

FY 2020 Q1 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.

Q1 FY20 Highlights

	Q1 FY20
Total Loan Volume	\$79.5 million
LASG:	
Purchased Loans	\$28.6 million invested on \$30.3 million of UPB ⁽¹⁾ (94.4% purchase price)
Originated Loans⁽²⁾	\$40.6 million
Weighted Average Rate as of 9/30/2019⁽³⁾	7.53%
Community Bank:	
Residential Mortgage Originations	\$9.6 million
Commercial Originations	\$678 thousand
Net Interest Margin	5.72%
Purchased Loan Return⁽⁴⁾	9.73%
Earnings	\$4.8 million
EPS (Diluted)	\$0.52
Return on Equity	12.18%
Return on Assets	1.68%

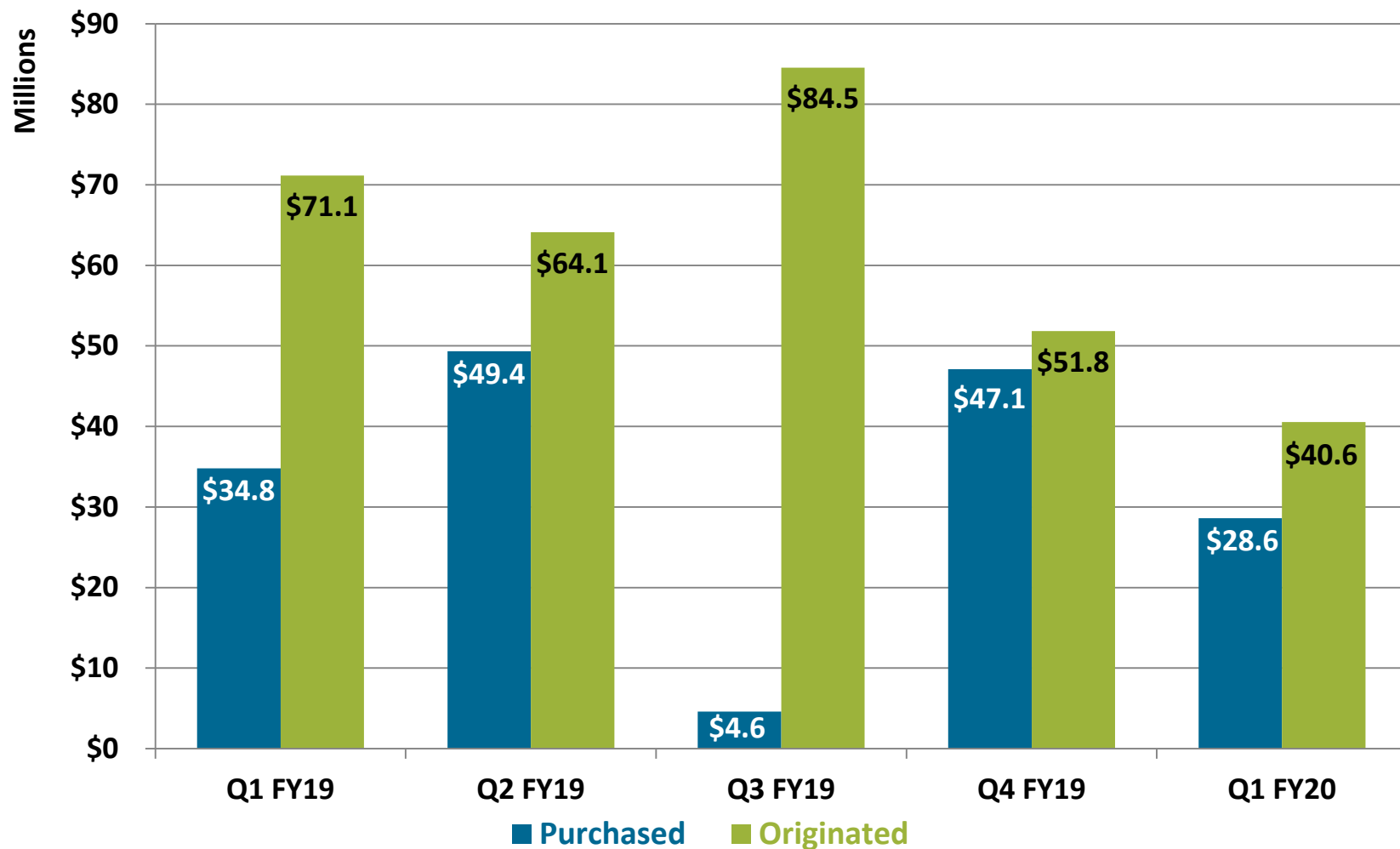
(1) Unpaid principal balance.

(2) LASG originations during Q1 FY20 were 100% variable rate, of which 100% were Prime rate based.

