

FY 2020 Q3 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 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; the length and extent of the economic contraction resulting from the COVID-19 pandemic; continued deterioration in 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 business and economic conditions or legislative or regulatory initiatives; continued 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.

Financial Highlights

	Q3 FY20	YTD FY20
Total Loan Volume	\$119.7 million	\$374.6 million
LASG:		
Purchased Loans	\$65.0 million invested on \$70.9 million of UPB ⁽¹⁾ (91.8% purchase price)	\$158.5 million invested on \$168.0 million of UPB ⁽¹⁾ (94.4% purchase price)
Originated Loans⁽²⁾	\$48.8 million	\$187.9 million
Weighted Average Rate as of 3/31/2020⁽³⁾	6.82%	7.27%
Community Bank:		
Residential Mortgage Originations	\$5.7 million	\$25.2 million
Commercial Originations	\$0.2 million	\$2.4 million
Net Interest Margin	5.50%	5.60%
Purchased Loan Return⁽⁴⁾	10.05%	10.00%
Earnings	\$1.9 million	\$11.5 million
EPS (Diluted)	\$0.21	\$1.25
Return on Equity	4.57%	9.56%
Return on Assets	0.61%	1.31%

(1) Unpaid principal balance.

(2) LASG originations during Q3 FY20 and YTD FY20 were 100% and 90% variable rate, of which 98% and 97% were Prime rate based.

(3) Q3 FY20 and YTD FY20 LASG originations had a weighted average floor rate of 6.81% and 7.27%, respectively.

(4) Purchased loan return for Q3 FY20 and YTD FY20 included \$2.5 million and \$6.8 million of transactional income, respectively.

Capital Ratio Limit Changes

	<i>Dollars in thousands</i>	Tier 1 Capital	Total Capital
Current balance		\$161,016	\$184,809
Actual capital ratio		13.04%	18.03%
Prior capital limit		10.00%	13.50%
New capital limit		9.00%	12.00%
Loan capacity under prior capital limit		\$255,128	\$335,956
Loan capacity under new capital limit		\$398,253	\$445,472
Increase in loan capacity under new capital limit		\$143,125	

Share Repurchase Plan

	Number of Shares	Price Per Share	Total Price
Repurchase Plan	900,000		
Third Quarter FY 2020 Activity	416,700	\$12.83	\$5,346,469
Remaining Shares in Plan	483,300		
<i>Plan approved on October 21, 2019 and expires on October 21, 2020</i>			

Loan Portfolio Summary

Loan Portfolio	# of loans	Total Balance	Average Balance	WA LTV
<i>Dollars in thousands</i>				
Loan Acquisition and Servicing Group (LASG):				
Purchased Loans ⁽¹⁾	928	\$395,944	\$427	49%
Direct Originated Loans	141	273,671	1,941	56%
Portfolio Finance Loans	79	238,388	3,018	50%
SBA and USDA Loans ⁽²⁾	135	49,708	368	78%
Community Banking Division:				
Commercial Loans	272	33,415	123	51%
Residential and Consumer Loans	829	42,570	51	65%
Total	2,384	\$1,033,696	\$434	53%

(1) Total loan balance of \$395.9 million is net of \$37.0 million of purchased loan discount.

(2) Total loan balance of \$49.7 million includes \$5.4 million of the guaranteed portion and \$44.3 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 collateral.

LASG Portfolio by Collateral Type

Collateral Type	Direct Originated		Portfolio Finance		Purchased		Total LASG		
	<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>
1-4 Family		\$23,226	59%	\$20,770	52%	\$12,013	37%	\$56,009	52%
Hospitality		46,330	53%	14,435	48%	22,360	53%	83,125	52%
Industrial		34,455	54%	38,856	55%	60,517	46%	133,828	51%
Land and Construction		257	65%	2,750	31%	6,032	53%	9,039	46%
Mixed Use		24,087	64%	46,764	51%	22,457	49%	93,308	53%
Multi Family		37,795	60%	50,945	53%	125,413	48%	214,153	51%
Office		34,755	58%	20,069	59%	60,000	52%	114,824	55%
Retail		71,555	51%	21,079	44%	86,582	54%	179,216	51%
Small Balance Commercial		1,211	31%	22,720	53%	570	30%	24,501	51%
Total		\$273,671	56%	\$238,388	50%	\$395,944	49%	\$908,003	51%

LASG Portfolio – Weighted Average LTV By Bucket

LASG Portfolio	WA LTV						Total
	< 40%	40-49%	50-59%	60-69%	70-79%	>=80%	
<i>Dollars in Thousands</i>							
Purchased Loans	\$126,072	\$67,243	\$68,133	\$67,548	\$52,583	\$14,365	\$395,944
Direct Originated Loans	47,207	38,576	56,854	95,504	32,812	2,718	273,671
Portfolio Finance Loans	36,580	59,218	91,041	40,049	7,000	4,500	238,388
Total	\$209,859	\$165,037	\$216,028	\$203,101	\$92,395	\$21,583	\$908,003

LASG Purchased – Further Analysis

LASG Purchased Portfolio	Origination Year		Total	
	<i>Dollars in Thousands</i>	Pre-2009		2009 and later
Current Basis		\$244,203	\$151,741	\$395,944
# of Loans		672	256	928
% of Portfolio		62%	38%	100%
Original Principal Balance		\$465,150	\$229,778	\$694,928
Current Principal Balance		268,603	164,317	432,920
% Principal Paid Down Since Origination		42%	28%	38%
Current Basis / Original Principal		52%	66%	57%

LASG Originated – Interest Reserve Analysis

Portfolio Finance

<i>Dollars in thousands</i>	Balance	% with Interest Reserves	Interest Reserve WA Duration	WA Advance Rate ⁽¹⁾	WA Loan to Underlying RE ⁽¹⁾
Total Portfolio Finance Loans	\$238,388			67%	48%
Portfolio Finance Loans with Interest Reserves	192,286	81%	6.1 Months		

Direct Originated Loans

<i>Dollars in thousands</i>	Balance	% with Interest Reserves	Interest Reserve WA Duration	WA LTV ⁽¹⁾
Total Direct Originated Loans	\$273,671			56%
Direct Originated Loans with Interest Reserves	103,608	35%	6.4 Months	

(1) Weighted Average calculations utilize original balance and real estate values at the time of origination.

