

# FEDERAL DEPOSIT INSURANCE CORPORATION

Washington, D.C. 20429

FORM 10-Q

(Mark one)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the quarterly period ended September 30, 2025

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the transition period \_\_\_\_\_ to \_\_\_\_\_.

FDIC Certificate No. 19690

## NORTHEAST BANK

(Exact name of registrant as specified in its charter)

Maine

(State or other jurisdiction of  
incorporation or organization)

01-0029040

(I.R.S. Employer  
Identification No.)

27 Pearl Street, Portland, Maine

(Address of principal executive offices)

04101

(Zip Code)

(207) 786-3245

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Voting Common Stock, \$1.00 par value  
(Title of each class)

NBN  
(Trading Symbol)

The NASDAQ Stock Market LLC  
(Name of each exchange on which registered)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subjected to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

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.

Indicate by check mark whether the registrant is a shell company (as defined by Rule 12b-2 of the Exchange Act). Yes  No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. As of November 3, 2025, the registrant had outstanding 8,562,960 shares of voting common stock, \$1.00 par value per share and zero shares of non-voting common stock, \$1.00 par value per share.

<b>Part I.</b>	<b>Financial Information</b>	
<b>Item 1.</b>	<b>Financial Statements (Unaudited)</b>	
	Balance Sheets	2
	September 30, 2025 and June 30, 2025	
	Statements of Income	3
	Three Months Ended September 30, 2025 and 2024	
	Statements of Comprehensive Income	4
	Three Months Ended September 30, 2025 and 2024	
	Statements of Changes in Shareholders' Equity	5
	Three Months Ended September 30, 2025 and 2024	
	Statements of Cash Flows	6
	Three Months Ended September 30, 2025 and 2024	
	Notes to Unaudited Financial Statements	7
<b>Item 2.</b>	<b>Management's Discussion and Analysis of Financial Condition and Results of Operations</b>	26
<b>Item 3.</b>	<b>Quantitative and Qualitative Disclosure about Market Risk</b>	39
<b>Item 4.</b>	<b>Controls and Procedures</b>	39
<b>Part II.</b>	<b>Other Information</b>	
<b>Item 1.</b>	<b>Legal Proceedings</b>	40
<b>Item 1A.</b>	<b>Risk Factors</b>	40
<b>Item 2.</b>	<b>Unregistered Sales of Equity Securities and Use of Proceeds</b>	40
<b>Item 3.</b>	<b>Defaults Upon Senior Securities</b>	40
<b>Item 4.</b>	<b>Mine Safety Disclosures</b>	40
<b>Item 5.</b>	<b>Other Information</b>	40
<b>Item 6.</b>	<b>Exhibits</b>	40
	<b>Signatures</b>	41

PART 1 - FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited)

**NORTHEAST BANK**

**BALANCE SHEETS**

(Unaudited)

(Dollars in thousands, except share and per share data)

	September 30, 2025	June 30, 2025
Assets		
Cash and due from banks	\$ 2,356	\$ 2,908
Short-term investments	339,460	410,711
Total cash and cash equivalents	<u>341,816</u>	<u>413,619</u>
Available-for-sale debt securities, at fair value	8,118	15,308
Equity securities, at fair value	7,514	7,396
Total securities	<u>15,632</u>	<u>22,704</u>
SBA loans held for sale	12,664	33,768
Loans:		
Commercial real estate	2,791,809	2,733,794
Commercial and industrial	849,626	903,278
Residential real estate	111,384	119,158
Consumer	133	159
Total loans	<u>3,752,952</u>	<u>3,756,389</u>
Less: Allowance for credit losses	46,713	47,930
Loans, net	<u>3,706,239</u>	<u>3,708,459</u>
Premises and equipment, net	24,186	24,704
Real estate owned and other possessed collateral, net	1,279	560
Federal Home Loan Bank stock, at cost	15,118	15,295
Loan servicing rights, net	662	699
Bank-owned life insurance	18,621	19,329
Accrued interest receivable	17,325	16,897
Other assets	17,896	23,034
Total assets	<u>\$ 4,171,438</u>	<u>\$ 4,279,068</u>
Liabilities and Shareholders' Equity		
Deposits:		
Demand	\$ 157,217	\$ 159,274
Savings and interest checking	839,675	880,016
Money market	77,176	92,716
Time	2,176,319	2,243,594
Total deposits	<u>3,250,387</u>	<u>3,375,600</u>
Federal Home Loan Bank advances	316,801	320,191
Lease liability	18,616	19,044
Other liabilities	71,987	69,947
Total liabilities	<u>3,657,791</u>	<u>3,784,782</u>
Commitments and contingencies		
Shareholders' equity		
Preferred stock, \$1.00 par value, 1,000,000 shares authorized; no shares issued and outstanding at September 30, 2025 and June 30, 2025	—	—
Voting common stock, \$1.00 par value, 25,000,000 shares authorized; 8,562,960 and 8,525,362 shares issued and outstanding at September 30, 2025 and June 30, 2025, respectively	8,563	8,525
Non-voting common stock, \$1.00 par value, 3,000,000 shares authorized; No shares issued and outstanding at September 30, 2025 and June 30, 2025	—	—
Additional paid-in capital	95,586	98,728
Retained earnings	409,493	387,035
Accumulated other comprehensive income (loss)	5	(2)
Total shareholders' equity	<u>513,647</u>	<u>494,286</u>
Total liabilities and shareholders' equity	<u>\$ 4,171,438</u>	<u>\$ 4,279,068</u>

*The accompanying notes are an integral part of these unaudited financial statements.*

**NORTHEAST BANK**  
**STATEMENTS OF INCOME**

(Unaudited)

(Dollars in thousands, except share and per share data)

	Three Months Ended September 30,	
	2025	2024
Interest and dividend income:		
Interest and fees on loans	\$ 77,680	\$ 65,338
Interest on available-for-sale securities	180	595
Other interest and dividend income	5,347	3,921
Total interest and dividend income	<u>83,207</u>	<u>69,854</u>
Interest expense:		
Deposits	31,331	26,590
Federal Home Loan Bank advances	3,461	4,030
Obligation under capital lease agreements	223	234
Total interest expense	<u>35,015</u>	<u>30,854</u>
Net interest and dividend income before provision for credit losses	48,192	39,000
(Credit) provision for credit losses	(435)	422
Net interest and dividend income after provision for credit losses	<u>48,627</u>	<u>38,578</u>
Noninterest income:		
Fees for other services to customers	346	443
Gain on sales of SBA loans	4,138	3,331
Net unrealized gain on equity securities	52	189
Bank-owned life insurance income	124	124
Correspondent fee income	12	30
Other noninterest income	11	2
Total noninterest income	<u>4,683</u>	<u>4,119</u>
Noninterest expense:		
Salaries and employee benefits	12,682	11,183
Occupancy and equipment expense	1,146	1,078
Professional fees	1,095	753
Data processing fees	1,653	1,487
Marketing expense	123	136
Loan acquisition and collection expense	3,349	1,293
FDIC insurance expense	294	331
Other noninterest expense	1,548	1,424
Total noninterest expense	<u>21,890</u>	<u>17,685</u>
Income before income tax expense	31,420	25,012
Income tax expense	8,879	7,906
Net income	<u>\$ 22,541</u>	<u>\$ 17,106</u>
Weighted-average shares outstanding:		
Basic	8,272,801	7,886,148
Diluted	8,430,980	8,108,688
Earnings per common share:		
Basic	\$ 2.72	\$ 2.17
Diluted	2.67	2.11
Cash dividends declared per common share	\$ 0.01	\$ 0.01

