

FY 2020 Q2 Investor Call



Forward-Looking Statement

Statements in this presentation that are not historical facts are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and are intended to be covered by the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Although Northeast Bank (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, changes in interest rates and real estate values; competitive pressures from other financial institutions; the effects of weakness in general economic conditions on a national basis or in the local markets in which the Bank operates, including changes which adversely affect borrowers’ ability to service and repay our loans; changes in loan defaults and charge-off rates; changes in the value of securities and other assets, adequacy of loan loss reserves, or deposit levels necessitating increased borrowing to fund loans and investments; changing government regulation; operational risks including, but not limited to, cybersecurity, fraud and natural disasters; the risk that the 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 our 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

	Q2 FY20	YTD FY20
Total Loan Volume	\$175.4 million	\$254.9 million
LASG:		
Purchased Loans	\$64.8 million invested on \$66.8 million of UPB ⁽¹⁾ (97.1% purchase price)	\$93.5 million invested on \$97.1 million of UPB ⁽¹⁾ (96.2% purchase price)
Originated Loans⁽²⁾	\$98.6 million	\$139.1 million
Weighted Average Rate as of 12/31/2019⁽³⁾	7.44%	7.46%
Community Bank:		
Residential Mortgage Originations	\$9.9 million	\$19.5 million
Commercial Originations	\$1.5 million	\$2.2 million
Net Interest Margin	5.59%	5.65%
Purchased Loan Return⁽⁴⁾	10.21%	9.98%
Net Income	\$4.9 million	\$9.6 million
EPS (Diluted)	\$0.53	\$1.05
Return on Equity	12.09%	12.13%
Return on Assets	1.68%	1.68%

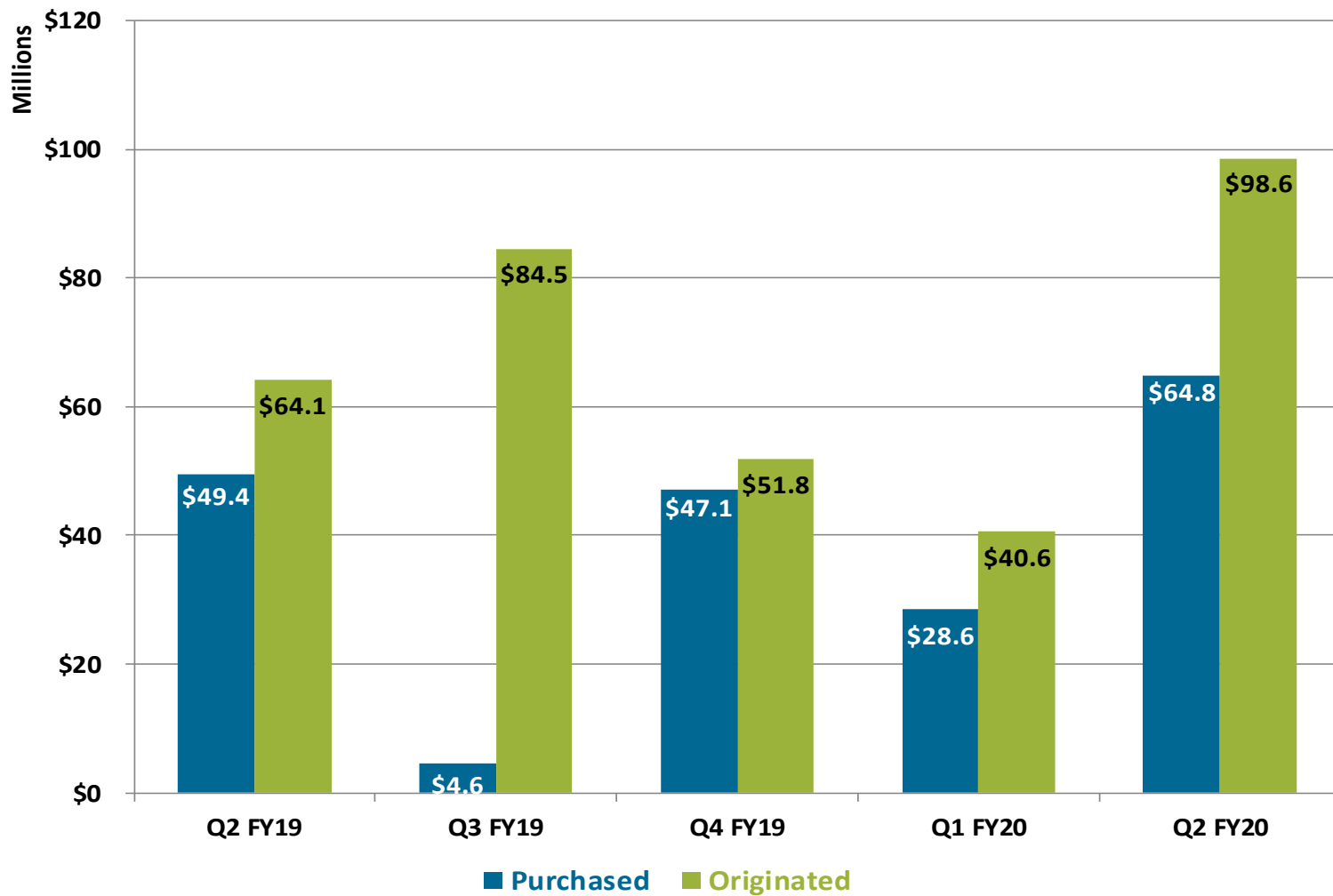
(1) Unpaid principal balance.

(2) LASG originations during Q2 FY20 and YTD FY20 were 82% and 86% variable rate, of which 95% and 97% were Prime rate based.