Community Banking Division Portfolio by Collateral Type

Collateral Type	Commercial		Consumer		Total
	<i>Dollars in thousands</i> Balance	WA LTV	Balance	WA LTV	Balance
1-4 Family	\$3,960	48%	\$39,022	65%	\$42,982
Hospitality	3,094	38%	0	-	3,094
Industrial	769	51%	0	-	769
Land and Construction	336	31%	629	69%	965
Mixed use	340	66%	0	-	340
Multi Family	6,290	47%	2,363	69%	8,653
Office	7,501	45%	0	-	7,501
Retail	5,653	57%	0	-	5,653
Small Balance	5,426	69%	545	80%	5,971
Unsecured	46	NAP	11	NAP	57
Total	\$33,415	51%	\$42,570	65%	\$75,985

SBA and USDA Loans by Collateral Type

Collateral Type	SBA and USDA Loans	
<i>Dollars in thousands</i>	Balance	WA LTV
Hospitality	26,664	75%
Industrial	7,254	63%
Office	3,515	92%
Retail	7,907	91%
Small Balance Commercial	4,368	86%
Total	49,708	78%

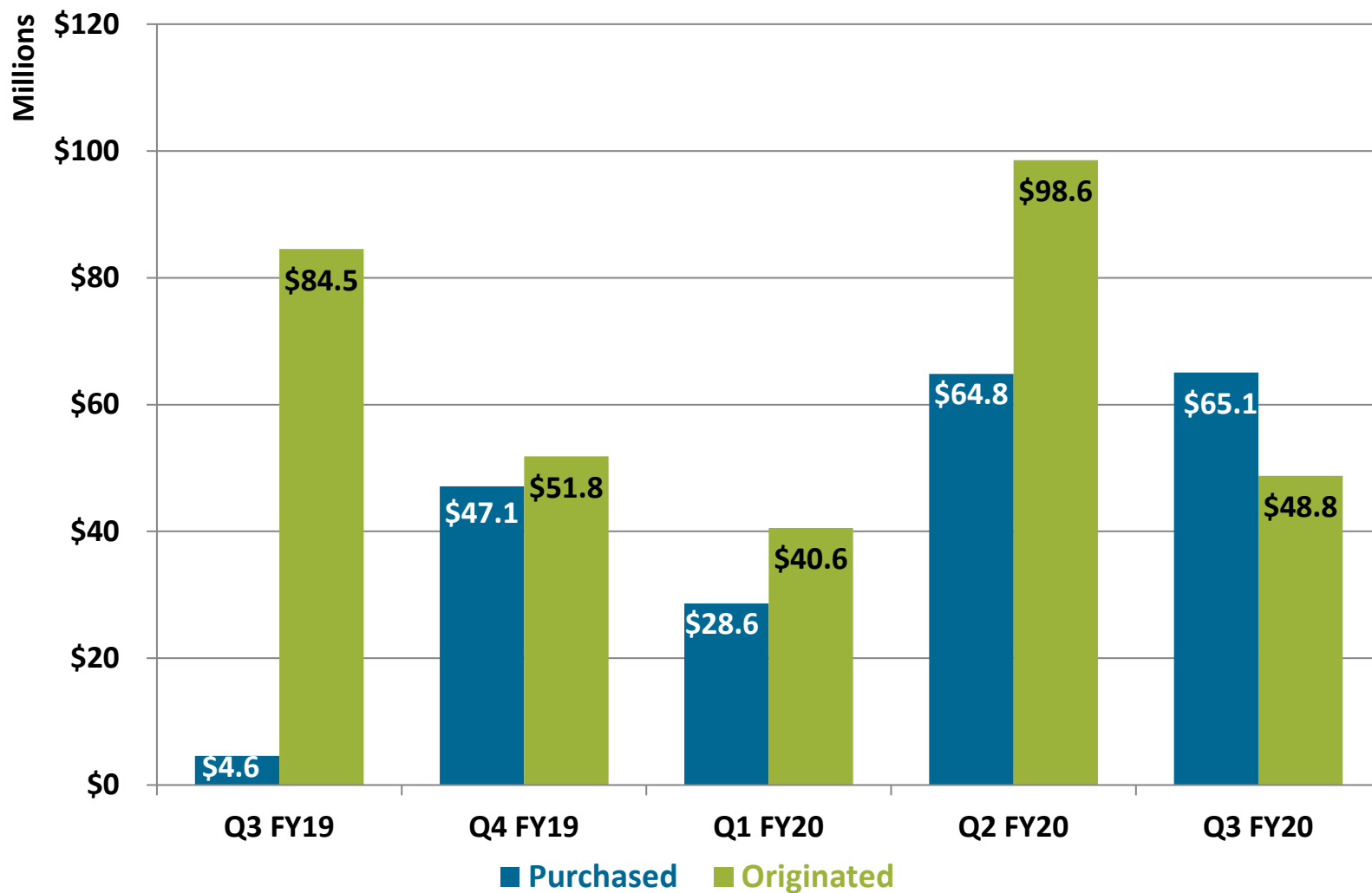
Allowance Allocation

Loan Segment	Total Loan Balances at March 31, 2020	Total Reserves at March 31, 2020	ALL / Total Loans at March 31, 2020	Total Reserves at June 30, 2019	ALL / Total Loans at June 30, 2019
<i>Dollars in thousands</i>					
LASG Purchased	\$395,944	\$532	0.13%	\$520	0.16%
Originated Loans:					
C&I (Portfolio Finance primarily)	246,966	1,018	0.41%	717	0.32%
Commercial Real Estate	269,547	2,160	0.80%	2,065	0.70%
SBA and USDA:	0				
- Guaranteed	5,212	0	0.00%	0	0.00%
- Unguaranteed	43,094	4,586	10.64%	1,974	4.09%
1-4 Family Residential	71,157	478	0.67%	376	0.44%
Consumer	1,999	35	1.75%	50	1.20%
Total Originated Loans	637,975	8,277	1.30%	5,182	0.80%
Total Loans	\$1,033,919	\$8,809	0.85%	\$5,702	0.58%

