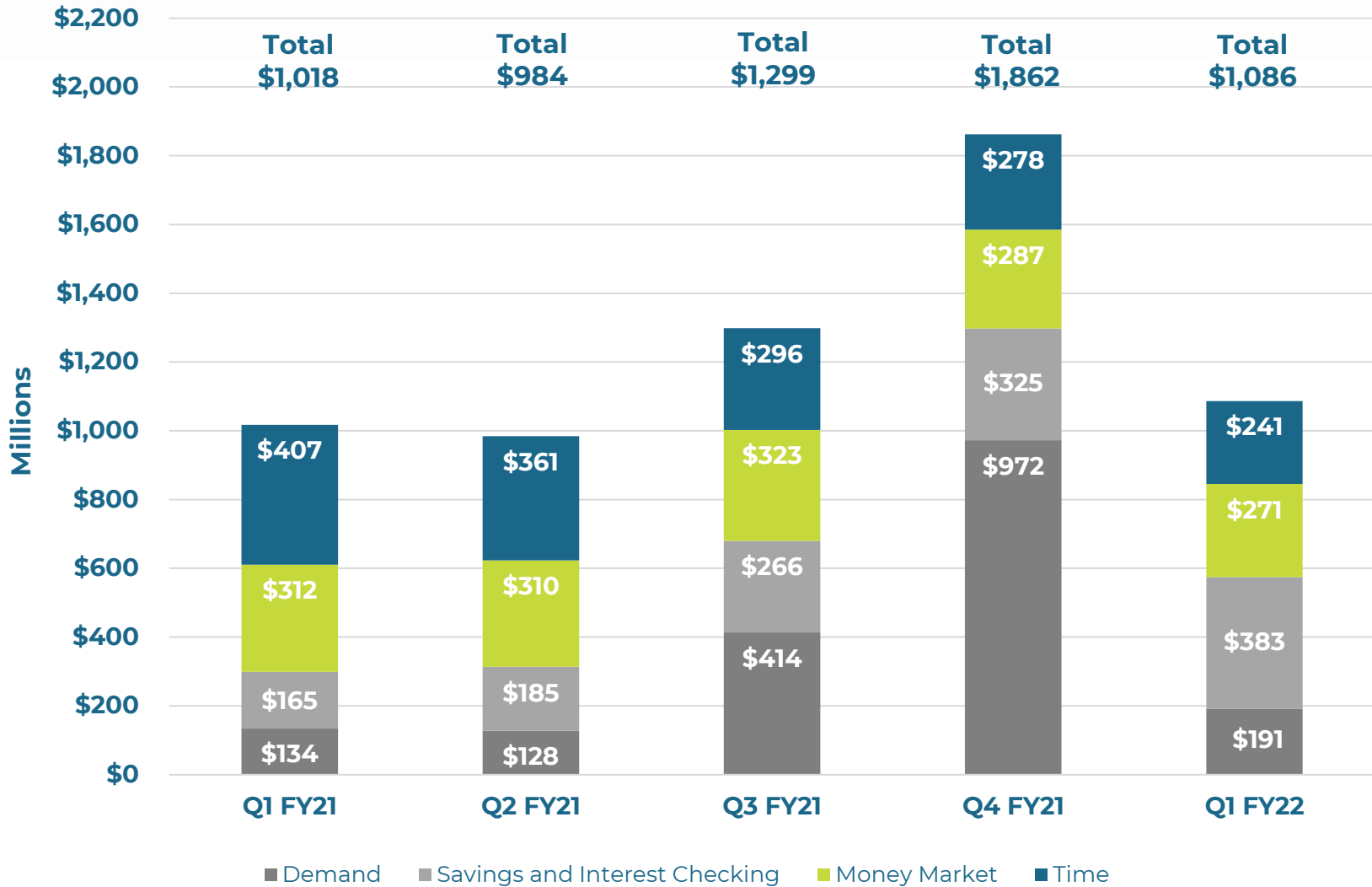
**Trailing Twelve-Month Deposit Portfolio and Annualized Interest Expense  
(Excludes Brokered Deposits)  
\$ Millions**