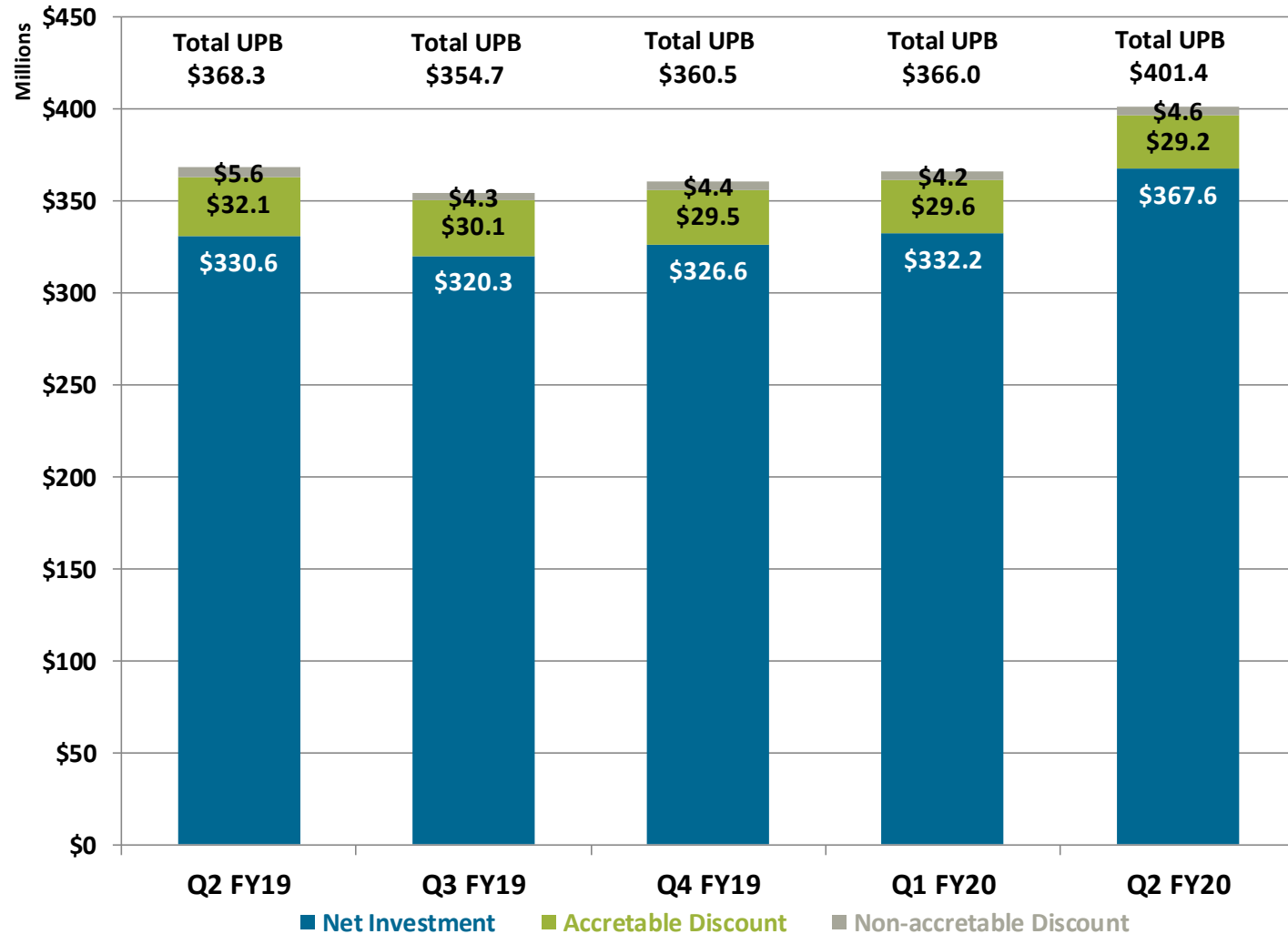
(3) Q2 FY20 and YTD FY20 LASG originations had a weighted average floor rate of 7.44% and 7.45%, respectively.

(4) Purchased loan return for Q2 FY20 and YTD FY20 included \$2.4 million and \$4.3 million of transactional income, respectively.

LASG Activity By Trailing 5 Quarters



Purchased Loan Investment Basis and Discount By Trailing 5 Quarters



LASG Portfolio – Q2 FY20 Return Summary⁽¹⁾ as of December 31, 2019

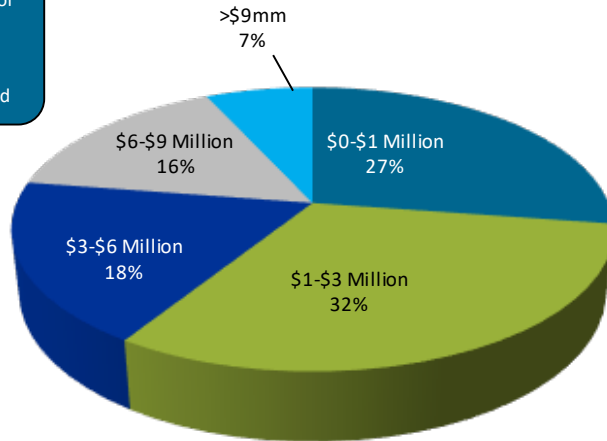
	<u>Purchased</u>	<u>Originated</u>	<u>Total</u>
Regularly Scheduled Interest & Accretion	7.51%	7.36%	7.42%
Accelerated Accretion & Fees Recognized on Loan Payoffs & Gain on Loan Sales	2.70%	0.31%	1.35%
Total	10.21%	7.67%	8.77%

LASG Loan Portfolio Statistics as of December 31, 2019

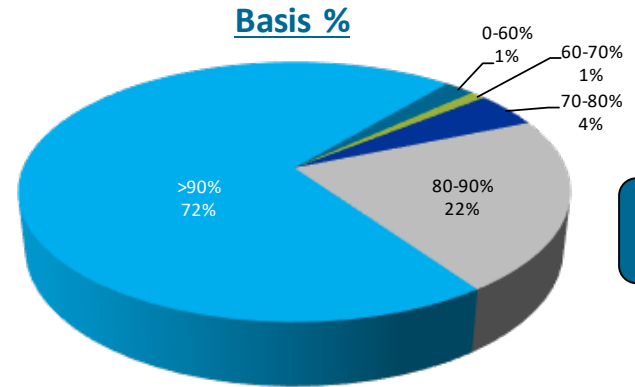
- Average investment size of \$775 thousand / loan