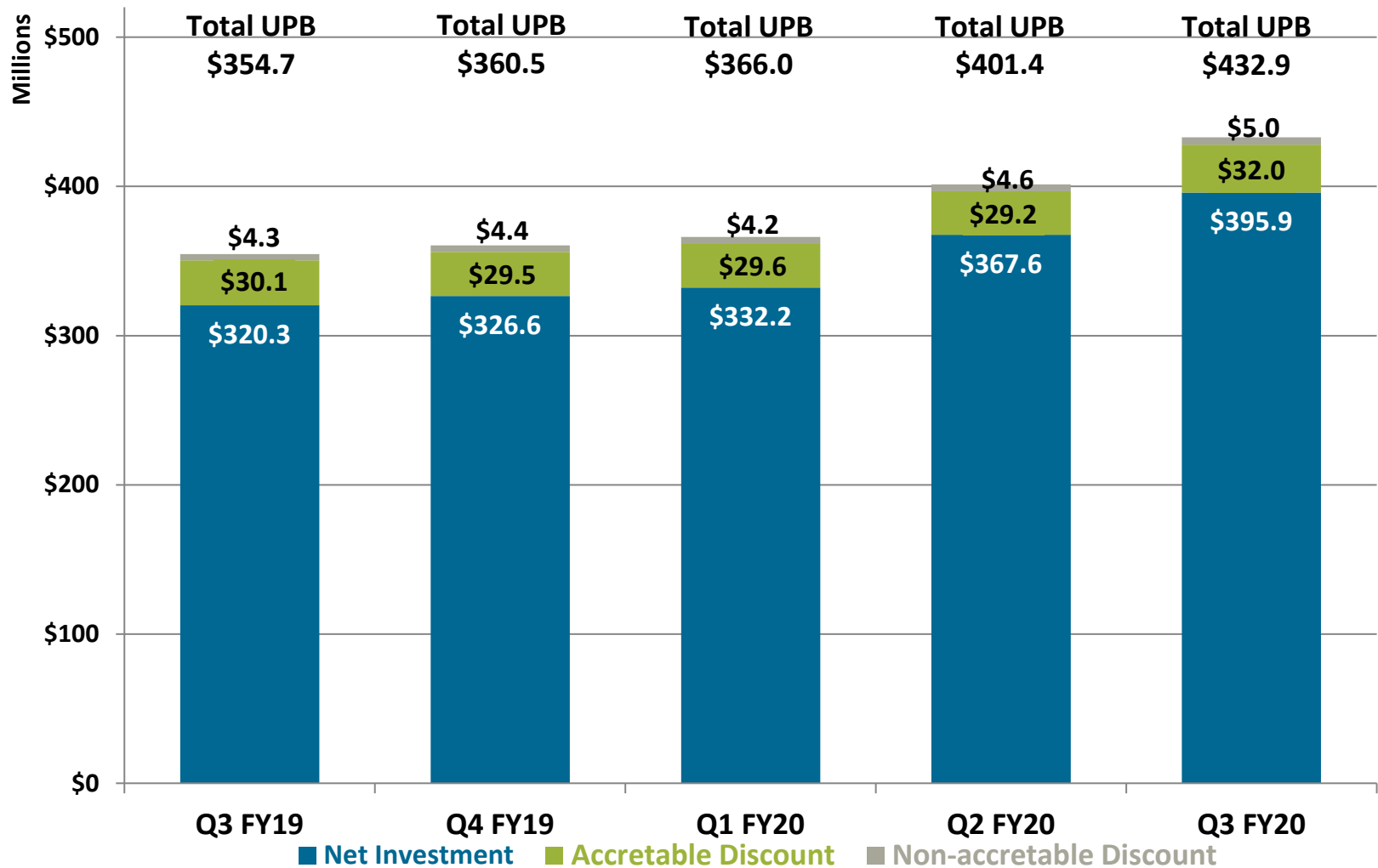
April 2020 Observations

- \$296 million out of \$512 million, or 58% of our LASG Originated portfolio has approximately six months of interest reserve coverage.
- Payments on approximately \$34 million out of \$50 million, or 68% of our SBA portfolio will be paid by the SBA over the next six months.
- To date, we have received modification requests as follows:
 - LASG Purchased: 97 loans for \$69 million out of 928 loans for \$396 million
 - LASG Originated: 28 loans for \$64 million out of 220 loans for \$512 million
 - Community Banking Division: 84 loans for \$10 million out of 1,101 loans for \$76 million
- Delinquencies through the third week of April compared with a typical 30-day month:
 - Slightly elevated for our LASG Purchased Portfolio
 - On track for our LASG Originated Portfolio
 - On track for our Community Banking Division

LASG Activity By Trailing 5 Quarters



Purchased Loan Investment Basis and Discount By Trailing 5 Quarters



LASG Portfolio – Q3 FY20 Return Summary⁽¹⁾ as of March 31, 2020

	<u>Purchased</u>	<u>Originated</u>	<u>Total</u>
Regularly Scheduled Interest & Accretion	7.36%	7.35%	7.36%
Accelerated Accretion & Fees Recognized on Loan Payoffs & Gain on Loan Sales	2.69%	0.00%	1.14%
Total	10.05%	7.35%	8.50%

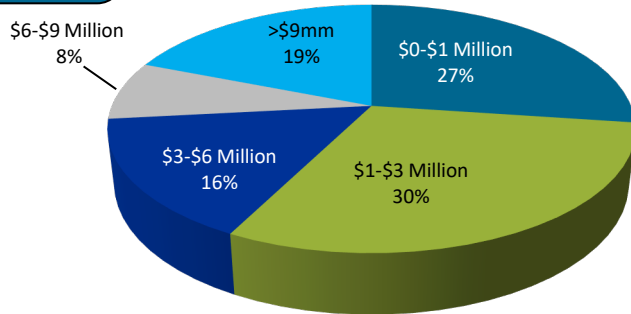
(1) The total return on purchased loans represents scheduled accretion, accelerated accretion, gains on asset sales and gains on real estate owned recorded during the period divided by the average invested balance, which includes loans held for sale, on an annualized basis. The total return does not include the effect of purchased loan charge-offs or recoveries during the period.

LASG Loan Portfolio Statistics as of March 31, 2020

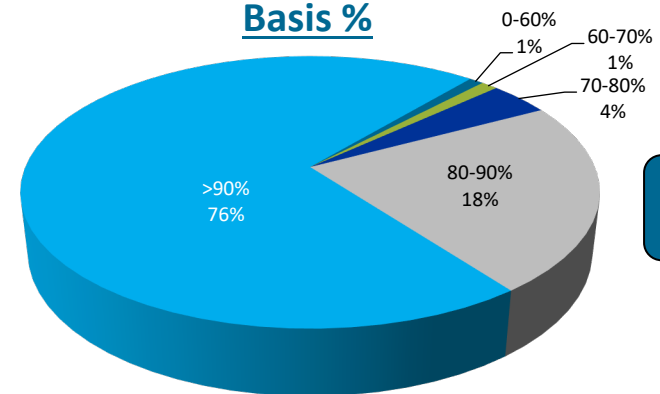
- Average investment size of \$791 thousand / loan

- Originated: \$2.23million
- Purchased: \$427 thousand

Investment Size

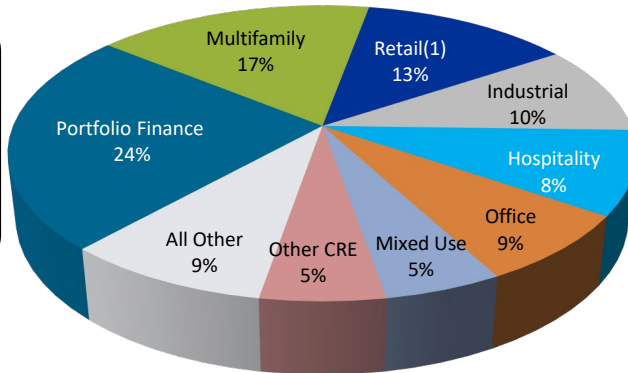


Purchased Loan Net Investment Basis %



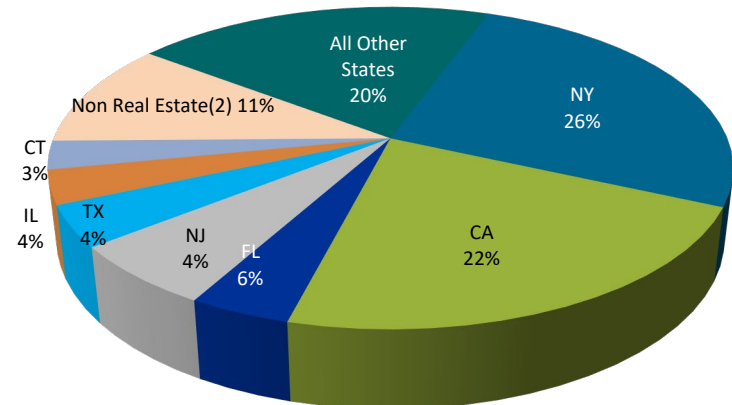
Net investment basis of 91% for purchased loans