*The accompanying notes are an integral part of these unaudited financial statements.*

**NORTHEAST BANK**  
**STATEMENTS OF COMPREHENSIVE INCOME**

(Unaudited)  
(In thousands)

	Three Months Ended September 30,	
	2025	2024
Net income	\$ 22,541	\$ 17,106
Other comprehensive income (loss), before tax:		
Change in net unrealized gain (loss) on available-for-sale debt securities	10	350
Total other comprehensive income (loss), before tax	10	350
Tax Effect	(3)	95
Other comprehensive income (loss), net of tax	7	255
Comprehensive income	<u>\$ 22,548</u>	<u>\$ 17,361</u>

*The accompanying notes are an integral part of these unaudited financial statements.*

**NORTHEAST BANK**

**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

(Unaudited)

(In thousands, except share and per share data)

	Preferred Stock		Voting Common Stock		Non-voting Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
	Shares	Amount	Shares	Amount	Shares	Amount				
Balance at June 30, 2024	—	\$ —	8,127,690	\$ 8,128	—	\$ —	\$ 64,762	\$ 303,927	\$ (183)	\$ 376,634
Net income	—	—	—	—	—	—	—	17,106	—	17,106
Other comprehensive income, net of tax	—	—	—	—	—	—	—	—	255	255
Common stock issued, net of issuance costs	—	—	—	—	—	—	—	—	—	—
Dividends on common stock at \$0.01 per share	—	—	—	—	—	—	—	(78)	—	(78)
Stock-based compensation	—	—	—	—	—	—	1,819	—	—	1,819
Issuance of restricted common stock	—	—	131,456	131	—	—	(131)	—	—	—
Cancellation and forfeiture of restricted common stock	—	—	(47,120)	(47)	—	—	(3,132)	—	—	(3,179)
Balance at September 30, 2024	—	\$ —	8,212,026	\$ 8,212	—	\$ —	\$ 63,318	\$ 320,955	\$ 72	\$ 392,557
Balance at June 30, 2025	—	\$ —	8,525,362	\$ 8,525	—	\$ —	\$ 98,728	\$ 387,035	\$ (2)	\$ 494,286
Net income	—	—	—	—	—	—	—	22,541	—	22,541
Other comprehensive income, net of tax	—	—	—	—	—	—	—	—	7	7
Common stock issued, net of issuance costs	—	—	—	—	—	—	—	—	—	—
Dividends on common stock at \$0.01 per share	—	—	—	—	—	—	—	(83)	—	(83)
Stock-based compensation	—	—	—	—	—	—	2,120	—	—	2,120
Issuance of restricted common stock	—	—	85,581	86	—	—	(86)	—	—	—
Cancellation and forfeiture of restricted common stock	—	—	(47,983)	(48)	—	—	(5,176)	—	—	(5,224)
Balance at September 30, 2025	—	\$ —	8,562,960	\$ 8,563	—	\$ —	\$ 95,586	\$ 409,493	\$ 5	\$ 513,647

*The accompanying notes are an integral part of these unaudited financial statements.*

**NORTHEAST BANK**  
**STATEMENTS OF CASH FLOWS**

(Unaudited)  
(In thousands)

	Three Months Ended September 30,	
	2025	2024
Operating activities:		
Net income	\$ 22,541	\$ 17,106
Adjustments to reconcile net income to net cash provided by operating activities:		
(Credit) provision for credit losses	(435)	422
Net unrealized gain on equity securities	(52)	(189)
Accretion of loans, net	(14,384)	(11,078)
Originations of loans held for sale	(31,714)	(82,425)
Net proceeds from sales of SBA loans held for sale	39,891	69,835
Gain on sales of SBA loans held for sale	(4,138)	(3,331)
Net decrease in servicing rights	37	58
Bank-owned life insurance income	(124)	(124)
Depreciation and amortization of premises and equipment	787	788
Deferred income tax expense	—	1,106
Stock-based compensation	2,120	1,819
Amortization of available-for-sale debt securities, net	—	(117)
Changes in other assets and liabilities:		
Other assets	4,707	(4,017)
Other liabilities	2,040	12,820
Net cash provided by operating activities	<u>21,276</u>	<u>2,673</u>
Investing activities:		
Purchases of available-for-sale debt securities	—	(7,638)
Proceeds from maturities and principal payments on investment securities, net	7,134	20,180
Loan purchases	(144,600)	(732,893)
Loan originations, principal collections, and purchased loan paydowns, net	177,985	16,956
Proceeds from bank owned life insurance	832	—
Purchases and disposals of premises and equipment	(269)	(96)
Net redemptions of Federal Home Loan Bank stock	177	252
Net cash used in investing activities	<u>41,259</u>	<u>(703,239)</u>
Financing activities:		
Net change in deposits	(125,213)	785,451
Proceeds from (paydowns on) short-term Federal Home Loan Bank advances, net	3,000	—
Proceeds from long-term Federal Home Loan Bank advances	—	545,000
Paydowns on long-term Federal Home Loan Bank advances	(6,390)	(551,117)
Repayment of lease liability	(428)	(382)
Dividends paid on common stock	(83)	(78)
Cancellations for tax withholdings on restricted common stock	(5,224)	(3,179)
Net cash provided by financing activities	<u>(134,338)</u>	<u>775,695</u>
Net increase in cash and cash equivalents	(71,803)	75,129
Cash and cash equivalents, beginning of period	413,619	242,158
Cash and cash equivalents, end of period	<u>\$ 341,816</u>	<u>\$ 317,287</u>
Supplemental schedule of cash flow information:		
Interest paid	\$ 38,709	\$ 25,789
Income taxes paid, net	7,120	7,278
Supplemental schedule of noncash investing activities:		
Transfers from loans to real estate owned and other repossessed collateral, net	719	—

*The accompanying notes are an integral part of these unaudited financial statements.*

**NORTHEAST BANK**  
**Notes to Unaudited Financial Statements**  
**September 30, 2025**

**1. Summary of Significant Accounting Policies**

*Basis of Presentation*

The accompanying unaudited interim financial statements include the accounts of Northeast Bank (the “Bank”). These unaudited financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) for interim financial information and with the instructions to Quarterly Reports on Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and notes required by U.S. GAAP for complete financial statements. In the opinion of management, the accompanying financial statements contain all adjustments (consisting principally of normal recurring accruals) considered necessary for a fair presentation of the Bank’s financial position, results of operations, and cash flows for the interim periods presented. These accompanying unaudited financial statements and notes should be read in conjunction with the audited financial statements and notes thereto for the fiscal year ended June 30, 2025 included in the Bank’s Annual Report on Form 10-K (the “Form 10-K”), filed with the Federal Deposit Insurance Corporation (“FDIC”).

**2. Recent Accounting Pronouncements**

The Bank has reviewed all recently issued accounting pronouncements and determined that none have a material impact on the financial statements presented and therefore no additional disclosures are required.

**3. Securities**

The following presents a summary of the amortized cost, gross unrealized holding gains and losses, and fair value of securities.