- Originated: \$2.2 million
- Purchased: \$414 thousand

Investment Size

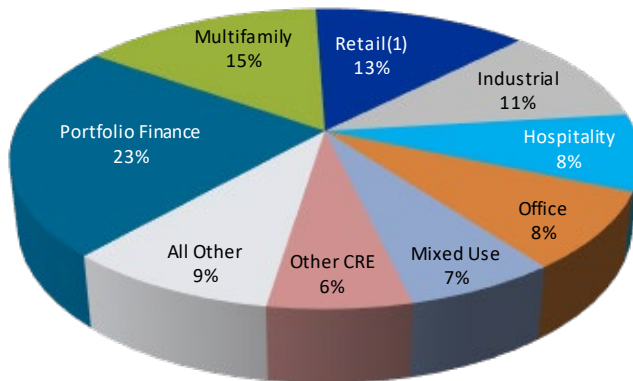


Purchased Loan Net Investment Basis %



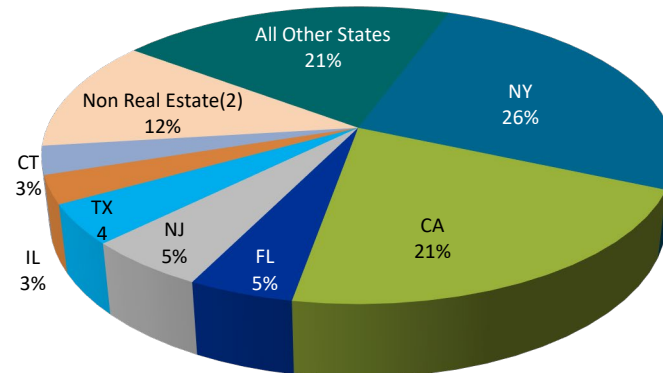
Net investment basis of 92% for purchased loans

Collateral Type



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

Collateral State



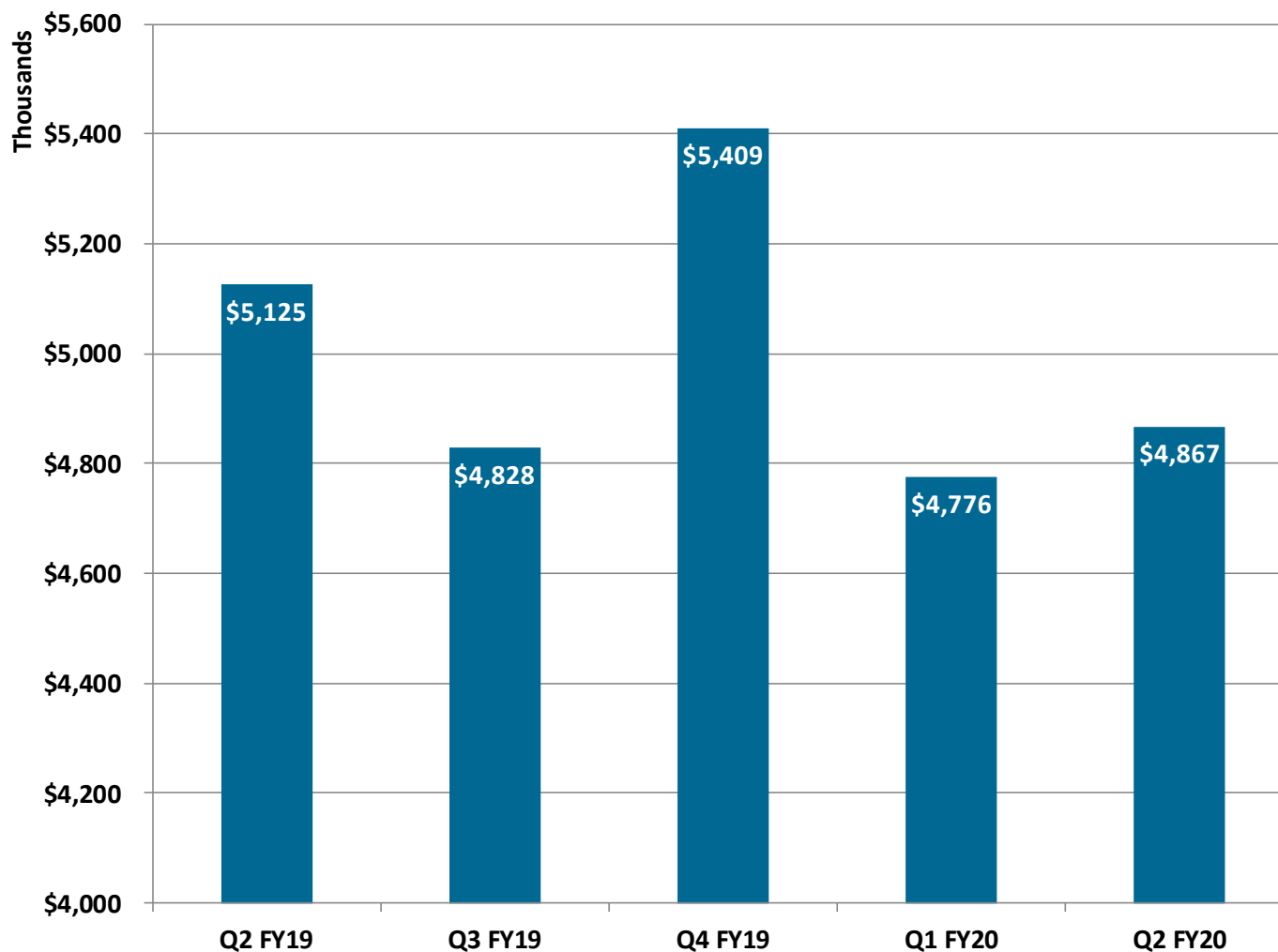
Geographically diverse with collateral in 45 different states