Collateral Type



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

Collateral State



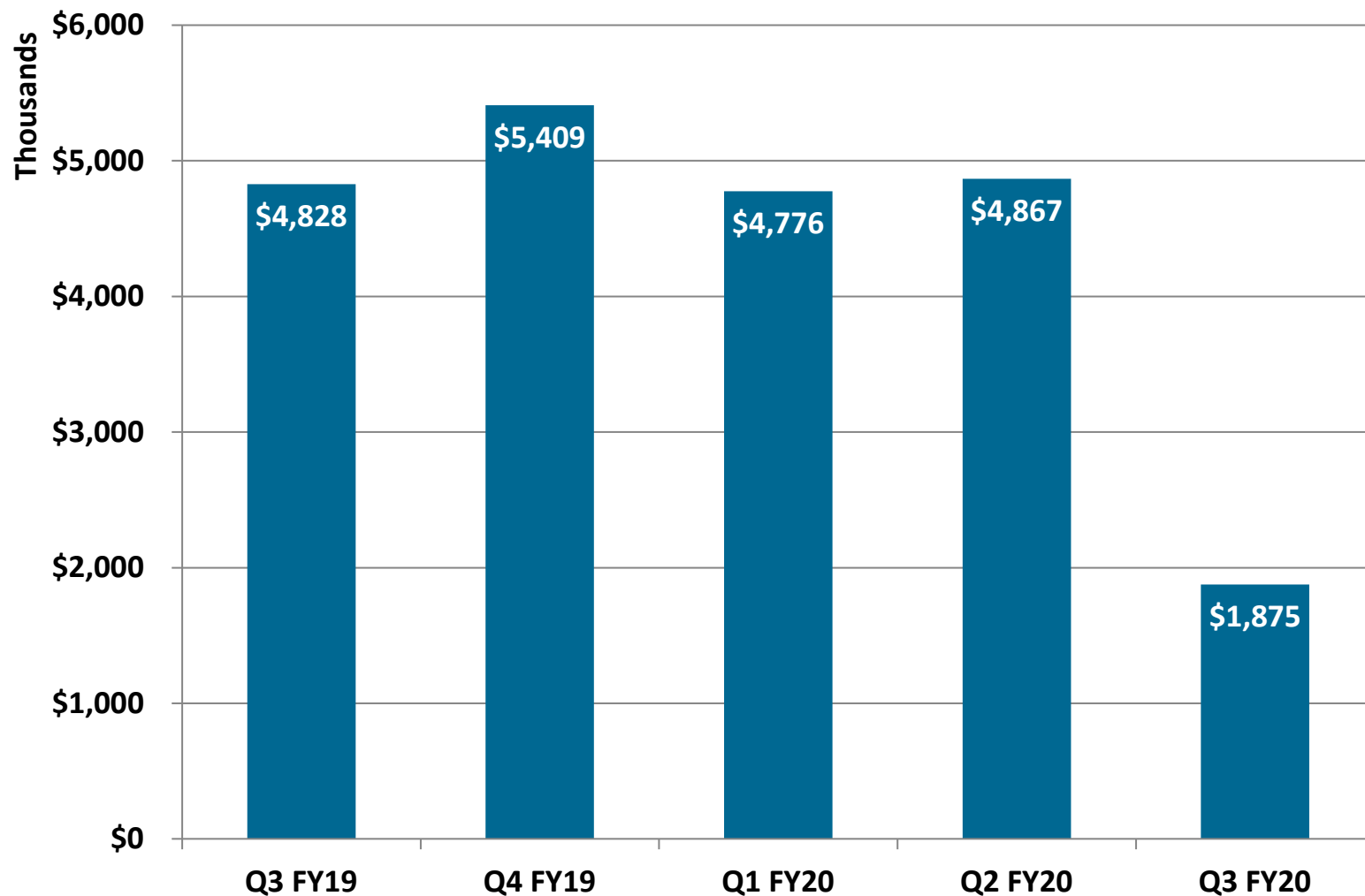
• Geographically diverse with collateral in 43 different states

• CA and NY represent combined 48% of portfolio

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

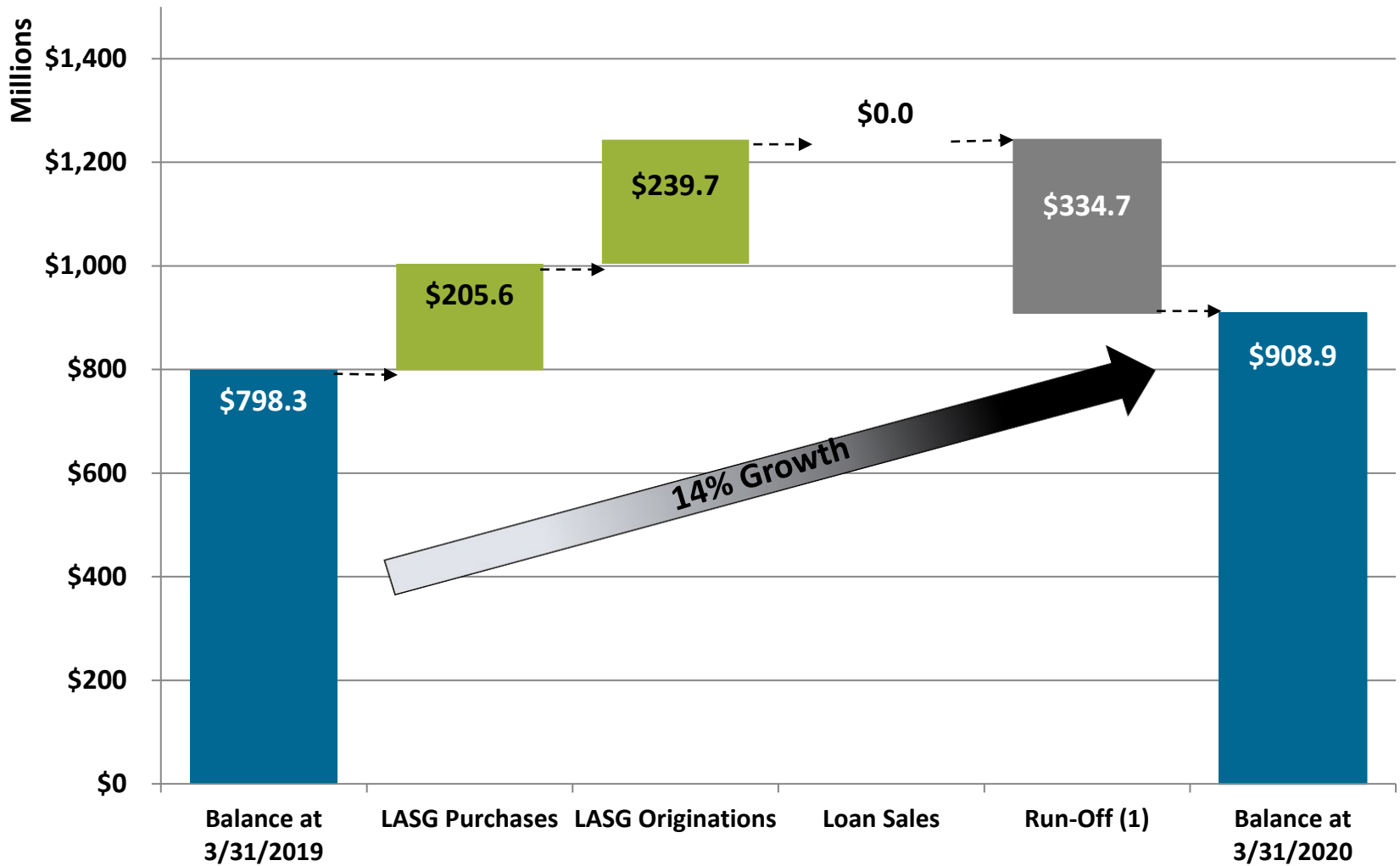
(2) 93% of the 11% Non Real Estate total represents Portfolio Finance loans.