|                   | Oct-20 | Nov-20 | Dec-20 | Jan-21 | Feb-21 | Mar-21 | Apr-21 | May-21 | Jun-21 | Jul-21 | Aug-21 | Sep-21 |
|-------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Holdback Accounts | \$11   | \$19   | \$48   | \$89   | \$39   | \$317  | \$275  | \$237  | \$873  | \$433  | \$278  | \$94   |
| Deposit Portfolio | \$959  | \$953  | \$931  | \$955  | \$926  | \$977  | \$976  | \$988  | \$985  | \$965  | \$970  | \$988  |
| Interest Expense  | \$10.4 | \$10.2 | \$8.3  | \$7.2  | \$6.3  | \$6.4  | \$6.1  | \$5.7  | \$5.5  | \$5.3  | \$5.0  | \$4.8  |

Note: Above graph excludes \$400 million of brokered CDs at 15 basis points which were outstanding at January and February month-ends to fund PPP originations.

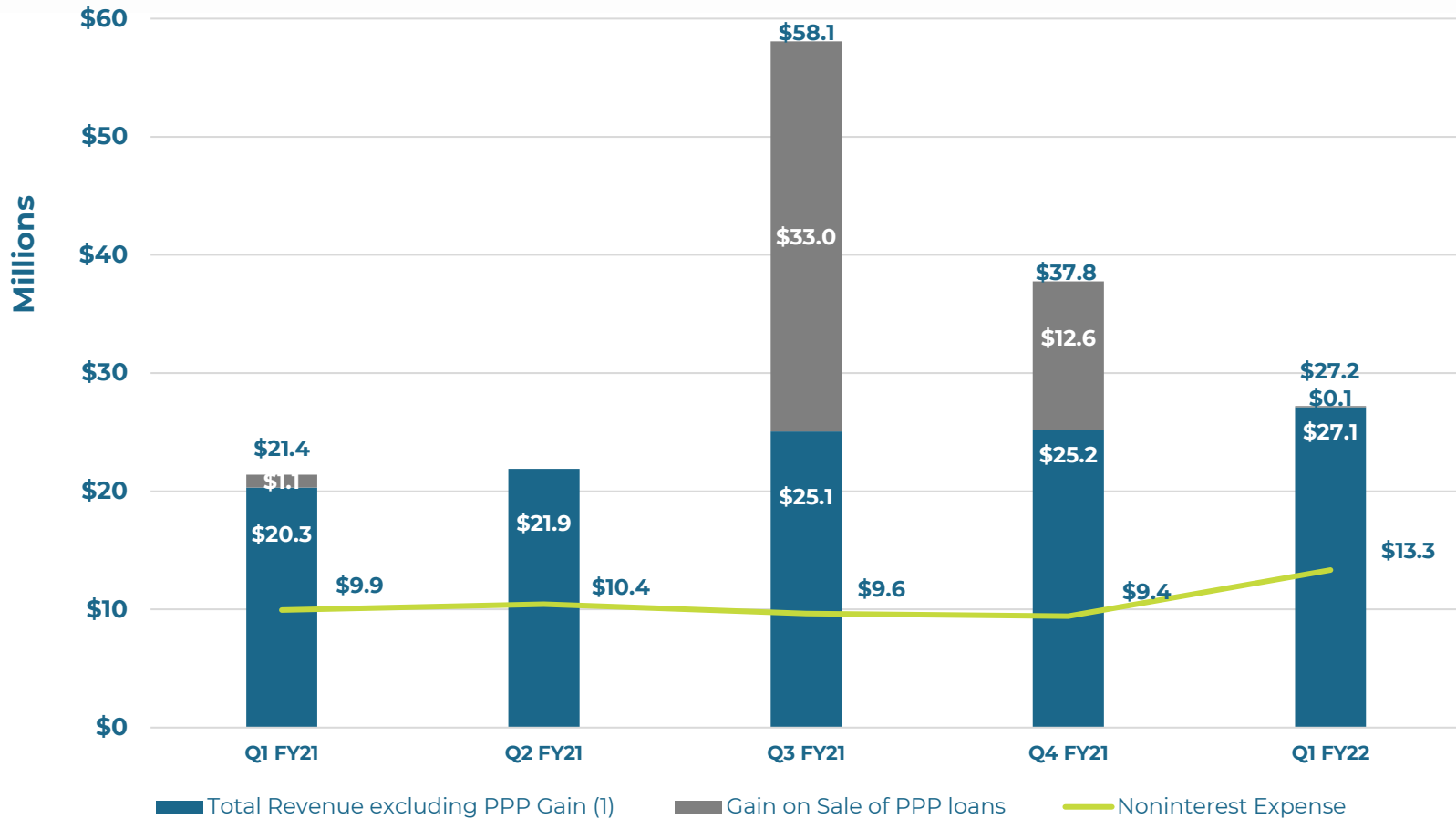
# Deposit Mix By Trailing 5 Quarter Ends