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
(In thousands)				
<u>September 30, 2025</u>				
U.S. Government agency securities	\$ 7,000	\$ 28	\$ —	\$ 7,028
Agency mortgage-backed securities	1,111	—	(21)	1,090
Total available-for-sale debt securities	8,111	28	(21)	8,118
Equity investments measured at net asset value	8,114	—	(600)	7,514
Total securities	<u>\$ 16,225</u>	<u>\$ 28</u>	<u>\$ (621)</u>	<u>\$ 15,632</u>
<u>June 30, 2025</u>				
U.S. Government agency securities	\$ 13,997	\$ 31	\$ (2)	\$ 14,026
Agency mortgage-backed securities	1,314	—	(32)	1,282
Total available-for-sale securities	15,311	31	(34)	15,308
Equity investments	8,048	—	(652)	7,396
Total securities	<u>\$ 23,359</u>	<u>\$ 31</u>	<u>\$ (686)</u>	<u>\$ 22,704</u>

At September 30, 2025, the Bank held no securities of any single issuer (excluding the U.S. Government and federal agencies) with a book value that exceeded 10% of shareholders’ equity.

When securities are sold, the adjusted cost of the specific security sold is used to compute the gain or loss on sale. There were no securities sold during the three months ended September 30, 2025 and 2024. At September 30, 2025, securities with a fair value of \$8.1 million were pledged as collateral to secure potential or outstanding Federal Home Loan Bank of Boston (“FHLBB”) advances or letters of credit.

The following summarizes the Bank's gross unrealized losses and fair values aggregated by investment category and length of time that individual debt securities have been in a continuous unrealized loss position.

	Less than 12 Months		More than 12 Months		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
<u>September 30, 2025</u>						
(In thousands)						
U.S. Government agency securities	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Agency mortgage-backed securities	—	—	1,090	(21)	1,090	(21)
Total available-for-sale securities	\$ —	\$ —	\$ 1,090	\$ (21)	\$ 1,090	\$ (21)
<u>June 30, 2025</u>						
U.S. Government agency securities	\$ 3,000	\$ (2)	\$ —	\$ —	\$ 3,000	\$ (2)
Agency mortgage-backed securities	—	—	1,282	(32)	1,282	(32)
Total available-for-sale securities	\$ 3,000	\$ (2)	\$ 1,282	\$ (32)	\$ 4,282	\$ (34)

At September 30, 2025 and June 30, 2025, all of the Bank's debt securities were issued or guaranteed by either government agencies or government-sponsored enterprises. As a result, the Bank has determined these securities to have a zero-loss expectation and did not recognize an allowance for credit losses on these securities at September 30, 2025 and June 30, 2025. The unrealized losses on the Bank's securities at September 30, 2025 and June 30, 2025 are attributable to changes in interest rates.

The Bank does not intend to sell these securities and has determined, based upon available evidence, that it is more likely than not that the Bank will not be required to sell these securities before the recovery of its amortized cost basis.

The securities measured at net asset value include a fund that seeks to invest in securities either issued or guaranteed by the U.S. government or its agencies, as well as a fund that primarily invests in the federally guaranteed portion of Small Business Administration ("SBA") 7(a) loans that adjust quarterly or monthly and are indexed to the Prime Rate. The underlying composition of these funds is primarily government agencies, other investment-grade investments, or the guaranteed portion of SBA 7(a) loans, as applicable. As of September 30, 2025, the effective duration of the fund that seeks to invest in securities either issued or guaranteed by the U.S. government or its agencies is 4.31 years.

The amortized cost and fair values of available-for-sale debt securities by contractual maturity are shown below as of September 30, 2025. Actual maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Amortized Cost	Fair Value
(In thousands)		
Due within one year	\$ 7,000	\$ 7,028
Due after one year through five years	—	—
Due after five years through ten years	—	—
Due after ten years	—	—
Total U.S. Government agency securities	7,000	7,028
Agency mortgage-backed securities	1,111	1,090
Total available-for-sale debt securities	\$ 8,111	\$ 8,118

#### **4. Loans and ACL**

Loans are carried at the principal amounts outstanding as adjusted by partial charge-offs and net of deferred loan costs or fees and non-credit related purchase discounts or premiums. Loan fees, certain direct origination costs, and purchase discounts and premiums are deferred and amortized into interest income over the expected term of the loan using the level-yield method. When a loan is paid off, the unamortized portion is recognized in interest income. Interest income is accrued based upon the daily principal amount outstanding, except for loans on nonaccrual status.

Loans are generally placed on nonaccrual status when they are past due 90 days as to either principal or interest, or when, in management's judgment, the collectability of interest or principal of the loan has been significantly impaired. When a loan has been placed on nonaccrual status, previously accrued and uncollected interest is reversed against interest income on loans. Interest on nonaccrual loans is accounted for using the cost-recovery method when collectability is doubtful. A

loan is returned to accrual status when collectability of principal is reasonably assured and the loan has performed for a reasonable period of time.

### Purchased Credit Deteriorated (“PCD”) Loans

The Bank has purchased loans, some of which have experienced more than insignificant credit deterioration since origination. The initial allowance for credit losses (“ACL”) is determined on an individual basis and allocated to the individual loans. The sum of the loan’s purchase price and ACL becomes its initial amortized cost. The difference between the initial amortized cost and the par value of the loan is a discount or premium, which is amortized into interest income over the life of the loan. Subsequent changes to the ACL are recorded through the provision for credit loss expense.

The composition of the Bank’s loan portfolio is as follows on the dates indicated:

	September 30, 2025	June 30, 2025
	(In thousands)	
Commercial real estate: NOO Pass	\$ 2,623,028	\$ 2,615,349
Commercial real estate: NOO Criticized	34,248	30,133
Commercial real estate: O/O Pass	294,070	253,469
Commercial real estate: O/O Criticized	8,519	9,887
Commercial and industrial Pass	842,269	891,883
Commercial and industrial Criticized	5,859	9,812
Residential real estate	114,261	122,780
Consumer	134	160
	<u>3,922,388</u>	<u>3,933,473</u>
Net deferred loan costs (fees)	2,098	2,025
Net discount on purchased loans	(171,534)	(179,109)
Allowance for credit losses	(46,713)	(47,930)
Loans, net	<u>\$ 3,706,239</u>	<u>\$ 3,708,459</u>

### Allowance for Credit Losses

The ACL represents management’s estimate of expected credit losses over the expected life of the loans at the balance sheet date. The ACL is a valuation account that is deducted from the amortized cost basis of loans to present the net amount expected to be collected on the loans. Management evaluates the need for an allowance for unfunded commitments in a manner consistent with the ACL. The allowance for unfunded commitments is accounted for in other liabilities on the balance sheet.

The Bank recognizes lifetime expected credit losses immediately when a financial asset is originated or purchased. The lifetime expected credit losses are re-evaluated on an ongoing basis for the life of the loans. The ACL is comprised of reserves measured on a collective (pool) basis based on a lifetime loss-rate model when similar risk characteristics exist. Loans that do not share risk characteristics are evaluated on an individual basis. Loans, or portions thereof, are charged off against the allowance when they are deemed uncollectible. Recoveries of amounts previously charged off are recorded through the ACL.

The Bank manages its loan portfolio proactively to effectively identify problem credits and assess trends early, implement effective work-out strategies, and take charge-offs as promptly as deemed necessary and practical. In addition, the Bank continuously reassesses its underwriting standards in response to credit risk posed by changes in economic conditions.