Net Operating Earnings For Trailing 5 Quarters⁽¹⁾



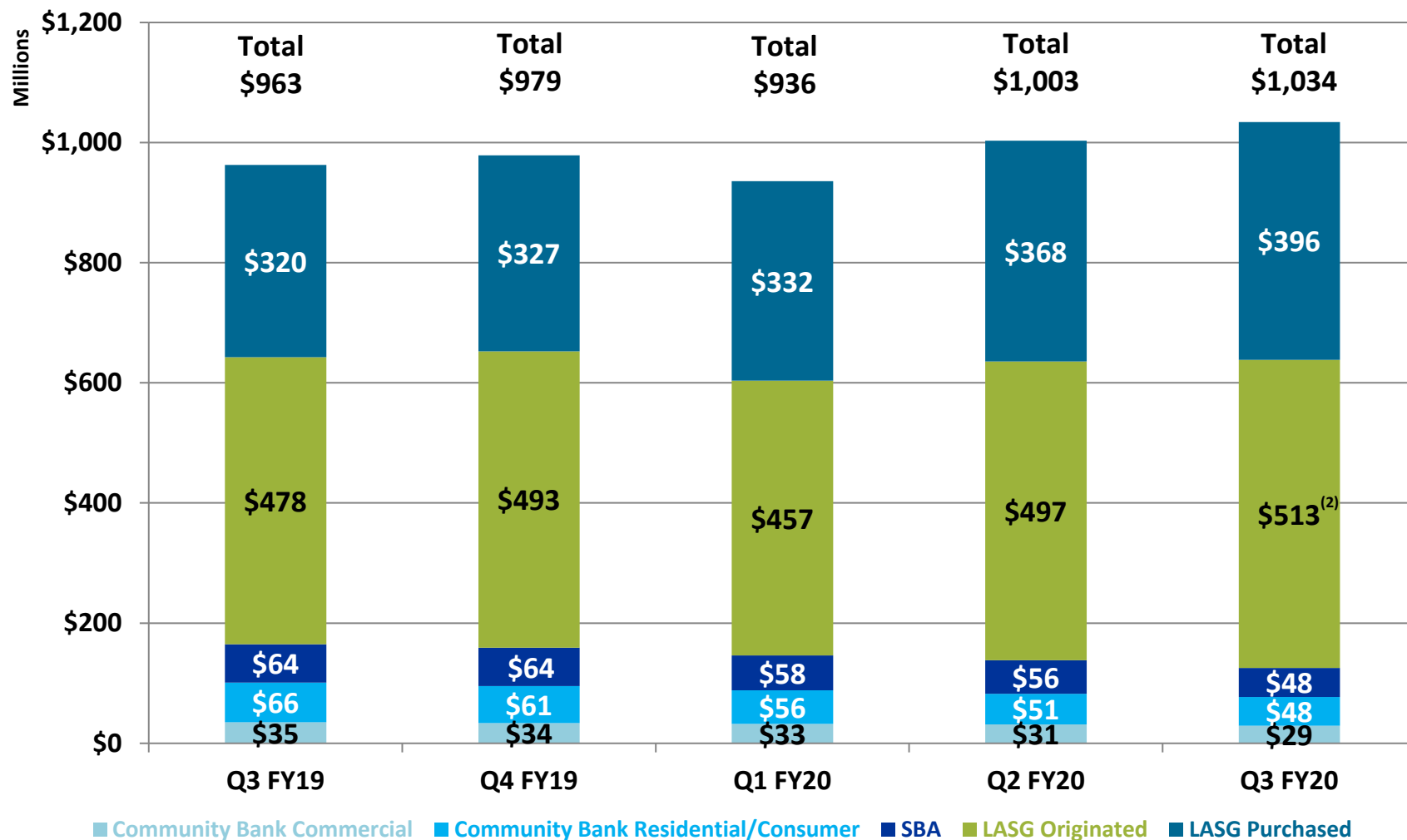
(1) Management believes net operating earnings, which exclude non-core items related to the corporate reorganization, provide a more meaningful representation of the Bank's performance. Q4 FY19 results above exclude \$6.0 million of expenses (after tax) related to the corporate reorganization.