# Time Deposit Interest Expense

|  | Amount<br>Maturing | Weighted Average<br>Rate | Annual Interest<br>Expense |
|--|--------------------|--------------------------|----------------------------|
| <i>Dollars in thousands</i>              |                    |                          |                            |
| <b>Quarter Ending December 31, 2021</b>  | <b>\$81,660</b>    | <b>1.32%</b>             | <b>\$1,079</b>             |
| ableBanking                              | 19,473             | 1.77%                    | 345                        |
| Bulletin Board                           | 45,417             | 1.14%                    | 517                        |
| Community Bank                           | 16,770             | 1.29%                    | 217                        |
| <b>Quarter Ending March 31, 2022</b>     | <b>78,872</b>      | <b>1.02%</b>             | <b>803</b>                 |
| ableBanking                              | 20,952             | 0.97%                    | 203                        |
| Bulletin Board                           | 41,431             | 1.05%                    | 434                        |
| Community Bank                           | 16,489             | 1.01%                    | 166                        |
| <b>Quarter Ending June 30, 2022</b>      | <b>16,004</b>      | <b>1.40%</b>             | <b>224</b>                 |
| ableBanking                              | 1,495              | 0.75%                    | 11                         |
| Bulletin Board                           | 5,569              | 2.61%                    | 146                        |
| Community Bank                           | 8,940              | 0.75%                    | 67                         |
| <b>Quarter Ending September 30, 2022</b> | <b>14,116</b>      | <b>0.83%</b>             | <b>117</b>                 |
| ableBanking                              | 6,187              | 1.11%                    | 68                         |
| Bulletin Board                           | 414                | 2.19%                    | 9                          |
| Community Bank                           | 7,515              | 0.53%                    | 40                         |
| <b>Total</b>                             | <b>\$190,652</b>   | <b>1.17%</b>             | <b>\$2,223</b>             |