### Segmentation

For the purpose of determining the ACL on loans, the Bank disaggregates its loans into portfolio segments. Each portfolio segment possesses unique risk characteristics shared by loans within that segment that are considered when determining the appropriate level of ACL. As of September 30, 2025 and June 30, 2025, the Bank’s loan portfolio segments include the following:

- *Commercial Real Estate – Non-Owner-Occupied (CRE NOO)*: Non-owner-occupied commercial real estate loans are, in substance, all commercial real estate loans that are not categorized by the Bank as owner-occupied commercial real estate loans. Non-owner-occupied commercial estate loans are investment properties for which

the primary source for repayment of the loan by the borrower is derived from rental income associated with the property or the proceeds of the sale, refinancing, or permanent refinancing of the property. Non-owner-occupied commercial real estate loans consist of mortgage loans to finance investments in real property that may include, but are not limited to, multi-family residential, commercial/retail office space, industrial/warehouse space, hotels, assisted living facilities, and other specific use properties. This segment also includes construction loans. Collateral values are determined based upon appraisals and evaluations in accordance with established policy guidelines. Maximum loan-to-value ratios at origination are governed by established policy and regulatory guidelines. This segment is further broken out as follows:

- Pass: This sub-segment includes all pass-rated loans.
  - Criticized: This sub-segment includes all criticized loans (special mention, substandard, and lower).
- *Commercial Real Estate – Owner-Occupied (CRE O/O)*: Generally, owner-occupied commercial real estate loans are properties that are owned and operated by the borrower, and the primary source for repayment is the cash flow from the ongoing operations and activities conducted by the borrower’s business. Owner-occupied commercial real estate loans consist of mortgage loans to finance investments in real property that may include, but are not limited to, commercial/retail office space, restaurants, and other specific use properties. Collateral values are determined based upon appraisals and evaluations in accordance with established policy guidelines. Maximum loan-to-value ratios at origination are governed by established policy and regulatory guidelines. This segment is further broken out as follows:
    - Pass: This sub-segment includes all pass-rated loans.
    - Criticized: This sub-segment includes all criticized loans (special mention, substandard, and lower).
- *Commercial and Industrial (C&I)*: Loans in this segment are made to businesses and are generally secured by the assets of the business. Repayment is expected from the cash flows of the business. This segment also includes loans to non-bank lenders, which are generally secured by a collateral assignment of the notes and mortgages on loans originated by the non-bank lenders. This segment is further broken out as follows:
    - Pass: This sub-segment includes all pass-rated loans.
    - Criticized: This sub-segment includes all criticized loans (special mention, substandard, and lower).
- *Residential Real Estate*: All loans in this segment are collateralized by residential real estate and repayment is primarily dependent on the credit quality, loan-to-value ratio, and income of the individual borrower. The overall health of the economy, particularly unemployment rates and housing prices, has a significant effect on the credit quality in this segment. This segment also includes home equity loans and lines of credit.
- *Consumer*: Loans in this segment are generally unsecured, and repayment is dependent on the credit quality of the individual borrower. Repayment of consumer loans is generally based on the earnings of individual borrowers, which may be adversely impacted by regional labor market conditions.

For residential and consumer loans, a charge-off is recorded no later than the point at which a loan is 180 days past due if the loan balance exceeds the fair value of the collateral, less estimated costs to sell. For commercial loans, a charge-off is recorded on a case-by-case basis when all or a portion of the loan is deemed to be uncollectible. Subsequent recoveries, if any, are credited to the allowance.

The following table presents the Bank's activity in the ACL by portfolio segment for the periods ended:

	Beginning Balance	Initial Allowance on Loans Purchased with Credit Deterioration	Credit Loss Expense	Charge-Offs	Recoveries	Total
<u>Three Months Ended September 30, 2025</u>						
	(In thousands)					
CRE NOO Pass	\$ 32,061	\$ 803	\$ (2,103)	\$ -	\$ -	\$ 30,761
CRE NOO Criticized	2,072	91	1,914	(175)	4	3,906
CRE O/O Pass	937	190	(53)	-	-	1,074
CRE O/O Criticized	658	-	(474)	-	-	184
C&I Pass	8,639	21	(1,254)	(3)	-	7,403
C&I Criticized	2,401	-	1,837	(1,758)	21	2,501
Residential Real Estate	1,162	-	(280)	-	2	884
Consumer	-	-	(22)	-	22	-
Total	<u>\$ 47,930</u>	<u>\$ 1,105</u>	<u>\$ (435)</u>	<u>\$ (1,936)</u>	<u>\$ 49</u>	<u>\$ 46,713</u>
<u>Three Months Ended September 30, 2024</u>						
CRE NOO Pass	\$ 17,258	\$ 17,999	\$ (846)	\$ -	\$ -	\$ 34,411
CRE NOO Criticized	1,421	-	639	(1,298)	-	762
CRE O/O Pass	657	40	70	-	-	767
CRE O/O Criticized	785	-	61	-	-	846
C&I Pass	4,657	-	(19)	(38)	-	4,600
C&I Criticized	1,165	-	532	(282)	12	1,427
Residential Real Estate	766	77	(18)	-	2	827
Consumer	-	-	3	(3)	-	-
Total	<u>\$ 26,709</u>	<u>\$ 18,116</u>	<u>\$ 422</u>	<u>\$ (1,621)</u>	<u>\$ 14</u>	<u>\$ 43,640</u>

### Methodology

The ACL consists of two components: a loan-specific component for estimating credit losses for individual loans that do not share similar risk characteristics with other loans; and a collective component for estimating credit losses for pools of loans that share similar risk characteristics.

#### *Loans Individually Evaluated*

Loans that do not share risk characteristics with existing pools are evaluated on an individual basis. For all loans on nonaccrual status and/or risk-rated substandard or worse, the specific credit loss reserve is calculated as the amount by which the amortized cost basis of the financial asset exceeds the fair value of the underlying collateral less estimated cost to sell. The allowance against any such loan may be zero if the fair value of the collateral less estimated cost to sell at the measurement date exceeds the amortized cost basis of that specific loan. For all individually significant PCD loans, the allowance is calculated under the discounted cash flow approach, where the expected cash flows are discounted to the reporting date and compared to the amortized cost basis of the financial asset.

#### *Loans Collectively Evaluated*

Management segments loans of similar risk characteristics using the open pool method. Each segment's loss rate is calculated using net charge-offs over the expected average life of each segment, divided by the average loan balance over that same period. The historic loss factor is an average of the loss rate over a three-year look-back period. These historic loss factors are then adjusted up or down based on management's assessment of quantitative and qualitative factors to reflect the extent to which the historic experience does not reflect future expectations of the current portfolio.

#### *Assumptions and Inputs in Quantitative and Qualitative ACL*

Assumptions and model inputs are reviewed in accordance with model monitoring practices and as information becomes available. As of September 30, 2025, the significant inputs and assumptions used within the model for purposes of estimating the ACL on loans collectively evaluated were:

Macroeconomic loss drivers: The following macroeconomic variables were used to calculate the expected probability of default over the forecast and reversion period:

- Real gross domestic product, or GDP, growth
- Unemployment rate
- Housing and commercial real estate, or CRE, price indices
- Interest rate spreads

The forecasts utilized at September 30, 2025 reflect the immediate and longer-term effects of inflationary conditions, lower GDP growth, and higher unemployment.