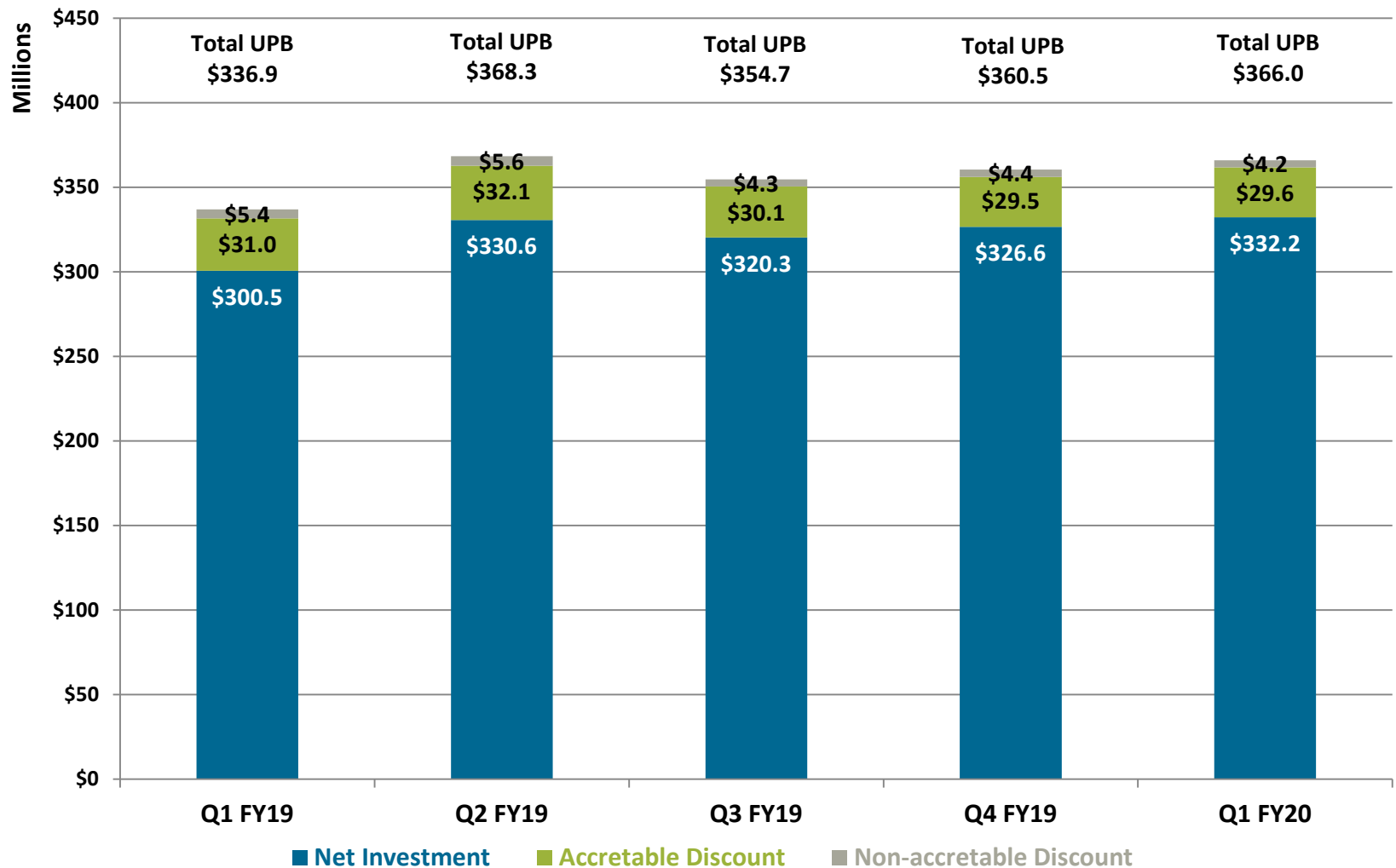
(3) Q1 FY20 originations had a weighted average floor rate of 7.53%.

(4) Purchased loan return for Q1 FY20 included \$2.0 million of transactional income.

LASG Activity By Trailing 5 Quarters



Purchased Loan Investment Basis and Discount By Trailing 5 Quarters



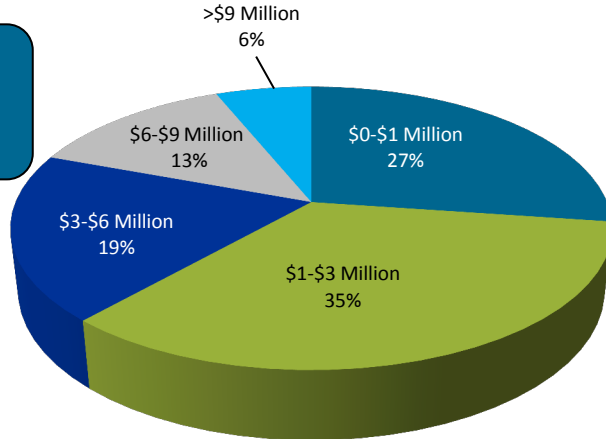
LASG Portfolio – Q1 FY20 Return Summary⁽¹⁾ as of September 30, 2019

	<u>Purchased</u>	<u>Originated</u>	<u>Total</u>
Regularly Scheduled Interest & Accretion	7.33%	7.52%	7.44%
Accelerated Accretion & Fees Recognized on Loan Payoffs & Gain on Loan Sales	2.40%	0.05%	1.02%
Total	9.73%	7.57%	8.46%

LASG Loan Portfolio Statistics as of September 30, 2019

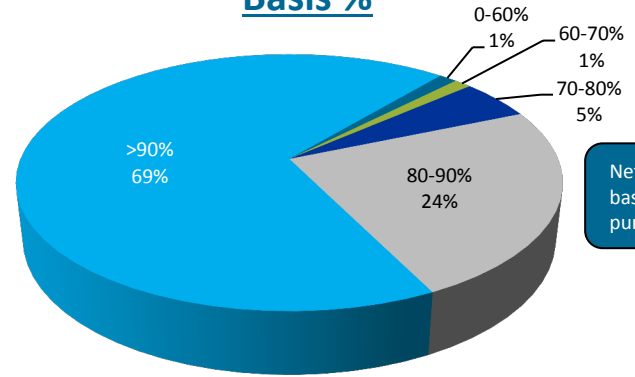
Investment Size

- Average investment size of \$773 thousand / loan
- Originated: \$2.0 million
- Purchased: \$418 thousand