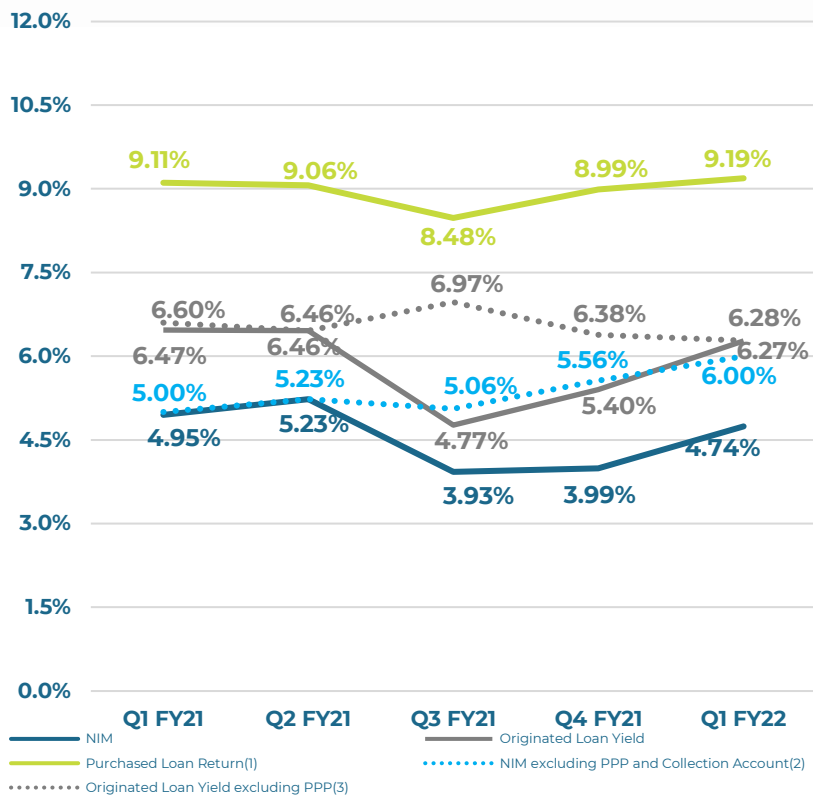
# Revenue and Noninterest Expense for Trailing 5 Quarters



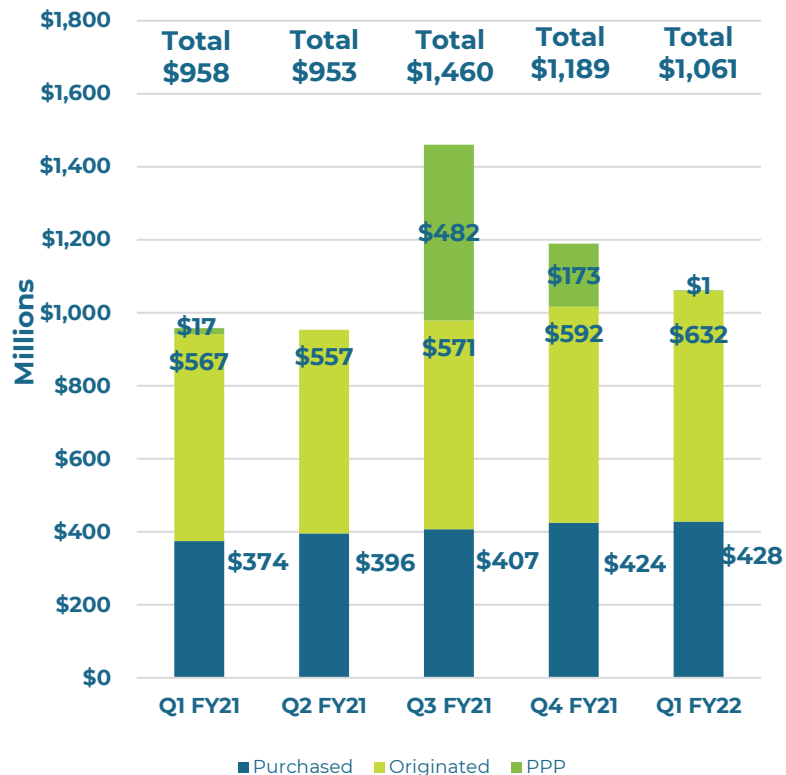
(1) Total Revenue includes net interest income before loan loss provision (credit) and noninterest income.