LASG Portfolio Roll Forward: Trailing Twelve Months



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

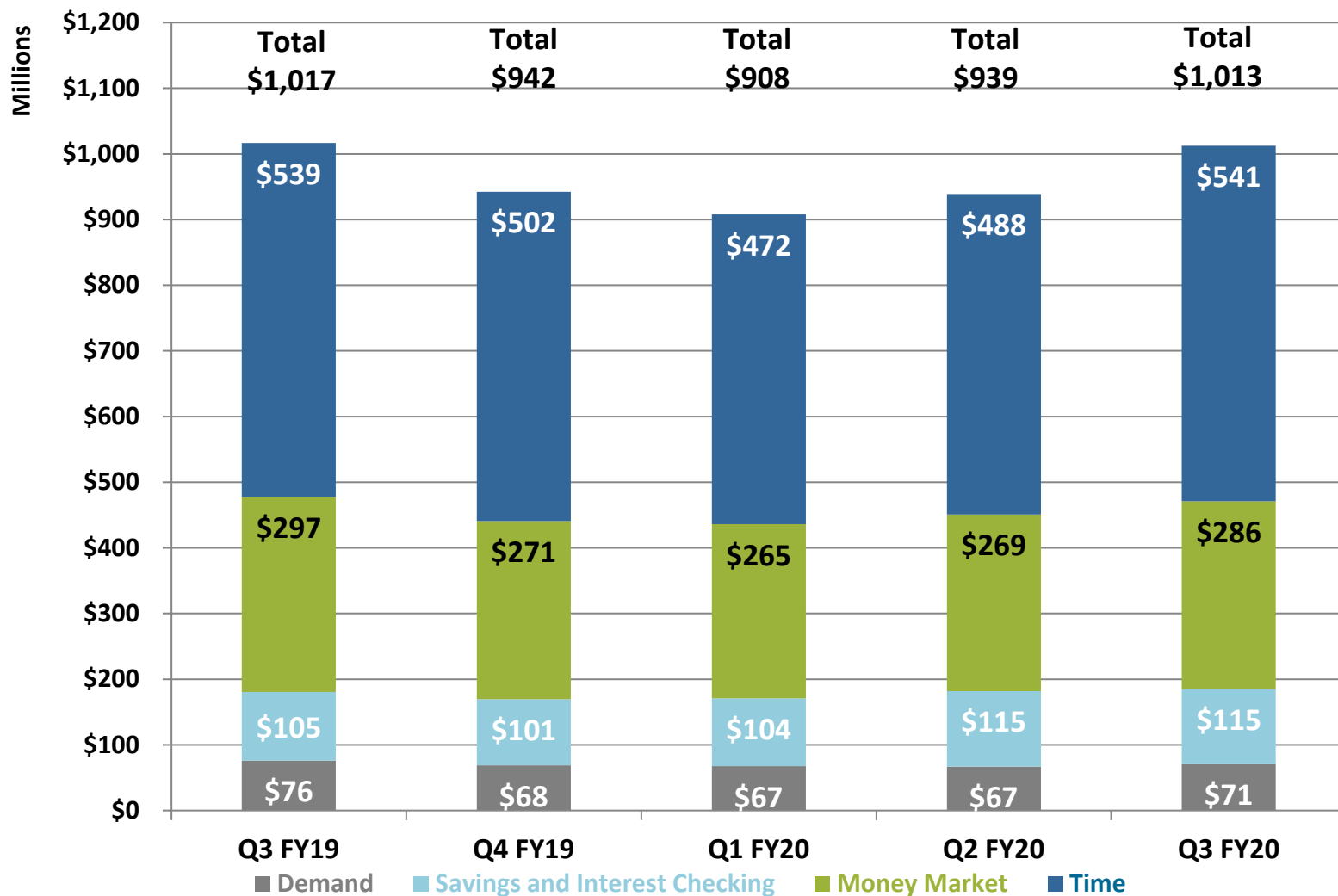
Loan Mix As of Trailing 5 Quarter Ends⁽¹⁾



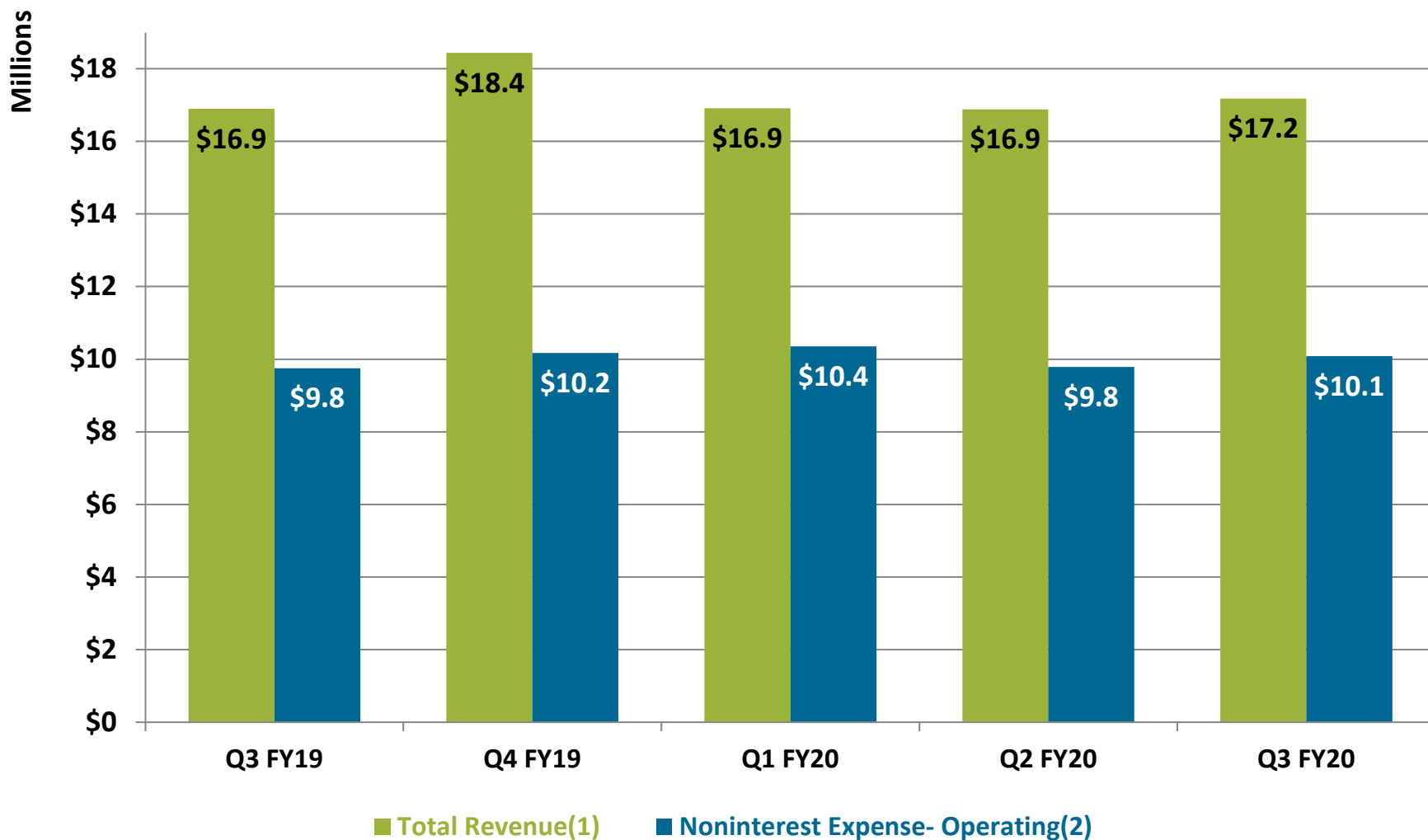
(1) Includes loans held for sale.

(2) 85% of the LASG Originated portfolio had a floor, with a weighted average floor of 7.13% as of March 31, 2020.