Purchased Loan Net Investment

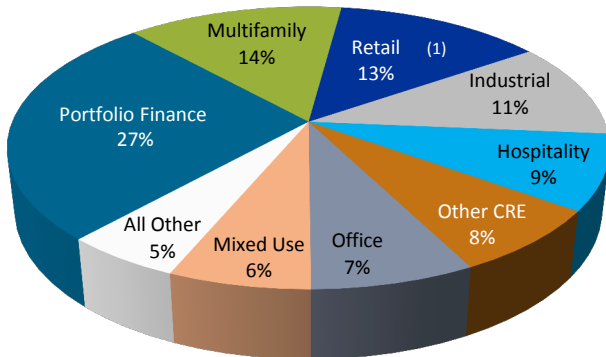
Basis %



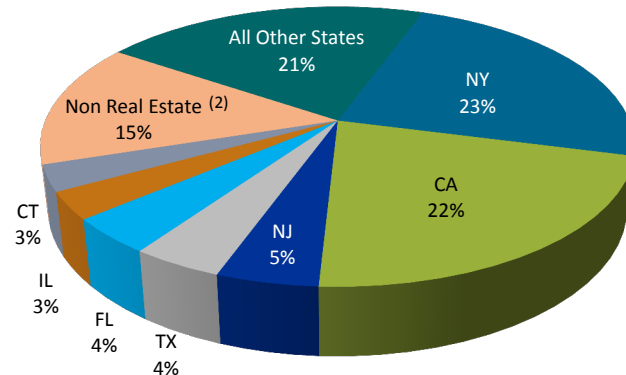
Net investment basis of 91% for purchased loans

Collateral Type

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



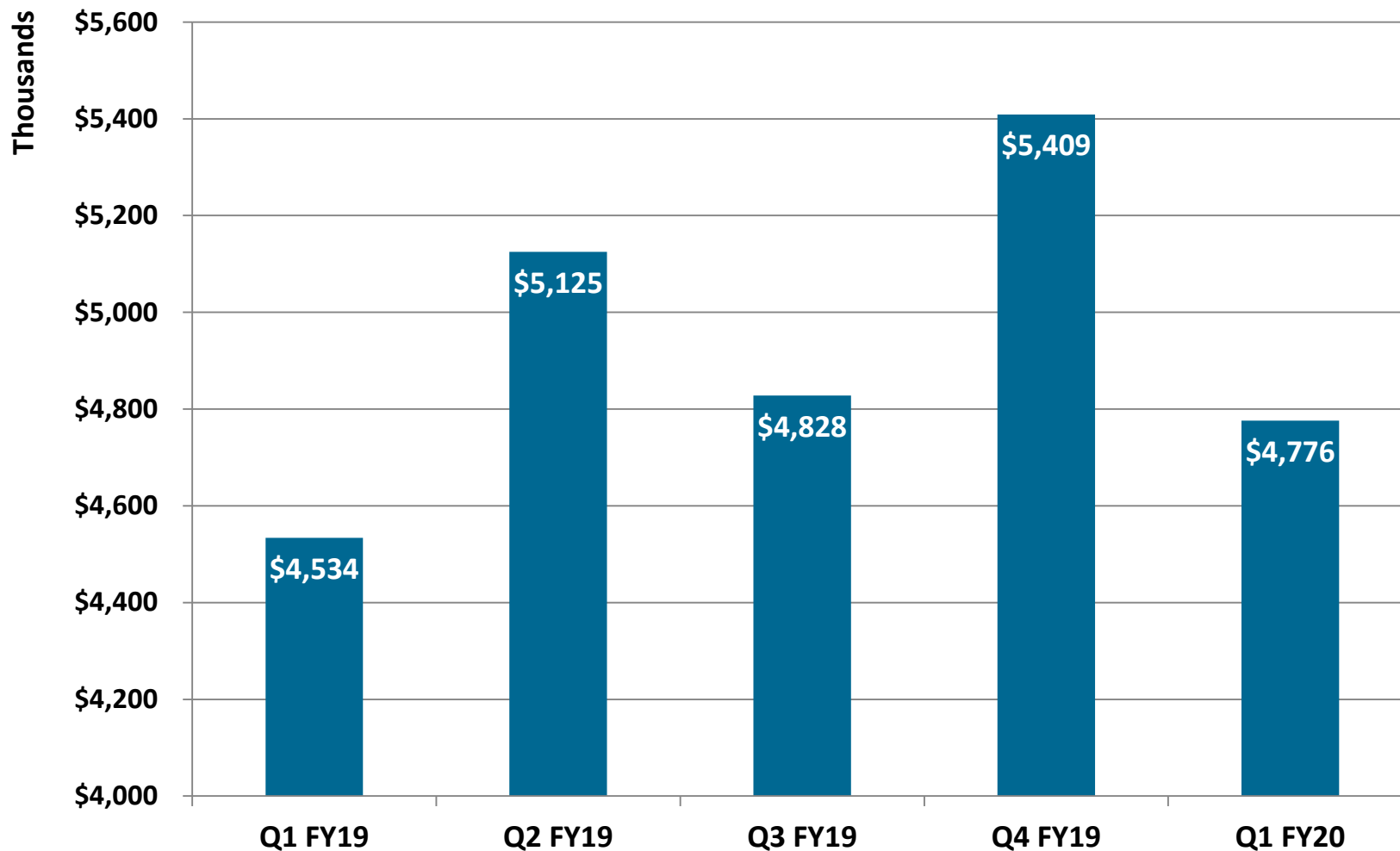
Collateral State



- Geographically diverse with collateral in 41 different states
- CA and NY represent combined 45% of portfolio