CA and NY represent combined 47% of portfolio

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

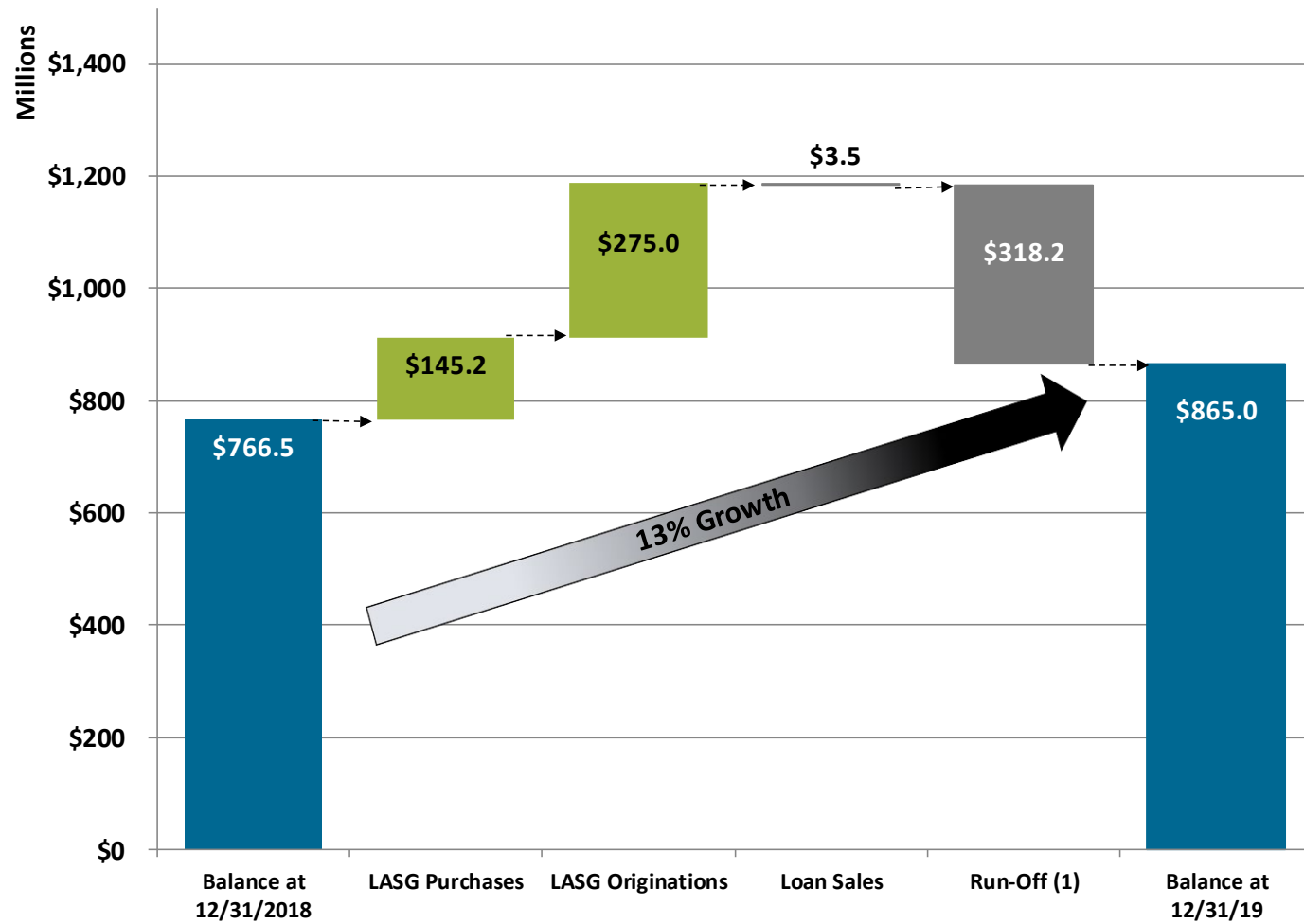
(2) 94% of the 12% Non Real Estate total represents Portfolio Finance loans.