# Loan Performance & Average Loan Balance For Trailing 5 Quarters

## Loan Performance

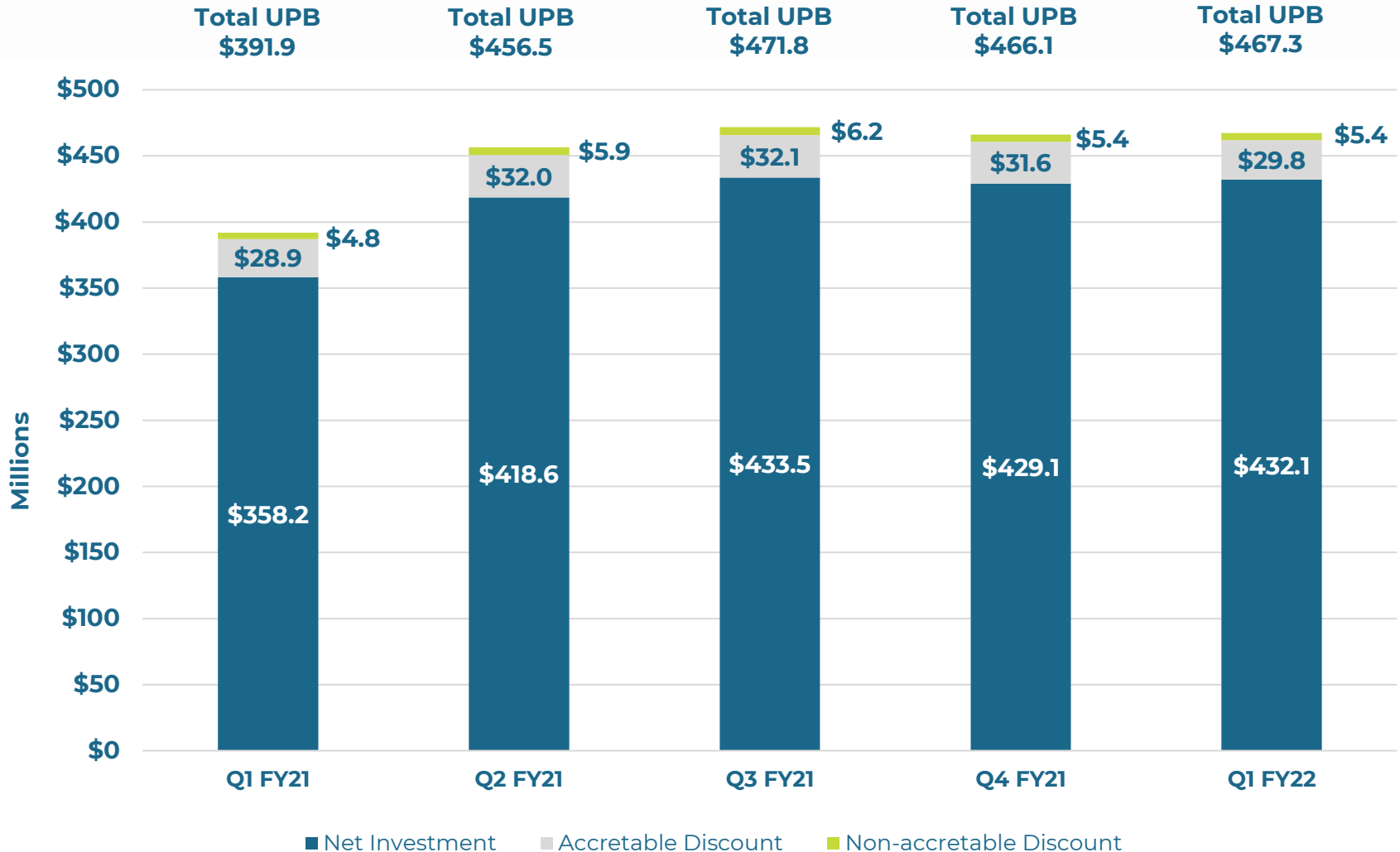


## Average Loan Balance for Trailing 5 Quarters<sup>(4)</sup>



- (1) Purchased loan return includes purchased loan yield, as well as gain on loan sales, gain on sale of real estate owned and other noninterest income.
- (2) NIM excluding PPP and Collection Account for Q1 FY21, Q3 FY21, Q4 FY21 and Q1 FY22 removes the effects of the following: PPP loan interest income of \$80 thousand, \$2.6 million, \$884 thousand, and \$11 thousand, interest income on short-term investments of \$0, \$29 thousand, \$100 thousand and \$84 thousand, PPPLF interest expense of \$2 thousand, \$300 thousand, \$98 thousand, and \$0, brokered CD interest expense of \$0, \$99 thousand, \$0 and \$0, average PPP loan balances of \$16.9 million, \$481.9 million, \$172.8 million, and \$1.4 million, and short-term investments average balance related to PPP collection account of \$0, \$121.7 million, \$405.9 million, and \$334.3 million, respectively.
- (3) Originated Loan Yield excluding PPP for Q1 FY21, Q3 FY21, Q4 FY21, and Q1 FY22 removes the effects of the following: PPP loan interest income of \$80 thousand, \$2.6 million, \$884 thousand, and \$84 thousand, and average PPP loan balances of \$16.9 million, \$481.9 million, \$172.8 million, and \$1.4 million, respectively.
- (4) Includes loans held for sale.

# Purchased Loan Investment Basis and Discount By Trailing 5 Quarters



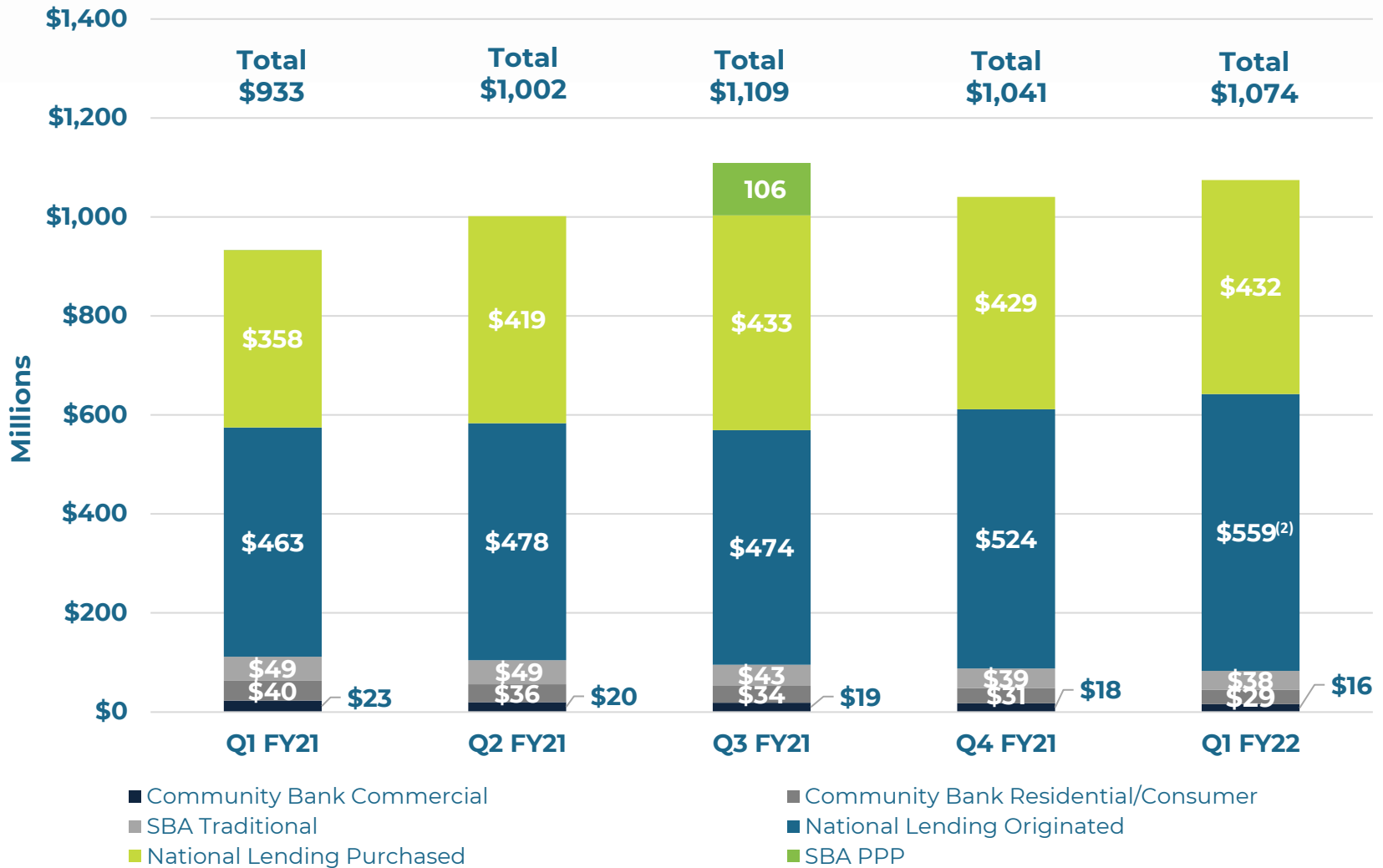
# National Lending Portfolio — Q1 FY22 Return Summary<sup>(1)</sup>