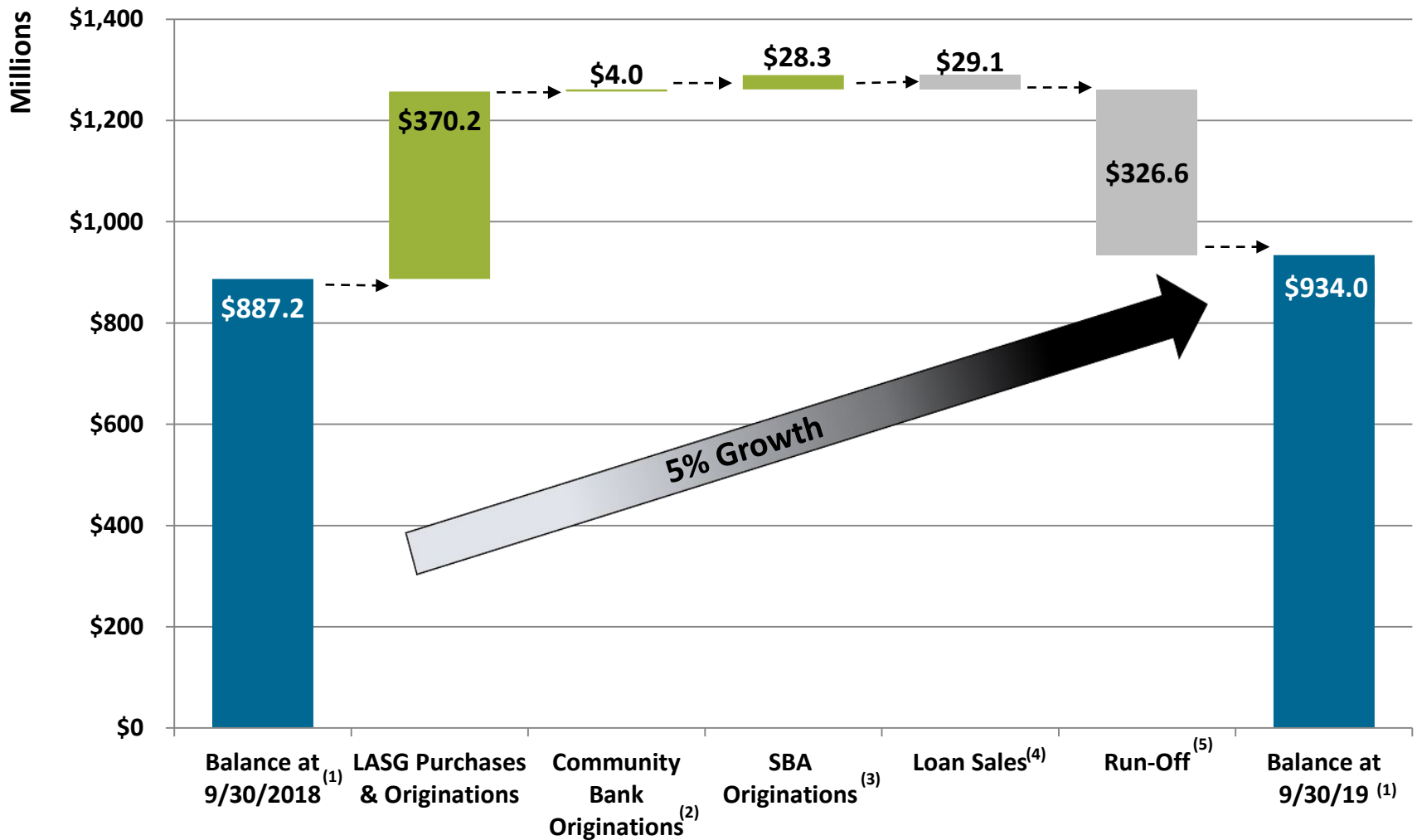
(1) Includes traditional and non-traditional retail, such as restaurants and gas stations.
 (2) 99% of the 15% Non Real Estate total represents Portfolio Finance loans.

Net Operating Earnings For Trailing 5 Quarters⁽¹⁾



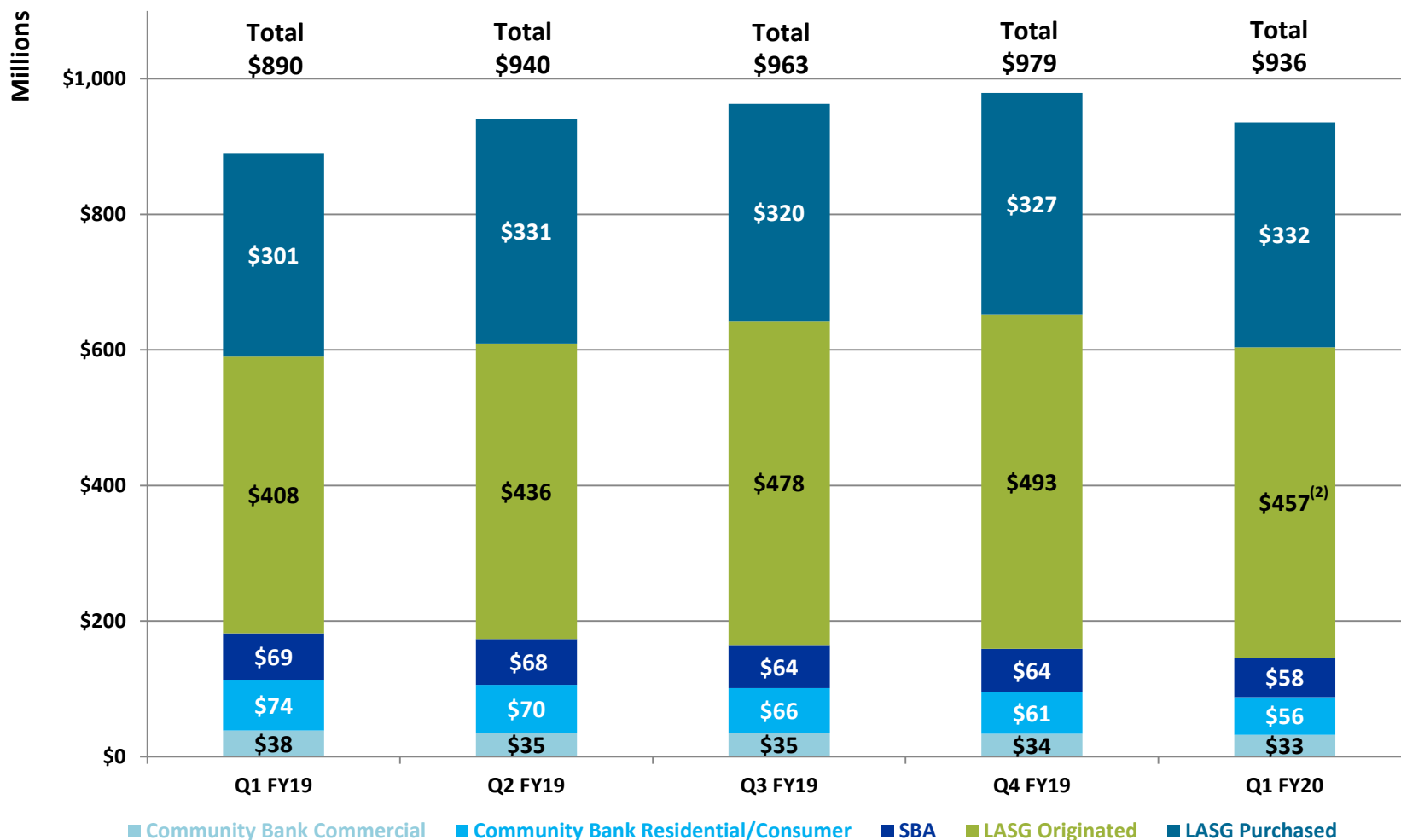
(1) Management believes net operating earnings, which exclude non-core items related to the corporate reorganization, provide a more meaningful representation of the Bank's performance. Q4 FY19 results above exclude \$6.0 million of expenses (after tax) related to the corporate reorganization.