Net Operating Earnings For Trailing 5 Quarters⁽¹⁾

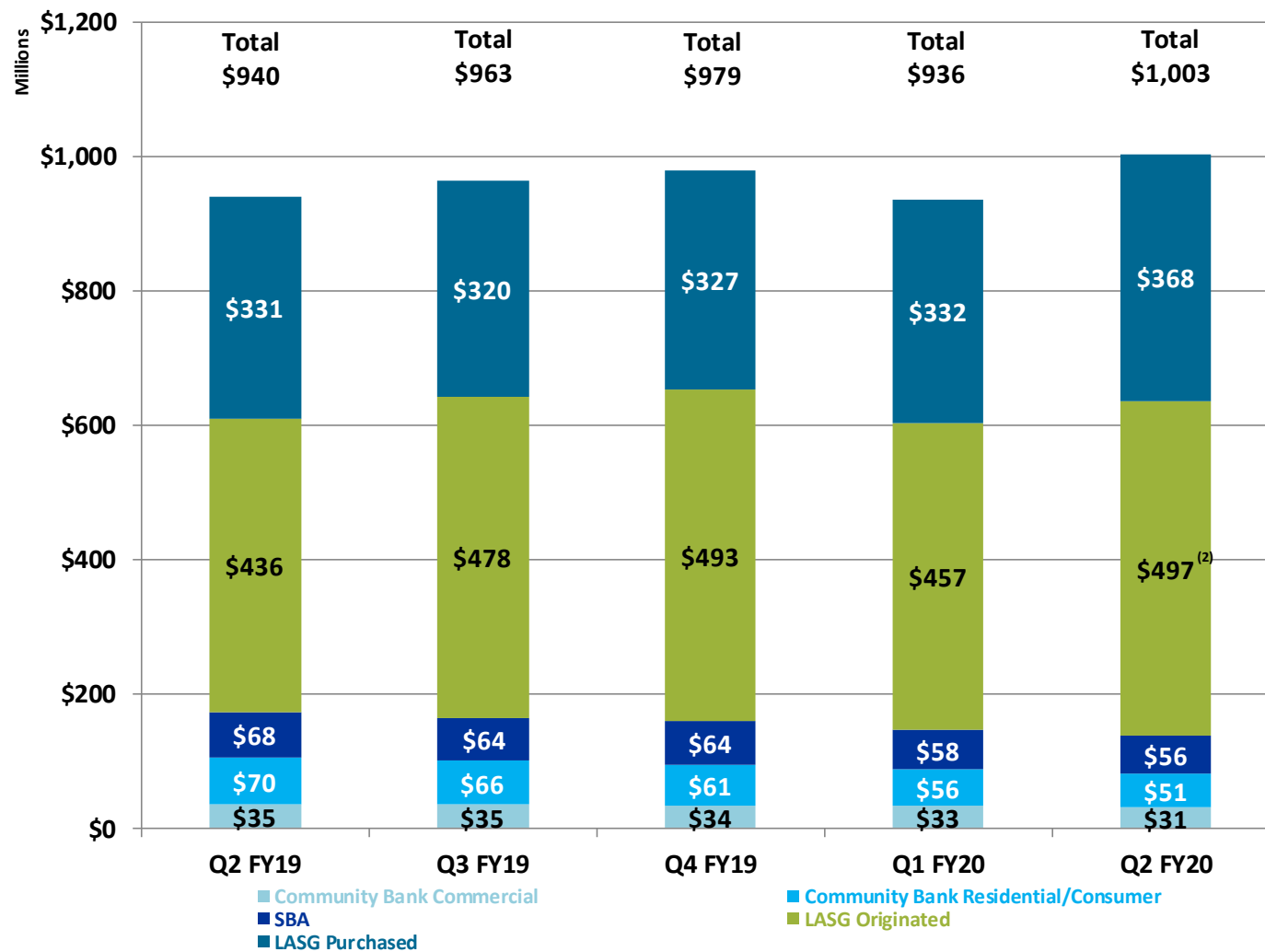


- (1) Management believes net operating earnings, which exclude non-core items related to the corporate reorganization, provide a more meaningful representation of the Bank's performance. Q4 FY19 results above exclude \$6.0 million of expenses (after tax) related to the corporate reorganization.

LASG Portfolio Roll Forward: Trailing Twelve Months



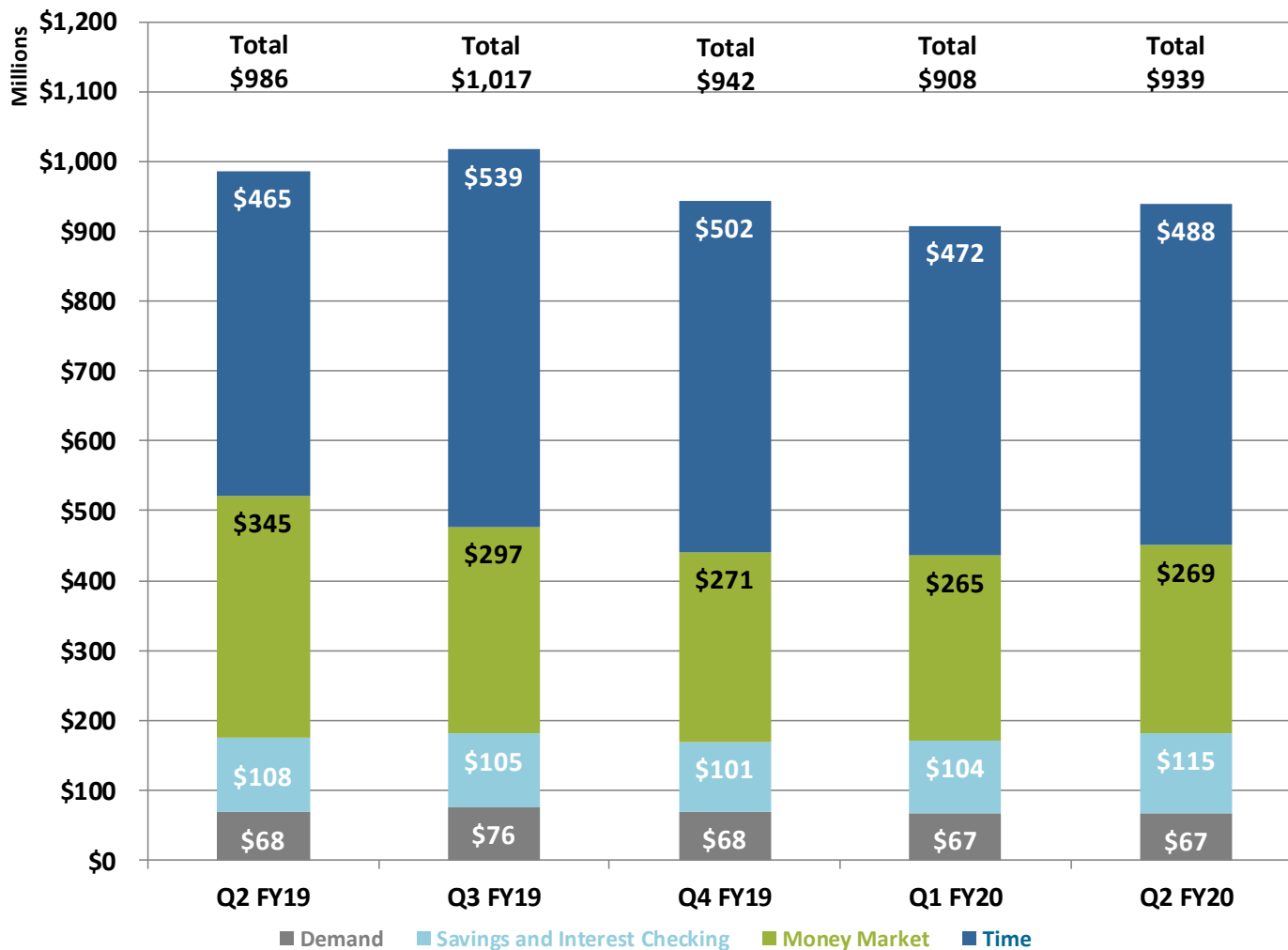
Loan Mix As of Trailing 5 Quarter Ends⁽¹⁾