|  | <b>Purchased</b> | <b>Originated</b> | <b>Total</b> |
|--|------------------|-------------------|--------------|
| Regularly Scheduled Interest & Accretion                                     | 6.47%            | 6.38%             | 6.42%        |
| Accelerated Accretion & Fees Recognized on Loan Payoffs & Gain on Loan Sales | 2.72%            | 0.00%             | 1.19%        |
| <b>Total</b>   | <b>9.19%</b>     | <b>6.38%</b>      | <b>7.61%</b> |

(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 loans held for sale, on an annualized basis. The total return does not include the effect of purchased loan charge-offs or recoveries during the period.



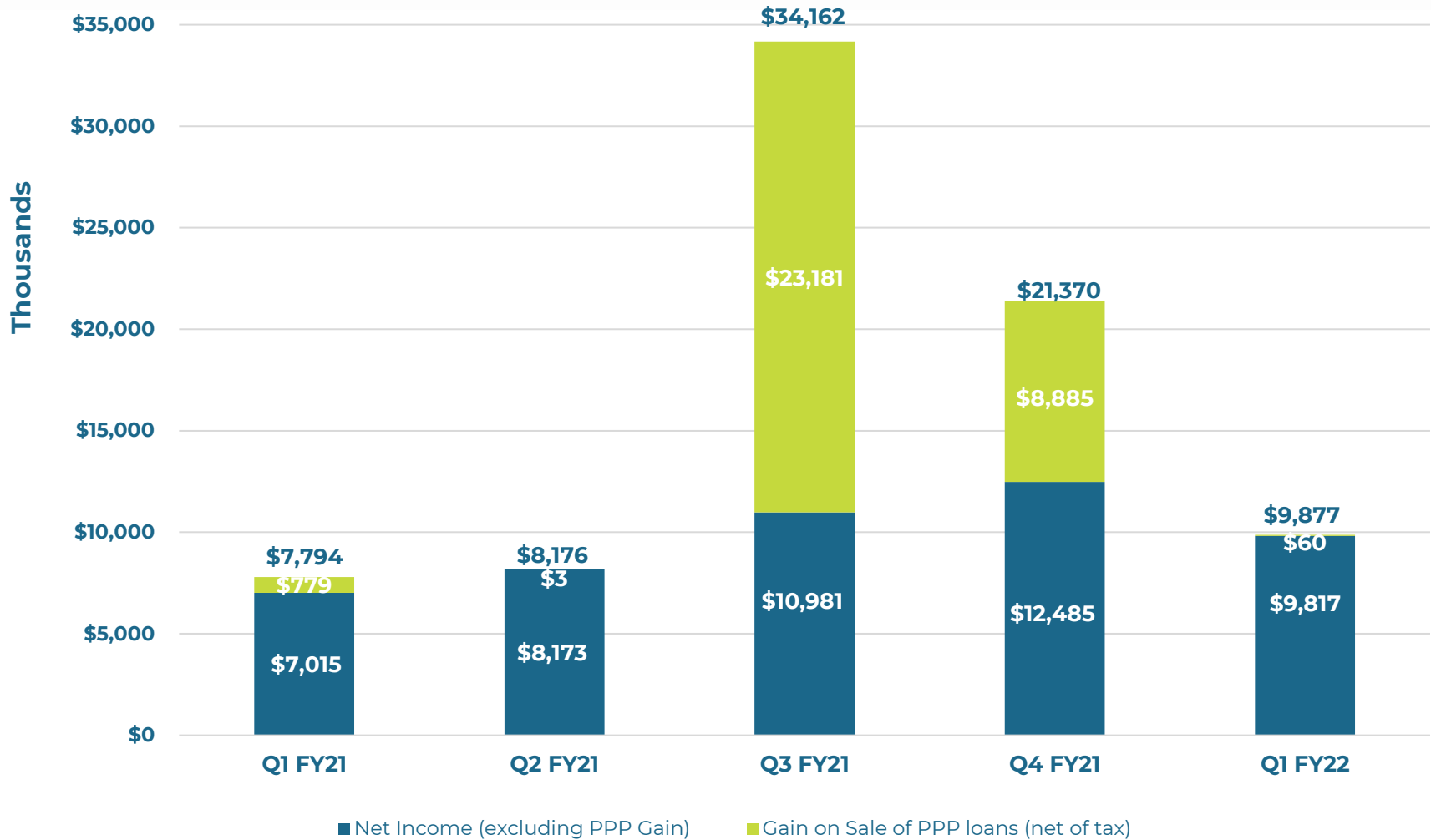
# Loan Mix As of Trailing 5 Quarter Ends<sup>(1)</sup>