Loan Portfolio Roll Forward: Trailing Twelve Months



- (1) Balances do not include loans held for sale in the amount of \$3.3 million and \$1.7 million at September 30, 2018 and 2019, respectively.
- (2) Does not include \$39.0 million of residential mortgages that were originated for sale.
- (3) Of the \$28.3 million of SBA originations, \$27.9 million have been funded.
- (4) Includes \$25.6 million of SBA loan sales for the trailing twelve months, and excludes residential mortgages sold.
- (5) Run-off includes scheduled amortization, principal pay downs and payoffs.

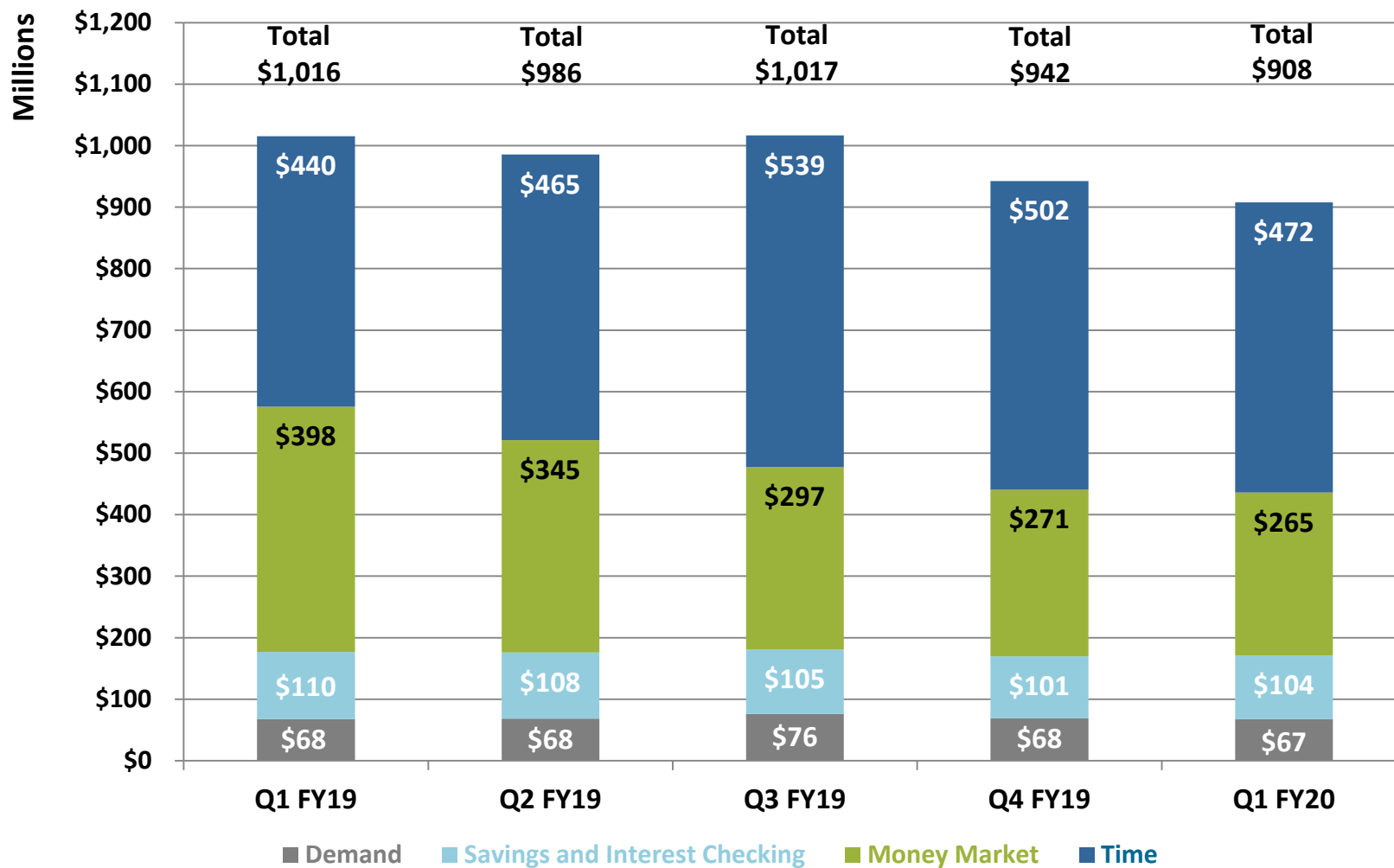
Loan Mix As of Trailing 5 Quarter Ends⁽¹⁾