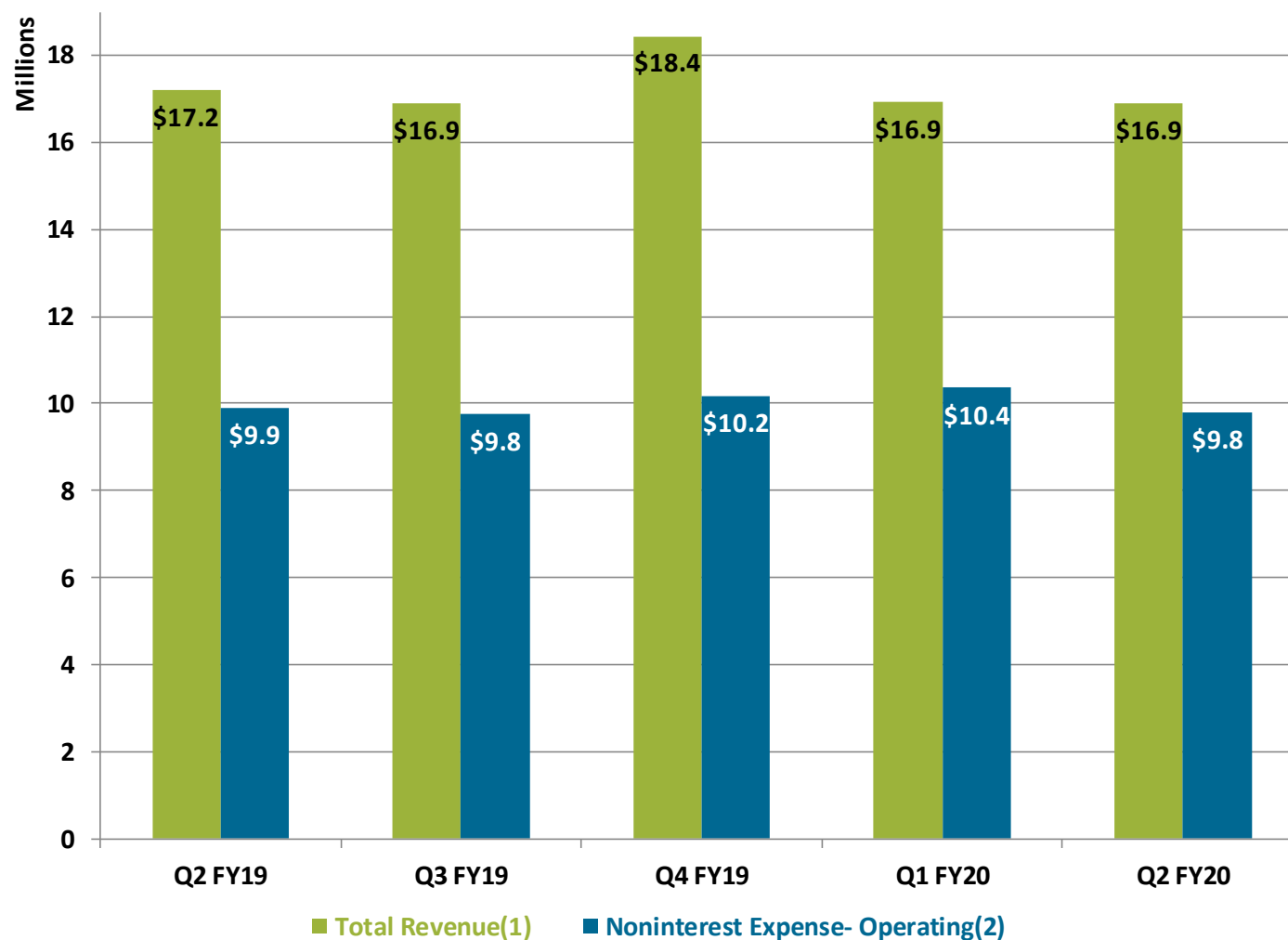
(1) Includes loans held for sale.

(2) 84% of the LASG Originated portfolio had a floor, with a weighted average floor of 7.20% as of December 31, 2019.