Reasonable and supportable forecast period and reversion: The model utilizes a two-year reasonable and supportable forecast period which reverts to long-term expectations on a straight-line basis over a one-year period.

Prepayment speeds: The estimate of prepayment speeds for each loan segment was derived using internally sourced prepayment data, which is updated at least annually or more frequently, if needed.

Qualitative factors: The Bank's qualitative assessment considers nine environmental factors that potentially impact the expected losses within the loan portfolio, with an additional factor designed to address model limitations. The qualitative adjustment recorded for the collective component is derived from an estimate of expected credit losses calculated using an internally developed probability of default ("PD") and loss given default ("LGD") model. The PD represents the best estimate of the loans in the portfolio to enter a state of default. This is inherently forward-looking and therefore incorporates both recent data as well as supportable estimates of the future delinquency of the portfolio, considering the effect of reasonable and supportable forecasts as appropriate. In order to quantify losses in the event of default, the LGD is derived from a combination of internal loss data on loan portfolios that have experienced losses and the Bank's internally developed risk scenarios on the underlying real estate collateral securing loans for loans with limited loss history. Beginning in December 2024, the Bank implemented a further qualitative adjustment to the collective component of the ACL on the purchased loan portfolio. This adjustment utilizes a loan level collateral assessment to establish a baseline collective ACL for purchased loans and then scales this baseline based on recent collateral trends.

As of September 30, 2025, management believes that the methodology for calculating the allowance is sound and that the allowance provides a reasonable basis for determining and reporting on expected losses over the lifetime of the Bank's loan portfolios.

### Credit Quality

The Bank utilizes a ten-point internal loan rating system for commercial real estate, commercial and industrial, and certain residential loans as follows:

Loans rated 1-6, and 11: Loans in these categories are considered "pass" rated loans. Loans in categories 1-5 are considered to have low to average risk. Loans rated 6 are considered marginally acceptable business credits and have more than average risk. Loans rated 11, or the P Portfolio, are loans that are managed by exception. These are typically higher-quality loans with relatively low exposures and deemed to require minimal management.

Loans rated 7: Loans in this category are considered "special mention." These loans show signs of potential weakness and are being closely monitored by management.

Loans rated 8: Loans in this category are considered "substandard." Loans classified as substandard are inadequately protected by the current sound worth and paying capacity of the obligor or of the collateral pledged, if any. Assets so classified have a well-defined weakness or weaknesses that jeopardize the orderly repayment of the debt.

Loans rated 9: Loans in this category are considered "doubtful." Loans classified as doubtful have all the weaknesses inherent in a loan graded 8 with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions and values, highly questionable and improbable.

Loans rated 10: Loans in this category are considered "loss" and of such little value that their continuance as loans is not warranted.

On an annual basis, or more often if needed, the Bank formally reviews the credit quality and ratings of all loans subject to risk ratings. Annually, the Bank engages an independent third-party to review a significant portion of loans within these

segments. Management considers the results of these reviews when evaluating its qualitative factors. Risk ratings on purchased loans, with and without evidence of credit deterioration at acquisition, are determined relative to the Bank's recorded investment in that loan, which may be significantly lower than the loan's unpaid principal balance. The Bank typically does not assign risk ratings to Community Banking Division's residential real estate loans; however, management reviews certain credit indicators, such as delinquency and nonaccrual status, to identify any loans which should be evaluated individually.

Based on the most recent analysis performed, the risk category of loans by portfolio segment by vintage was as follows as of and for the dates indicated (origination year is on a calendar year basis). Balances include net deferred loan costs of \$2.1 million and net deferred loan fees of \$1.1 million and net discount on purchased loans of \$171.5 million and \$223.5 million at September 30, 2025 and 2024, respectively:

	2025	2024	2023	2022	2021	Prior	Revolving	Total
<u>As of and for the three months ended September 30, 2025</u>	(In thousands)							
<b>CRE NOO</b>								
Pass	\$ 107,486	\$ 80,732	\$ 83,721	\$ 456,299	\$ 385,144	\$ 1,348,645	\$ 4,786	\$ 2,466,813
Special Mention	—	—	—	607	—	7,872	—	8,479
Substandard	—	1,073	—	2,372	4,000	16,868	—	24,313
<b>Total CRE NOO</b>	<b>\$ 107,486</b>	<b>\$ 81,805</b>	<b>\$ 83,721</b>	<b>\$ 459,278</b>	<b>\$ 389,144</b>	<b>\$ 1,373,385</b>	<b>\$ 4,786</b>	<b>\$ 2,499,605</b>
Current period gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 175	\$ —	\$ 175
<b>CRE O/O</b>								
Pass	\$ 6,306	\$ 4,085	\$ 12,094	\$ 47,967	\$ 12,918	\$ 201,977	\$ —	\$ 285,347
Special Mention	—	—	—	—	—	3,594	—	3,594
Substandard	—	—	—	37	—	3,226	—	3,263
<b>Total CRE O/O</b>	<b>\$ 6,306</b>	<b>\$ 4,085</b>	<b>\$ 12,094</b>	<b>\$ 48,004</b>	<b>\$ 12,918</b>	<b>\$ 208,797</b>	<b>\$ —</b>	<b>\$ 292,204</b>
Current period gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
<b>C&amp;I</b>								
Pass	\$ 421,321	\$ 269,032	\$ 68,164	\$ 39,553	\$ 9,000	\$ 36,536	\$ 127	\$ 843,733
Special Mention	524	2,193	348	31	—	59	—	3,155
Substandard	283	989	88	3	—	1,375	—	2,738
<b>Total C&amp;I</b>	<b>\$ 422,128</b>	<b>\$ 272,214</b>	<b>\$ 68,600</b>	<b>\$ 39,587</b>	<b>\$ 9,000</b>	<b>\$ 37,970</b>	<b>\$ 127</b>	<b>\$ 849,626</b>
Current period gross charge-offs	\$ 1,091	\$ 404	\$ 22	\$ 244	\$ —	\$ —	\$ —	\$ 1,761
<b>Residential real estate</b>								
Pass	\$ 25,989	\$ 329	\$ 10,043	\$ 24,515	\$ 9,590	\$ 37,817	\$ 115	\$ 108,398
Special Mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	2,202	—	784	—	2,986
<b>Total Residential real estate</b>	<b>\$ 25,989</b>	<b>\$ 329</b>	<b>\$ 10,043</b>	<b>\$ 26,717</b>	<b>\$ 9,590</b>	<b>\$ 38,601</b>	<b>\$ 115</b>	<b>\$ 111,384</b>
Current period gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
<b>Consumer</b>								
Pass	\$ 16	\$ —	\$ —	\$ —	\$ 2	\$ 115	\$ —	\$ 133
Current period gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —

	2024	2023	2022	2021	2020	Prior	Revolving	Total
<u>As of and for the three months ended</u>								
<u>September 30, 2024</u>								
	(In thousands)							
CRE NOO								
Pass	\$ 72,211	\$ 83,515	\$ 465,598	\$ 389,957	\$ 162,913	\$ 1,248,755	\$ 17,329	\$ 2,440,278
Special Mention	—	—	606	—	—	7,120	—	7,726
Substandard	—	—	2,400	—	5,090	6,408	—	13,898
Total CRE NOO	<u>\$ 72,211</u>	<u>\$ 83,515</u>	<u>\$ 468,604</u>	<u>\$ 389,957</u>	<u>\$ 168,003</u>	<u>\$ 1,262,283</u>	<u>\$ 17,329</u>	<u>\$ 2,461,902</u>
Current period gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ 330	\$ 968	\$ —	\$ 1,298
CRE O/O								
Pass	\$ 1,522	\$ 12,295	\$ 43,433	\$ 10,594	\$ 9,600	\$ 162,506	\$ —	\$ 239,950
Special Mention	—	—	—	—	—	4,644	—	4,644
Substandard	—	—	37	—	—	9,003	—	9,040
Total CRE O/O	<u>\$ 1,522</u>	<u>\$ 12,295</u>	<u>\$ 43,470</u>	<u>\$ 10,594</u>	<u>\$ 9,600</u>	<u>\$ 176,153</u>	<u>\$ —</u>	<u>\$ 253,634</u>
Current period gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
C&I								
Pass	\$ 278,778	\$ 130,082	\$ 145,557	\$ 19,875	\$ 45,512	\$ 51,999	\$ 330	\$ 672,133
Special Mention	—	—	—	—	—	587	—	587
Substandard	10	—	—	—	—	8,388	—	8,398
Total C&I	<u>\$ 278,788</u>	<u>\$ 130,082</u>	<u>\$ 145,557</u>	<u>\$ 19,875</u>	<u>\$ 45,512</u>	<u>\$ 60,974</u>	<u>\$ 330</u>	<u>\$ 681,118</u>
Current period gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 320	\$ —	\$ 320
Residential real estate								
Pass	\$ 368	\$ 10,779	\$ 30,770	\$ 10,505	\$ 8,050	\$ 39,825	\$ 154	\$ 100,451
Special Mention	—	—	—	—	—	—	—	—
Substandard	—	—	3,730	—	1,018	876	—	5,624
Total Residential real estate	<u>\$ 368</u>	<u>\$ 10,779</u>	<u>\$ 34,500</u>	<u>\$ 10,505</u>	<u>\$ 9,068</u>	<u>\$ 40,701</u>	<u>\$ 154</u>	<u>\$ 106,075</u>
Current period gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Consumer	\$ 16	\$ —	\$ 8	\$ 2	\$ —	\$ 208	\$ —	\$ 234
Current period gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 3	\$ —	\$ 3

### Past Due and Nonaccrual Loans

The following table presents the amortized cost basis of loans on nonaccrual status and loans past due over 89 days still accruing as of the following dates:

	September 30, 2025			June 30, 2025		
	Nonaccrual with No ACL	Total Nonaccrual	Past due Over 89 Days Still Accruing	Nonaccrual with No ACL	Total Nonaccrual	Past due Over 89 Days Still Accruing
	(In thousands)					
CRE NOO Pass	\$ 462	\$ 462	\$ —	\$ —	\$ —	\$ —
CRE NOO Criticized	8,601	24,103	—	13,181	21,468	—
CRE O/O Pass	—	81	—	—	—	—
CRE O/O Criticized	3,224	3,263	—	3,755	3,797	—
C&I Pass	—	—	—	—	—	—
C&I Criticized	577	2,710	—	5,461	6,566	—
Residential real estate	3,174	3,174	—	3,179	3,179	—
Consumer	—	—	—	2	2	—
Total	<u>\$ 16,038</u>	<u>\$ 33,793</u>	<u>\$ —</u>	<u>\$ 25,578</u>	<u>\$ 35,012</u>	<u>\$ —</u>

The following is a loan aging analysis by portfolio segment (including loans past due over 90 days and nonaccrual loans) and loans past due over 90 days and accruing as of the following dates:

	30-59 Days	60-89 Days	Past Due 90 Days or More - Still Accruing	Past Due 90 Days or More - Nonaccrual	Total Past Due	Total Current	Total Loans	Non- Accrual Loans
(In thousands)								
<u>September 30, 2025</u>								
CRE NOO Pass	\$ —	\$ —	\$ —	\$ 462	\$ 462	\$ 2,466,351	\$ 2,466,813	\$ 462
CRE NOO Criticized	—	—	—	19,096	19,096	13,696	32,792	24,103
CRE O/O Pass	202	—	—	81	283	285,064	285,347	81
CRE O/O Criticized	—	—	—	3,033	3,033	3,824	6,857	3,263
C&I Pass	305	168	—	—	473	843,260	843,733	—
C&I Criticized	517	504	—	1,068	2,089	3,804	5,893	2,710
Residential real estate	29	229	—	3,135	3,393	107,991	111,384	3,174
Consumer	4	—	—	—	4	129	133	—
Total loans	<u>\$ 1,057</u>	<u>\$ 901</u>	<u>\$ —</u>	<u>\$ 26,875</u>	<u>\$ 28,833</u>	<u>\$ 3,724,119</u>	<u>\$ 3,752,952</u>	<u>\$ 33,793</u>
<u>June 30, 2025</u>								
CRE NOO Pass	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 2,450,946	\$ 2,450,946	\$ —
CRE NOO Criticized	—	—	—	20,424	20,424	8,168	28,592	21,468
CRE O/O Pass	—	—	—	—	—	246,225	246,225	—
CRE O/O Criticized	115	57	—	3,544	3,716	4,313	8,029	3,797
C&I Pass	72	253	—	—	325	893,118	893,443	—
C&I Criticized	582	427	—	1,232	2,241	7,594	9,835	6,566
Residential real estate	89	213	—	3,136	3,438	115,720	119,158	3,179
Consumer	—	—	—	2	2	159	161	2
Total loans	<u>\$ 858</u>	<u>\$ 950</u>	<u>\$ —</u>	<u>\$ 28,338</u>	<u>\$ 30,146</u>	<u>\$ 3,726,243</u>	<u>\$ 3,756,389</u>	<u>\$ 35,012</u>

Interest income that would have been recognized if loans on nonaccrual status had been current in accordance with their original terms is estimated to have been \$0.8 million for the three months ended September 30, 2025.

The Bank's policy is to reverse previously accrued interest receivable when a loan is placed on nonaccrual. The Bank did not record any interest income on its nonaccrual loans for the three months ended September 30, 2025 and 2024. At September 30, 2025 and June 30, 2025, total accrued interest receivable on loans, which has been excluded from reported amortized cost basis on loans, was \$16.6 million and \$16.6 million, respectively, and reported within Accrued Interest Receivable on the balance sheet. An allowance was not carried on the accrued interest receivable at either date.

#### Collateral-Dependent Loans

The following table presents the amortized cost basis of collateral-dependent loans by class of loans as of the following dates:

	September 30, 2025	June 30, 2025
(In thousands)		
Commercial real estate: NOO Pass	\$ 462	\$ —
Commercial real estate: NOO Criticized	23,853	21,697
Commercial real estate: O/O Pass	—	—
Commercial real estate: O/O Criticized	3,263	3,836
Commercial and industrial Pass	—	—
Commercial and industrial Criticized	494	4,566
Residential real estate	3,380	3,392
Consumer	—	2
Total	<u>\$ 31,452</u>	<u>\$ 33,493</u>

Collateral-dependent loans are loans for which the repayment is expected to be provided substantially by the underlying collateral and there are no other available and reliable sources of repayment. Substantially all collateral supporting collateral-dependent financial assets consists of various types of real estate, including commercial properties such as retail

centers, multifamily properties, industrial buildings, mixed use properties, office buildings, lodging, and residential properties.