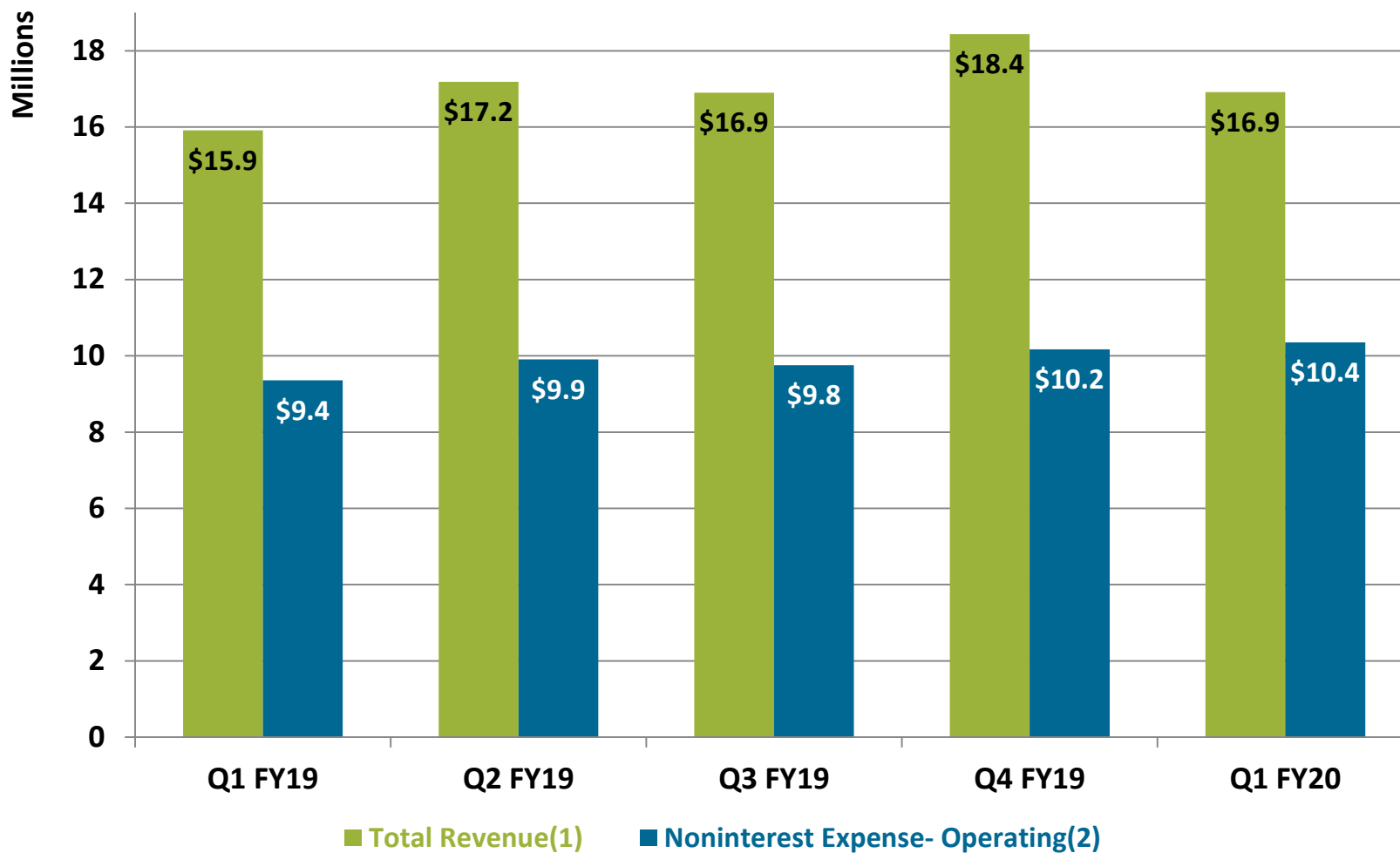
(1) Includes loans held for sale.

(2) 82% of the LASG Originated portfolio had a floor, with a weighted average floor of 7.23% as of September 30, 2019.