Deposit Mix By Trailing 5 Quarter Ends

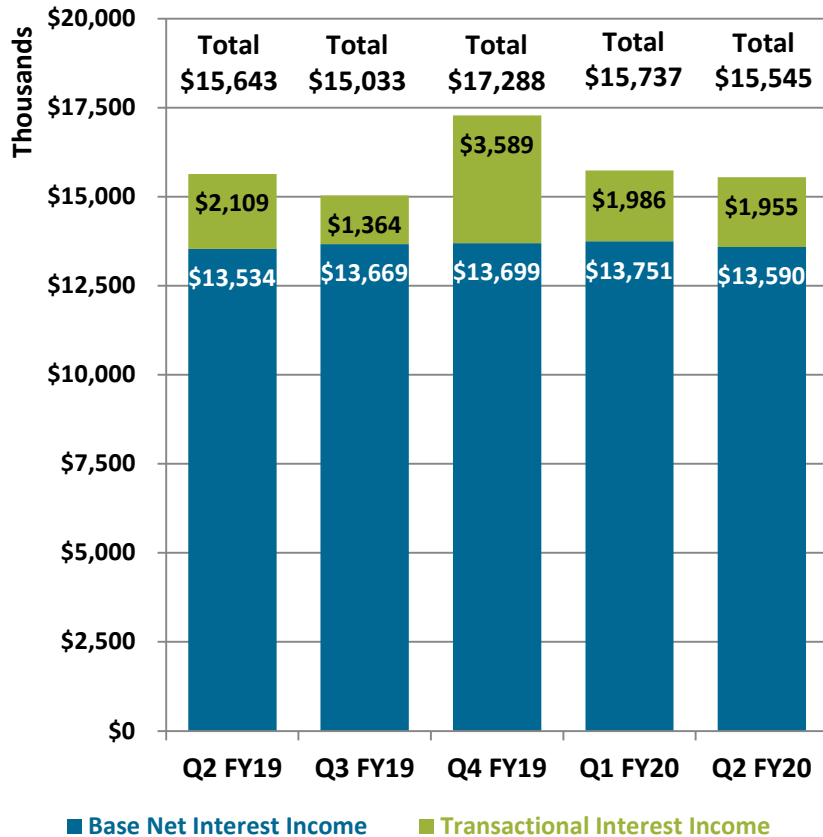


Revenue and Noninterest Expense for Trailing 5 Quarters

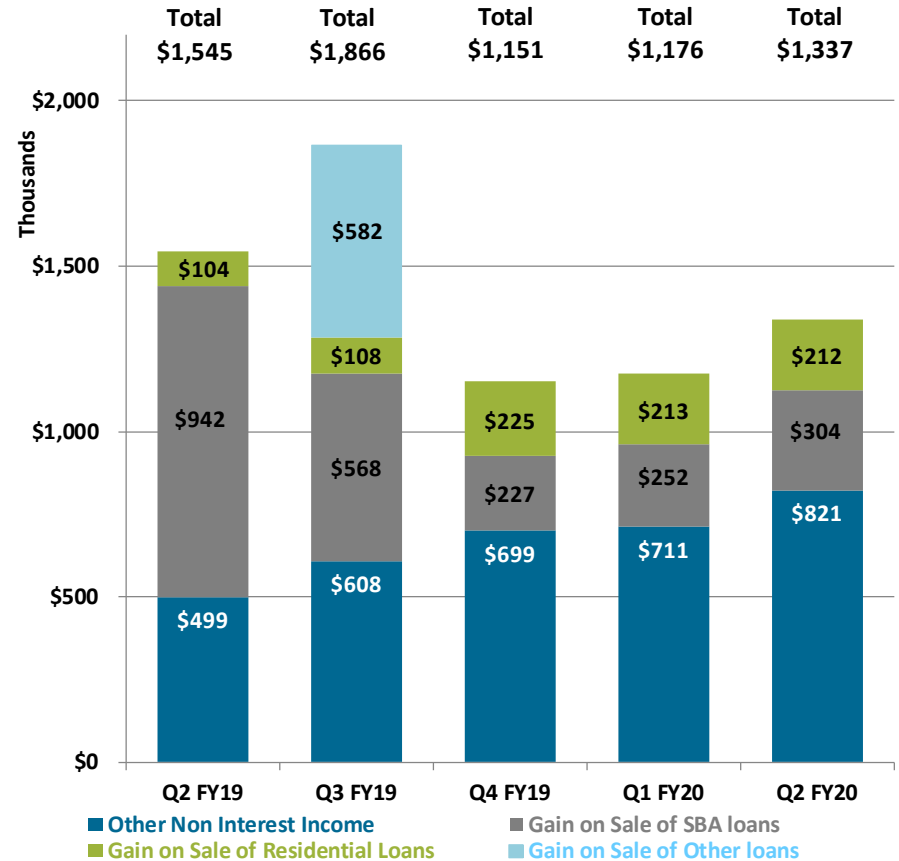


Key Components of Income For Trailing 5 Quarters

Net Interest Income Before Loan Loss Provision

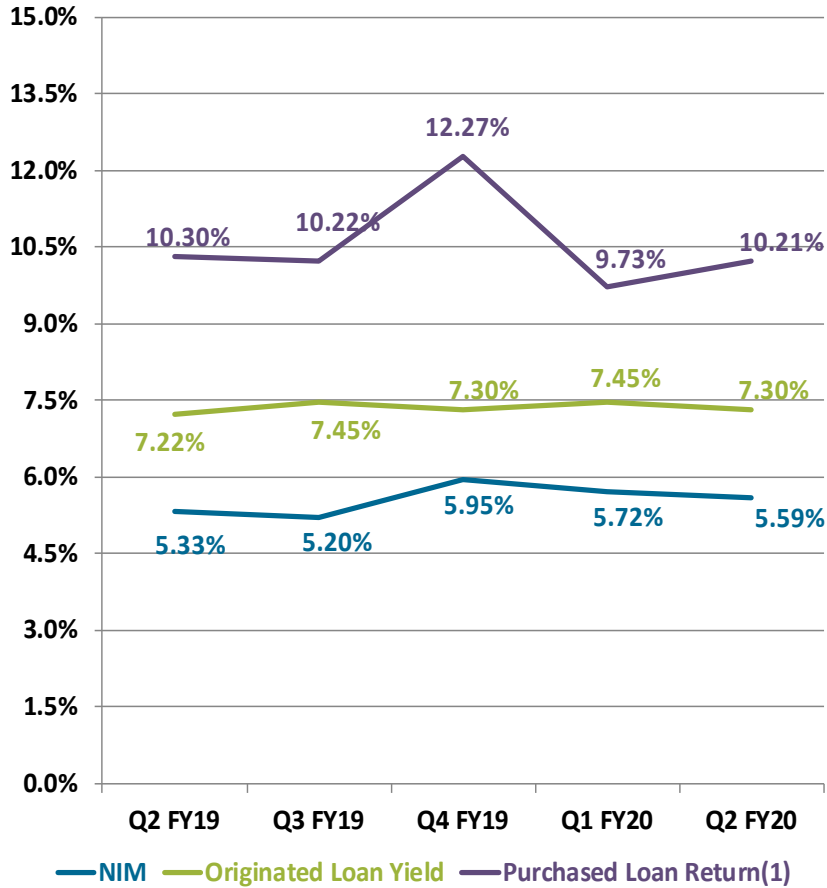


Noninterest Income

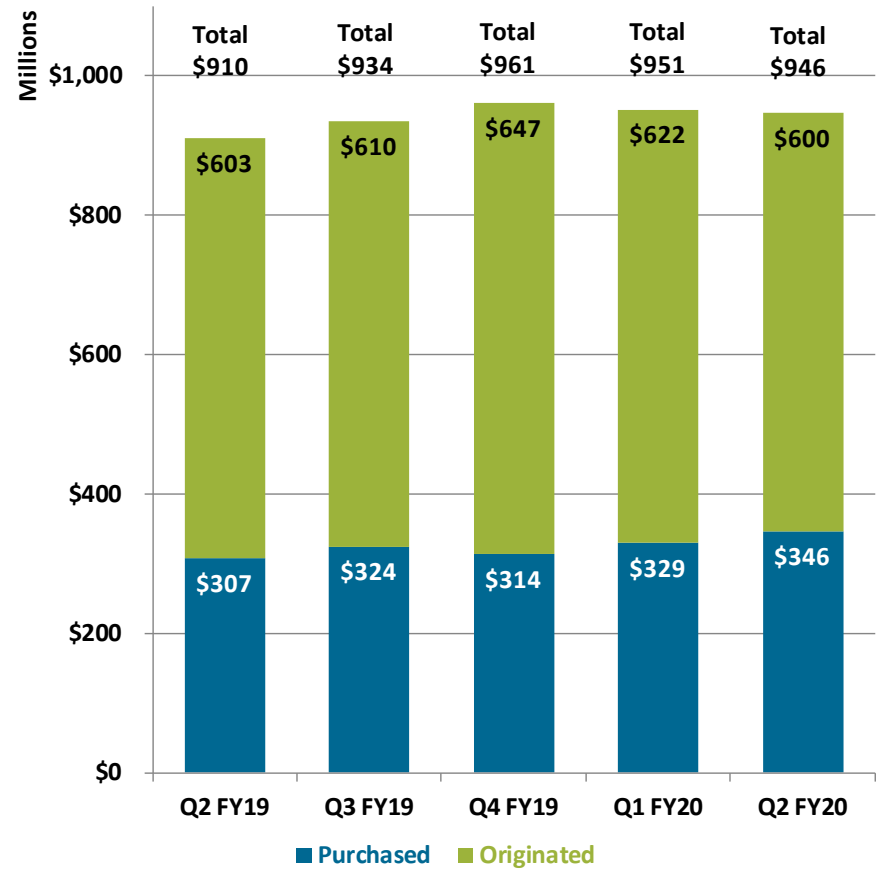