(1) Includes loans held for sale.

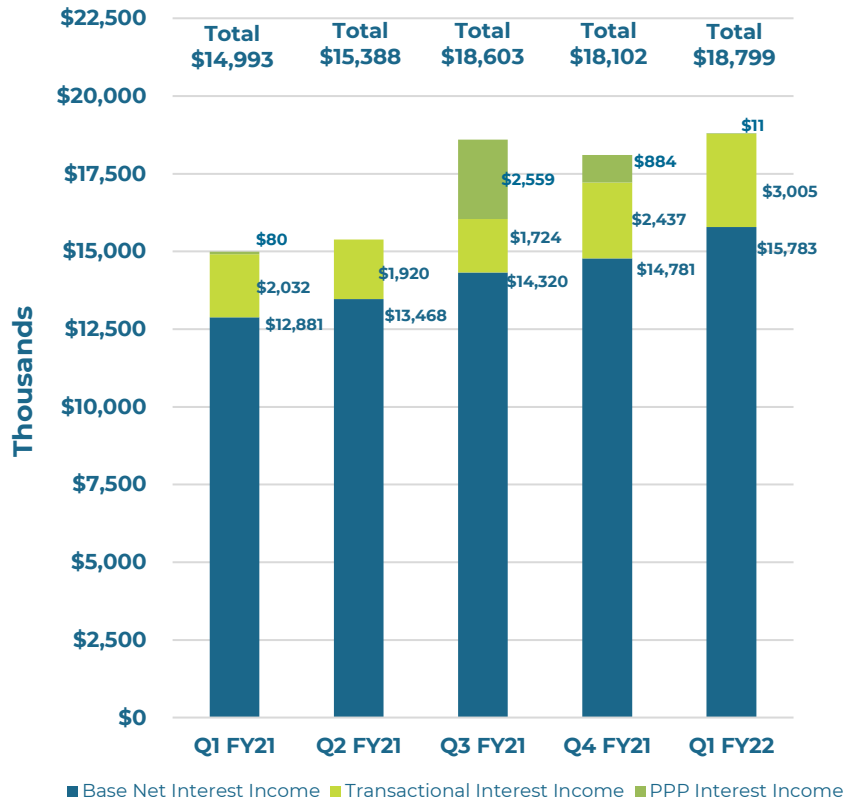
(2) 88% of the National Lending Originated portfolio had a floor, with a weighted average floor of 6.34% as of September 30, 2021.

# Net Income for Trailing 5 Quarters



# Key Components of Income For Trailing 5 Quarters

## Net Interest Income Before Loan Loss Provision



## Noninterest Income