Deposit Mix By Trailing 5 Quarter Ends

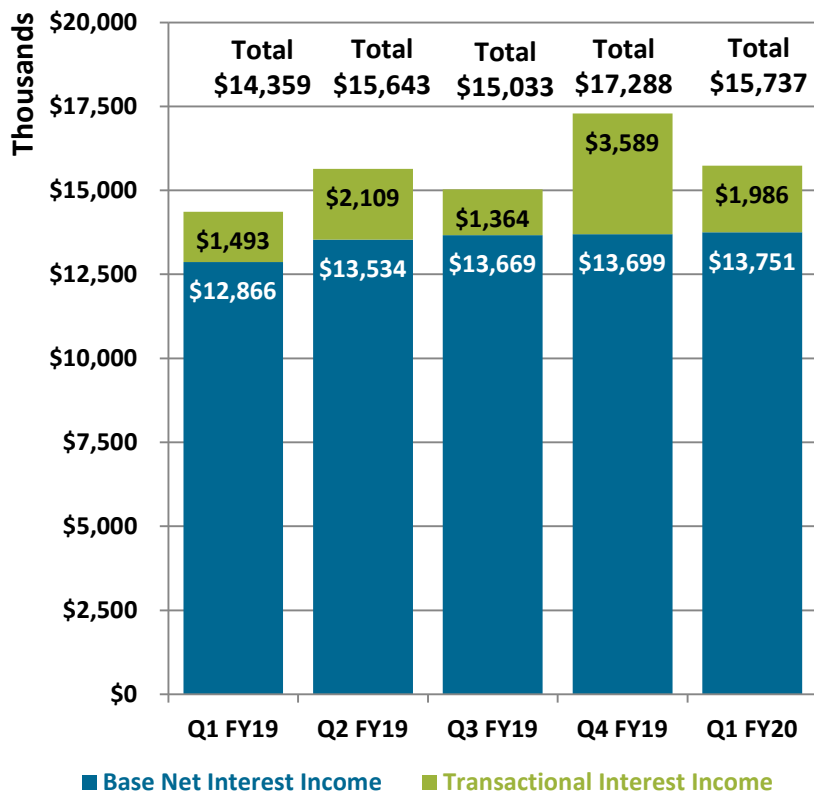


Revenue and Noninterest Expense for Trailing 5 Quarters

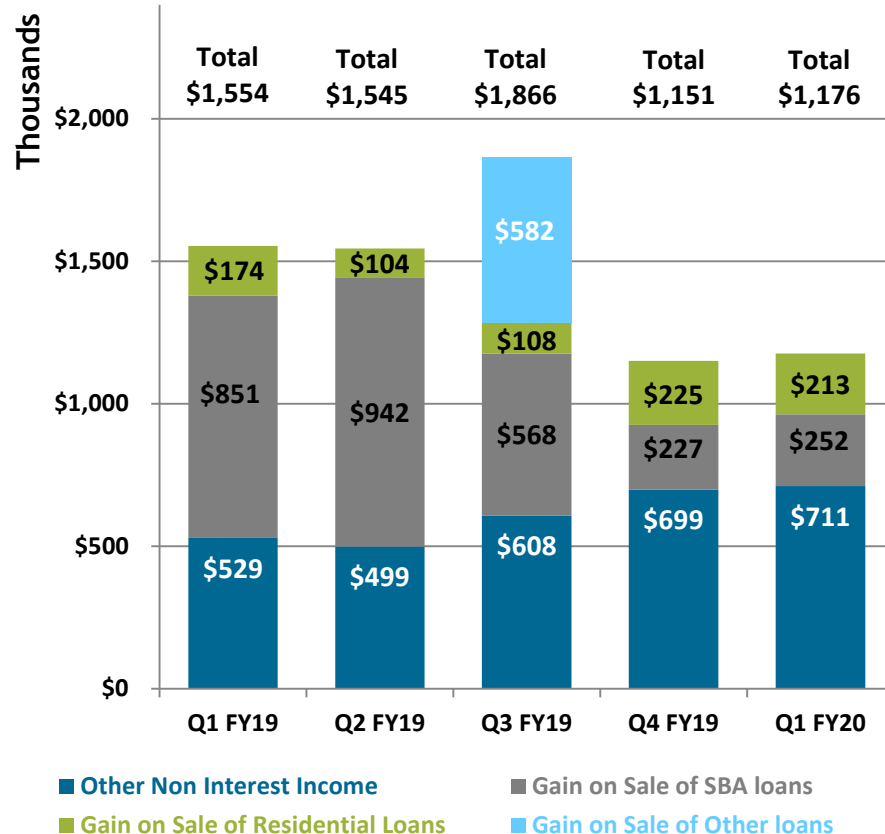


Key Components of Income For Trailing 5 Quarters

Net Interest Income Before Loan Loss Provision

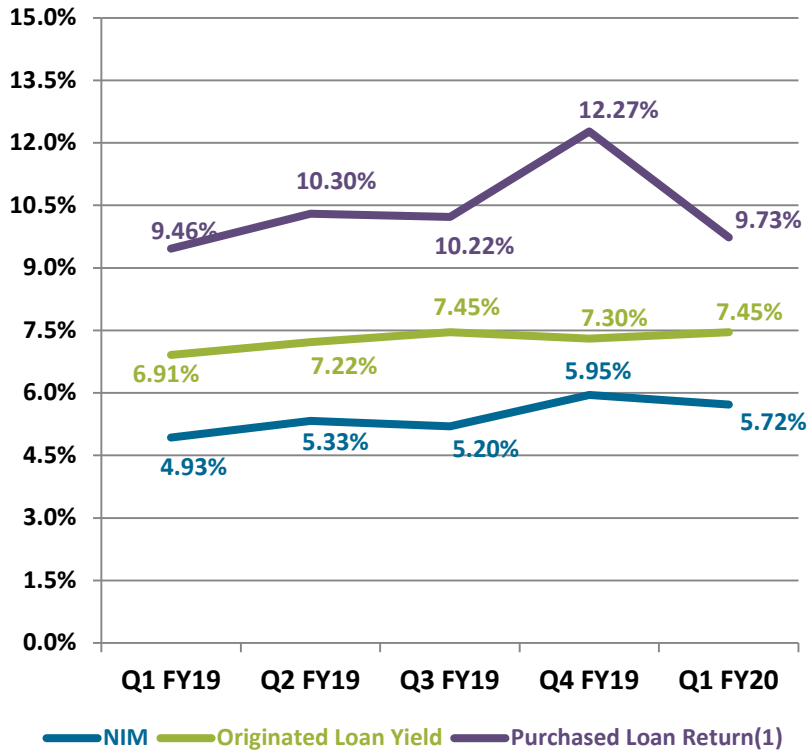


Noninterest Income

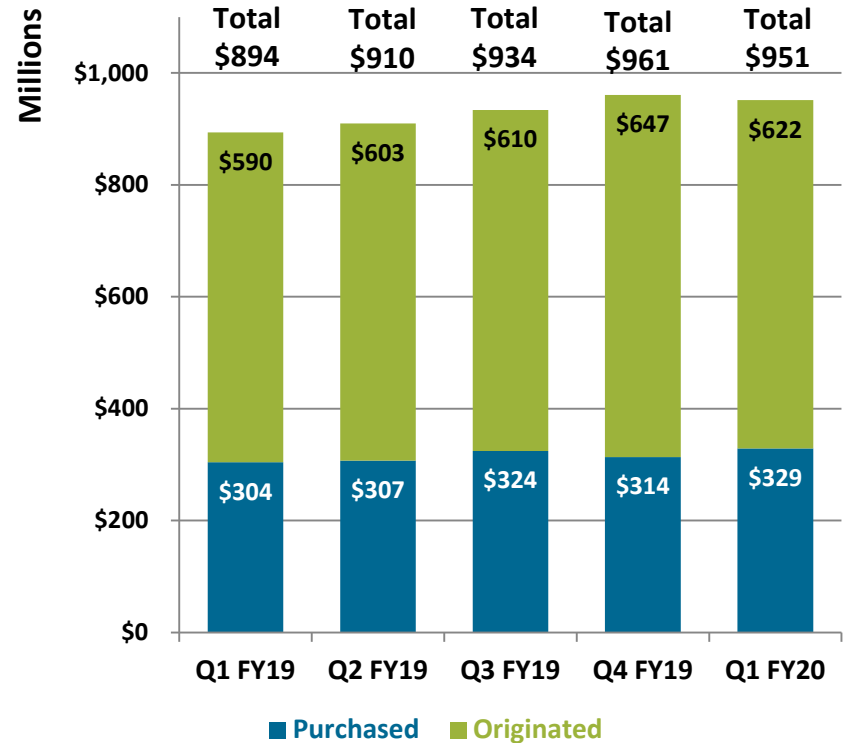


Loan Performance & Average Loan Balance For Trailing 5 Quarters

Loan Performance

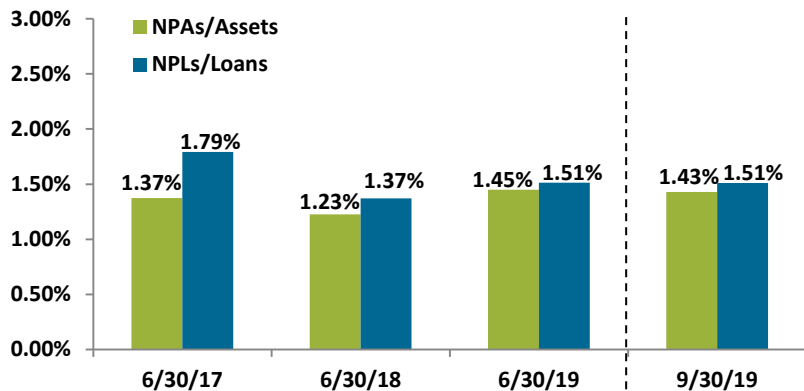


Average Loan Balance For Trailing 5 Quarters⁽²⁾