Deposit Mix By Trailing 5 Quarter Ends

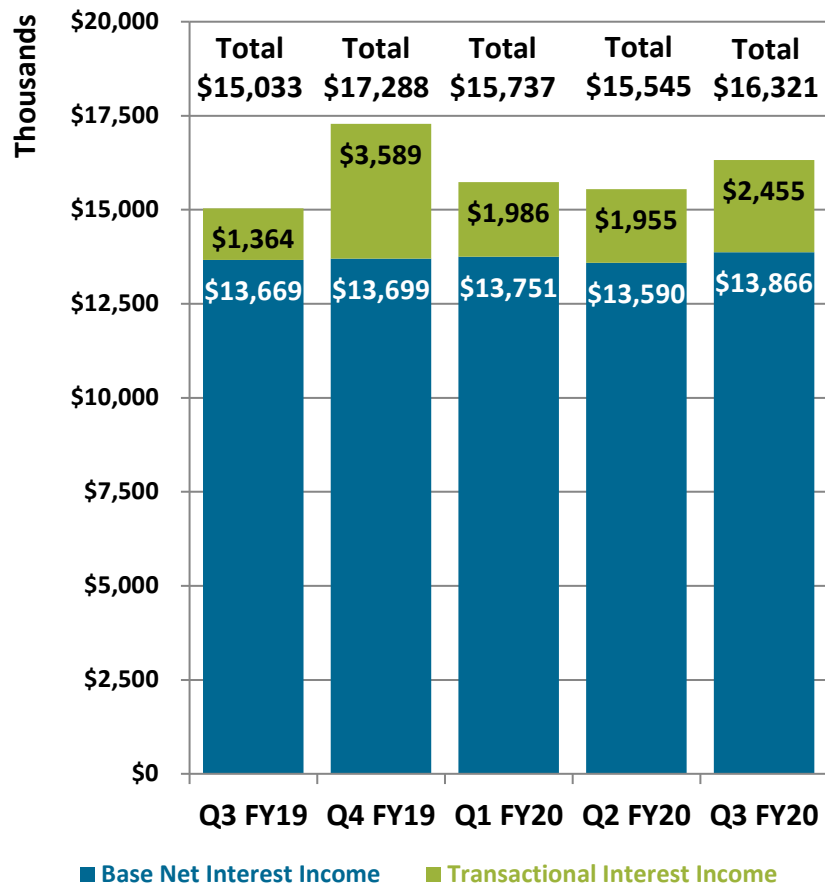


Revenue and Noninterest Expense for Trailing 5 Quarters

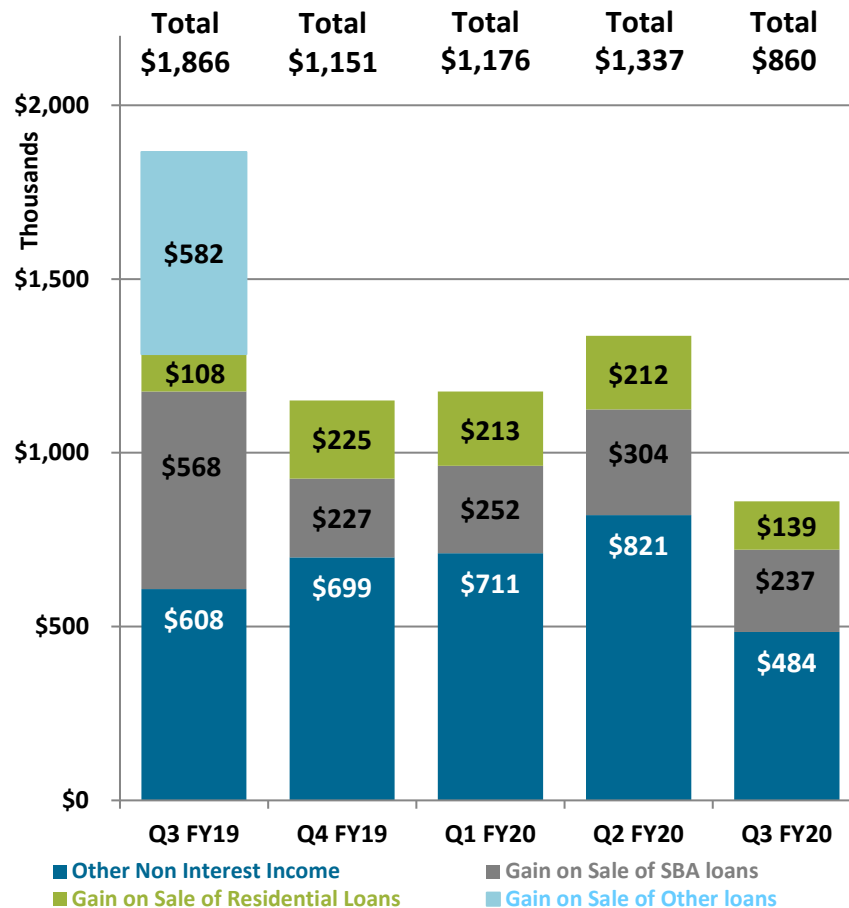


Key Components of Income For Trailing 5 Quarters

Net Interest Income Before Loan Loss Provision

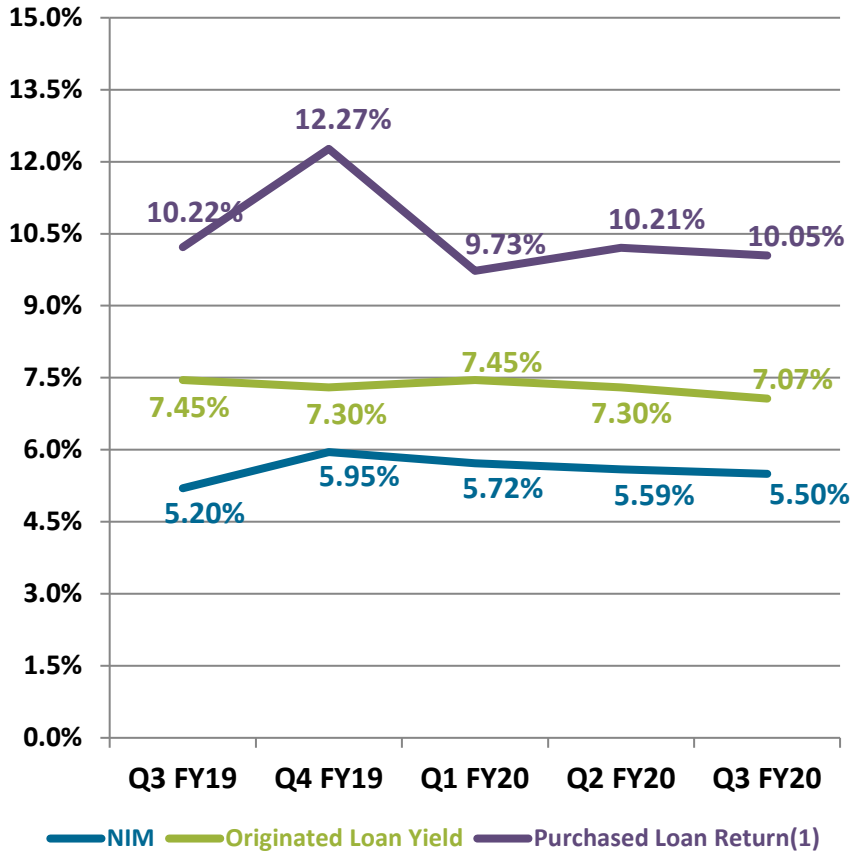


Noninterest Income

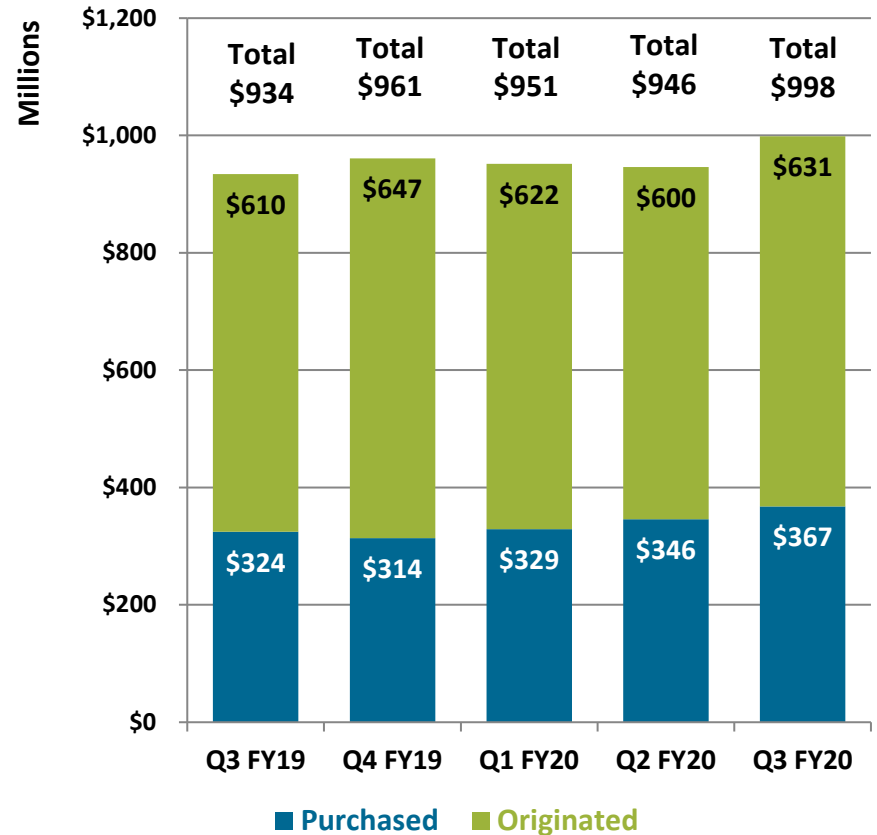


Loan Performance & Average Loan Balance For Trailing 5 Quarters