Loan Modifications for Borrowers Experiencing Financial Difficulty

The Bank evaluates all loan modifications made to borrowers experiencing financial difficulty to determine whether such loan modification should be accounted for as a new loan or a continuation of the existing loan. Our loan modifications for borrowers experiencing financial difficulty are generally accounted for as a continuation of the existing loan.

The Bank offers several types of loans and receivables modification programs to borrowers experiencing financial difficulty, primarily interest rate reductions, term extensions, principal forgiveness, and other-than-insignificant payment deferrals. In such instances, we may modify loans and receivables with the intention to minimize future losses and improve collectability, while providing customers with temporary or permanent financial relief.

In some cases, the Bank provides multiple types of concessions on one loan. For the loans included in the “combination” columns below, multiple types of modifications have been made on the same loan within the current reporting period. The combination is at least two of the following: a term extension, principal forgiveness, an other-than-insignificant payment delay, and/or an interest rate reduction.

The following table presents the amortized cost basis of loans at September 30, 2025 that were both experiencing financial difficulty and modified during the three months ended September 30, 2025 and 2024, by class and by type of modification. The percentage of the amortized cost basis of loans that were modified to borrowers in financial distress as compared to the amortized cost basis of each financing receivable is also presented below:

	Forbearance	Rate Reduction	Deferral	Total Class of Financing Receivable
	(Dollar in thousands)			
<u>Three Months Ended September 30, 2025</u>				
CRE NOO Pass	\$ —	\$ —	\$ —	0.00 %
CRE NOO Criticized	—	—	—	0.00 %
CRE O/O Pass	—	2,360	—	0.09 %
CRE O/O Criticized	—	—	137	1.61 %
C&I Pass	—	—	405	6.91 %
C&I Criticized	—	—	—	0.00 %
Residential real estate	—	—	—	0.00 %
Consumer	—	—	—	0.00 %
Total loans	\$ —	\$ 2,360	\$ 542	0.07 %
<u>Three Months Ended September 30, 2024</u>				
CRE NOO Pass	\$ —	\$ —	\$ —	0.00 %
CRE NOO Criticized	—	—	2,957	13.67 %
CRE O/O Pass	—	—	—	0.00 %
CRE O/O Criticized	—	—	146	1.07 %
C&I Pass	—	—	72	0.80 %
C&I Criticized	—	—	—	0.00 %
Residential real estate	—	—	—	0.00 %
Consumer	—	—	—	0.00 %
Total loans	\$ —	\$ —	\$ 3,175	0.09 %

The Bank has not committed to lend any additional amounts to the borrowers included in the previous tables.

The Bank closely monitors the performance of loans that are modified to borrowers experiencing financial difficulty to understand the effectiveness of its modification efforts. The following table presents the performance of such loans that have been modified in the last 12 months as of September 30, 2025:

	30-59 Days Past Due	60-89 Days Past Due	Greater than 89 Days Past Due	Total Past Due
September 30, 2025				
	(In thousands)			
CRE NOO Pass	\$ —	\$ —	\$ —	\$ —
CRE NOO Criticized	—	—	—	—
CRE O/O Pass	—	—	—	—
CRE O/O Criticized	—	—	—	—
C&I Pass	—	—	—	—
C&I Criticized	—	11	62	73
Residential real estate	—	—	—	—
Consumer	—	—	—	—
Total loans	<u>\$ —</u>	<u>\$ 11</u>	<u>\$ 62</u>	<u>\$ 73</u>
June 30, 2025				
CRE NOO Pass	\$ —	\$ —	\$ —	\$ —
CRE NOO Criticized	—	—	—	—
CRE O/O Pass	—	—	—	—
CRE O/O Criticized	—	—	—	—
C&I Pass	—	—	—	—
C&I Criticized	—	31	53	84
Residential real estate	—	—	—	—
Consumer	—	—	—	—
Total loans	<u>\$ —</u>	<u>\$ 31</u>	<u>\$ 53</u>	<u>\$ 84</u>

The following table presents the amortized cost basis of loans at the time of default that had a payment default during the three months ended September 30, 2025 and 2024 and were modified in the twelve months prior to that default to borrowers experiencing financial difficulty.

	Three Months Ended September 30, 2025	Three Months Ended September 30, 2024
(In thousands)		
CRE NOO Pass	\$ —	\$ —
CRE NOO Criticized	—	—
CRE O/O Pass	—	—
CRE O/O Criticized	—	—
C&I Pass	—	36
C&I Criticized	28	—
Residential real estate	—	—
Consumer	—	—
Total loans	<u>\$ 28</u>	<u>\$ 36</u>

Upon the Bank's determination that a modified loan (or portion of a loan) has subsequently been deemed uncollectible, the loan (or a portion of the loan) is charged off. Therefore, the amortized cost basis of the loan is reduced by the charged off amount and the allowance for credit losses is adjusted by the same amount.

### Purchased Credit Deteriorated Loans

From time to time, the Bank purchases loans, for which there was, at acquisition, evidence of more than insignificant deterioration of credit quality since origination. In determining the purchase price, the Bank takes this information into account and decreases its purchase price accordingly. The carrying amount of such purchased loans during the periods ended September 30, 2025 and 2024 is as follows:

	Three Months Ended September 30, 2025	Three Months Ended September 30, 2024
	(In thousands)	
Purchase price of loans at acquisition	\$ 144,600	\$ 732,893
Allowance for credit losses at acquisition	1,105	18,116
Noncredit discount (premium) at acquisition	6,985	56,724
Par value of acquired loans at acquisition	<u>\$ 152,690</u>	<u>\$ 807,733</u>

### **5. Deposits**

The composition of deposits is as follows:

	September 30, 2025	June 30, 2025
	(In thousands)	
Demand	\$ 157,217	\$ 159,274
NOW	628,381	671,981
Money market	77,176	92,716
Regular savings	211,294	208,035
Time certificates	2,176,319	2,243,594
Total deposits	<u>\$ 3,250,387</u>	<u>\$ 3,375,600</u>

There were \$172.9 million and \$152.1 million of time certificates greater than \$250 thousand as of September 30, 2025 and June 30, 2025, respectively. There were \$1.47 billion and \$1.59 billion of brokered deposits as of September 30, 2025 and June 30, 2025, respectively.

The scheduled maturities of time certificates by fiscal year are as follows:

Fiscal Year	September 30, 2025
	(In thousands)
2026	\$ 1,170,774
2027	630,805
2028	247,507
2029	100,885
2030	26,209
2031	139
Total	<u>\$ 2,176,319</u>

### **6. Borrowings**

Borrowings consist of advances from the Federal Home Loan Bank of Boston (“FHLBB”) and Federal Reserve Bank of Boston (“FRBB”) Borrower-in-Custody (“BIC”) program.