Loan Performance & Average Loan Balance For Trailing 5 Quarters

Loan Performance

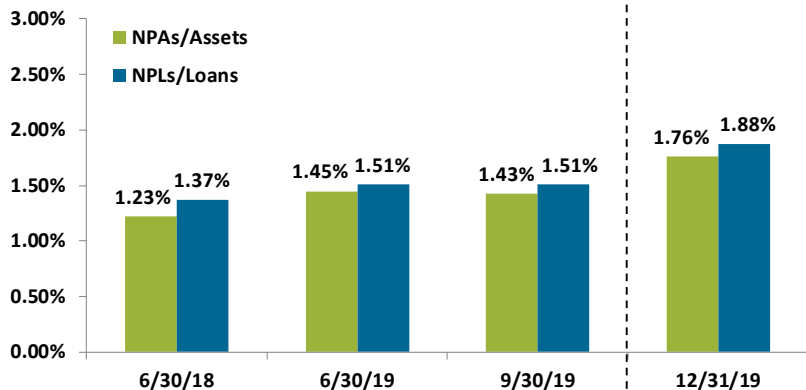


Average Loan Balance For Trailing 5 Quarters⁽²⁾

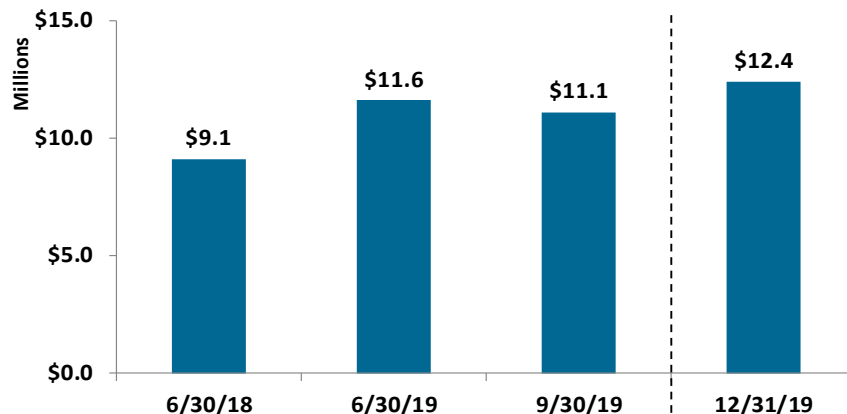


Asset Quality Metrics

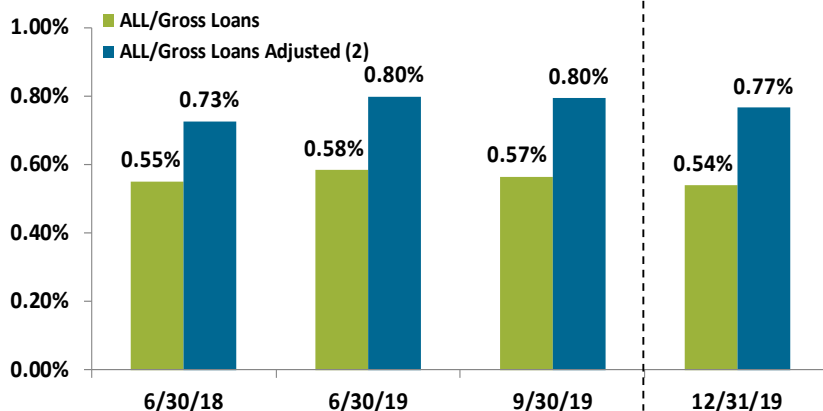
NPAs / Total Assets & NPLs / Total Loans



Classified Commercial Loans⁽¹⁾



Allowance for Loan Losses / Gross Loans



NCOs / Average Loans⁽³⁾