Loan Performance

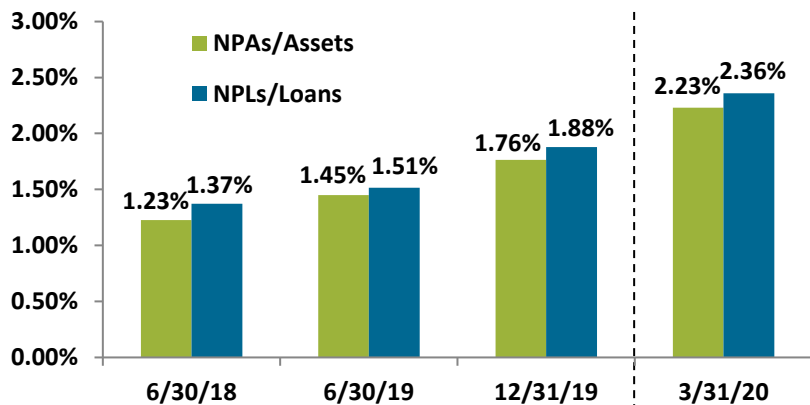


Average Loan Balance For Trailing 5 Quarters⁽²⁾

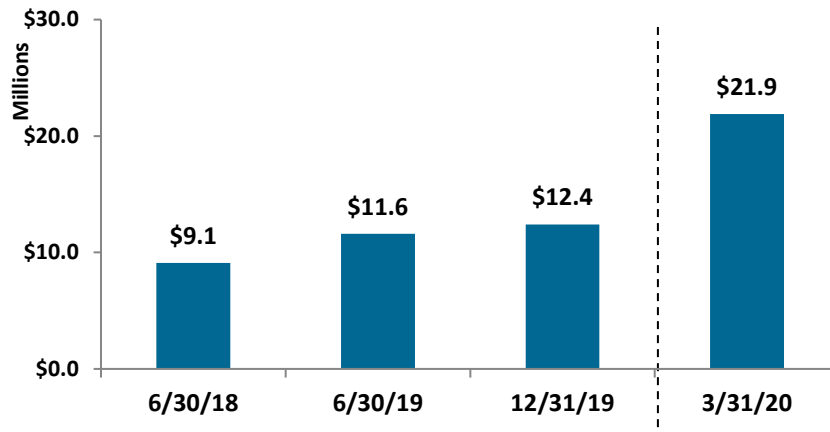


Asset Quality Metrics

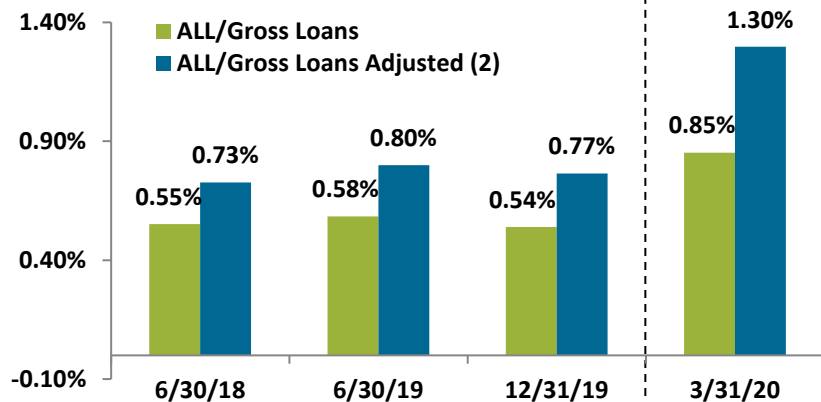
NPAs / Total Assets & NPLs / Total Loans



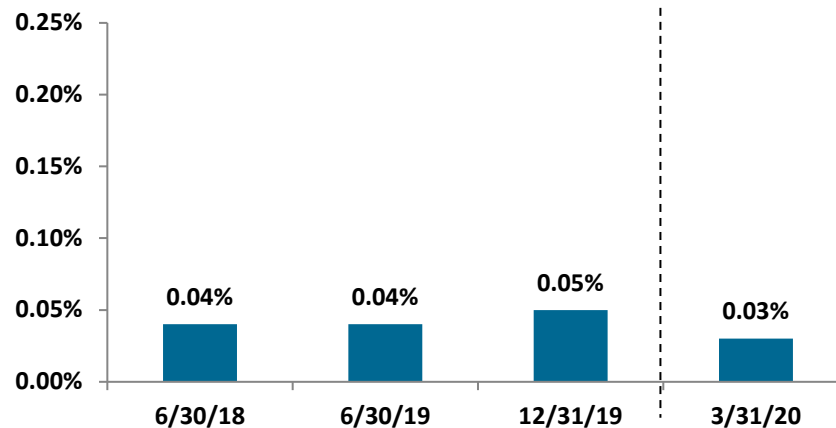
Classified Commercial Loans⁽¹⁾



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) 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.