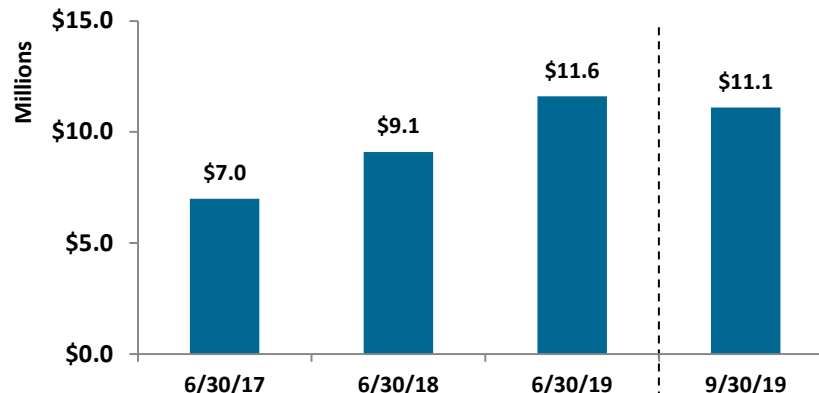


Asset Quality Metrics

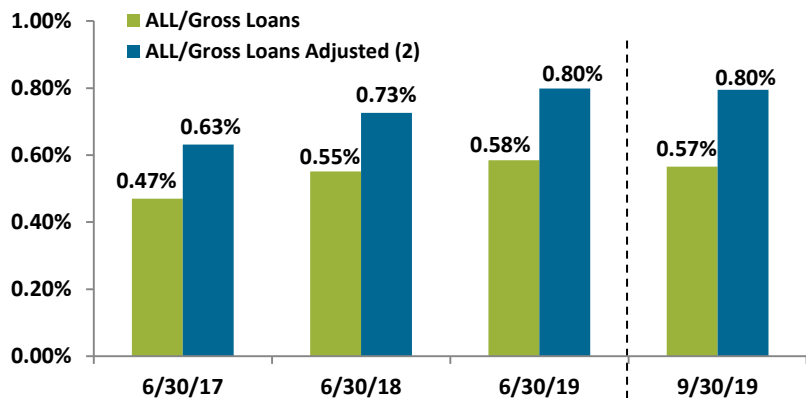
NPAs / Total Assets & NPLs / Total Loans



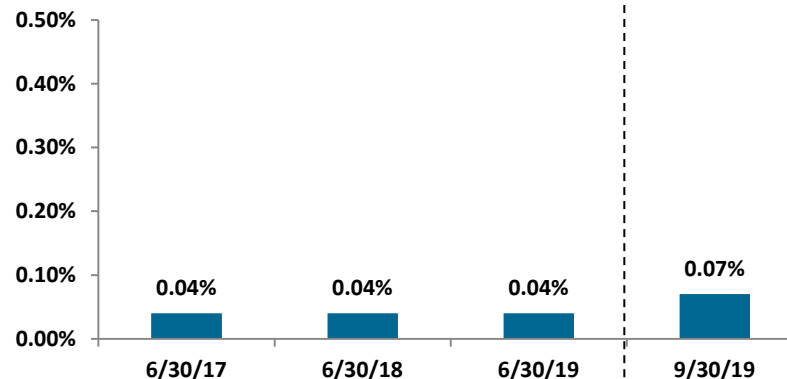
Classified Commercial Loans⁽¹⁾



Allowance for Loan Losses / Gross Loans



NCOs / Average Loans⁽³⁾



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

(2) ALL/Gross Loans Adjusted represents total allowance for loan losses less allowance on purchased loans, divided by total loans less purchased loans.

(3) Trailing twelve months of net charge-offs divided by average loans for the same period.