Maturities of advances from the FHLBB for the periods ending September 30, 2025 and June 30, 2025 are summarized as follows:

	September 30, 2025		June 30, 2025	
	Outstanding Balance	Weighted Average Contractual Rate	Outstanding Balance	Weighted Average Contractual Rate
Stated Maturity	(Dollars in thousands)			
2025	\$ 9,640	4.98%	\$ 7,117	5.26%
2026	9,450	5.05%	9,527	5.05%
2027	65,000	4.17%	65,000	4.17%
2028	232,711	4.26%	238,547	4.26%
2029	—	—	—	—
Thereafter	—	—	—	—
Ending balance	<u>\$ 316,801</u>	<u>4.29%</u>	<u>\$ 320,191</u>	<u>4.29%</u>

At September 30, 2025 and June 30, 2025, one FHLBB advance totaling \$50.0 million was subject to call provisions, and as such, may be called prior to the stated maturity. Certain mortgage loans and available-for-sale securities, free of liens, pledges, and encumbrances have been pledged under a blanket agreement to secure these advances. The Bank is required to own stock in the FHLBB in order to borrow from the FHLBB.

At September 30, 2025 and June 30, 2025, the Bank had approximately \$783.6 million and \$858.5 million of additional capacity to borrow from the FHLBB, respectively. As of September 30, 2025, the Bank had pledged \$1.63 billion of certain residential real estate loans, commercial real estate loans, and securities to secure outstanding advances and provide additional borrowing capacity.

#### FRBB BIC

The Bank has a borrower-in-custody collateral arrangement with the FRBB for usage of the discount window. The terms of the agreement call for the pledging of certain assets of the Bank under the agreement. At September 30, 2025 and June 30, 2025, there were no borrowings outstanding under this agreement. At September 30, 2025 and June 30, 2025, the Bank had \$189.3 million and \$265.3 million, respectively, of capacity to borrow under the FRBB BIC program.

#### **7. Earnings Per Share (EPS)**

EPS is computed by dividing net income allocated to common shareholders by the weighted-average common shares outstanding. The following table shows the weighted-average number of common shares outstanding for the periods indicated. Shares issuable relative to stock options granted have been reflected as an increase in the shares outstanding used to calculate diluted EPS, after applying the treasury stock method. The number of shares outstanding for basic and diluted EPS is presented as follows:

	Three Months Ended September 30,	
	2025	2024
	(In thousands, except share and per share data)	
Net income	\$ 22,541	\$ 17,106
Average number of common shares outstanding	8,544,118	8,175,811
Less: average unvested non-participating restricted stock awards	(271,317)	(289,663)
Weighted average shares used in calculation of basic EPS	8,272,801	7,886,148
Effect of dilutive unvested restricted stock awards	158,179	222,540
Weighted average shares used in calculation of diluted EPS	<u>8,430,980</u>	<u>8,108,688</u>
Basic earnings per common share	\$ 2.72	\$ 2.17
Diluted earnings per common share	\$ 2.67	\$ 2.11

## 8. Accumulated Other Comprehensive Income

Accumulated other comprehensive income (loss) is comprised of the following:

	September 30, 2025	June 30, 2025
	(In thousands)	
Unrealized gain (loss) on available-for-sale debt securities	\$ 7	\$ (3)
Tax effect	(2)	1
After tax amount	<u>5</u>	<u>(2)</u>
Accumulated other comprehensive income (loss)	<u>\$ 5</u>	<u>\$ (2)</u>

## 9. Commitments and Contingencies

### Commitments

The Bank is a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit, standby letters of credit, and commitments to fund investments. Those instruments involve, to varying degrees, elements of credit risk in excess of the amount recognized on the balance sheets. The contract amounts of those instruments reflect the extent of involvement the Bank has in particular classes of financial instruments.

The Bank's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit and standby letters of credit is represented by the contractual amount of those instruments. The Bank uses the same credit policies in making commitments and conditional obligations as it does for on-balance sheet instruments.

Financial instruments with contractual amounts which represent credit risk are as follows:

	September 30, 2025	June 30, 2025
	(In thousands)	
Commitments to originate loans	\$ 25,250	\$ 12,201
Unused lines of credit	27,293	18,025
Standby letters of credit	—	—

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Bank evaluates each customer's credit worthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Bank upon extension of credit, is based on management's credit evaluation of the counter party. Collateral held varies but may include accounts receivable, inventory, property, plant and equipment, and income-producing commercial properties. At September 30, 2025 and June 30, 2025, the Bank recorded an allowance for possible losses on commitments and unfunded loans totaling \$425 thousand and \$177 thousand, recorded in other liabilities, respectively.

### Contingencies

The Bank may be party to litigation and claims arising in the normal course of business. Management believes that the liabilities, if any, arising from such litigation and claims will not be material to the Bank's financial position or results of operations.

## 10. Stock-Based Compensation

A summary of restricted share activity for the quarter ended September 30, 2025 follows:

	<u>Shares</u>	<u>Weighted Average Grant Date Fair Value</u>
Unvested at beginning of period	292,360	\$ 54.00
Granted	85,581	102.18
Vested	(77,701)	51.56
Forfeited and cancelled	(47,983)	47.94
Unvested at end of period	<u>252,257</u>	<u>72.25</u>

A summary of the vesting schedule for the shares granted in the quarter ended September 30, 2025 follows:

- 65,877 restricted shares vest in three equal installments commencing on August 19, 2026;
- 2,793 restricted shares vested immediately upon grant on August 19, 2025; and,
- 16,911 restricted shares are subject to performance-based vesting over a three-year period (the “performance shares”). The performance shares include an absolute metric and a sliding metric within the performance period. The absolute metric requires that the Bank not be subject to any Board resolution, memorandum of understanding or consent with any regulatory agency. The sliding metric is based on reaching a certain threshold based on the Bank’s return on assets (“ROA”). The performance shares shall vest in certain defined increments for the period if the ROA is at least 70% of such targeted returns. This performance will be measured over the cumulative three-year performance period and all shares are currently included in expense as the target is expected to be met.

## 11. Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. The Bank uses prices and inputs that are current as of the measurement date, including during periods of market dislocation. In periods of market dislocation, the observability of prices and inputs may be reduced for many instruments. This condition could cause an instrument to be reclassified from one level to another. When market assumptions are not readily available, the Bank’s own assumptions are set to reflect those that market participants would use in pricing the asset or liability at the measurement date. If there has been a significant decrease in the volume and level of activity for the asset or liability, regardless of the valuation technique(s) used, the objective of a fair value measurement remains the same.

ASC 820, Fair Value Measurement, defines fair value and establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described below:

Level 1 — Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 — Valuations based on significant observable inputs other than Level 1 prices such as: quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 — Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by the Bank in determining fair value is greatest for instruments categorized in Level 3. A financial instrument’s level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

*Valuation techniques* - There have been no changes in the valuation techniques used during the current period.

*Transfers* - There were no transfers of assets and liabilities measured at fair value on a recurring or nonrecurring basis during the current period.

*Assets and Liabilities Measured at Fair Value on a Recurring Basis:*

*Securities* - Where quoted prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Examples of such instruments include publicly traded common and preferred stocks. If quoted prices are not available, then fair values are estimated by using pricing models (*i.e.*, matrix pricing) and market interest rates and credit assumptions or quoted prices of securities with similar characteristics and are classified within Level 2 of the valuation hierarchy. Examples of such instruments include government agency and government sponsored enterprise mortgage-backed securities, as well as certain preferred and trust preferred stocks. Level 3 securities are securities for which significant unobservable inputs are utilized.

Certain investments are measured at fair value using the net asset value per share as a practical expedient. These investments include a fund that seeks to invest in securities either issued or guaranteed by the U.S. government or its agencies, as well as a fund that primarily invests in the federally guaranteed portion of SBA 7(a) loans. The Bank's investment in securities either issued or guaranteed by the U.S. government or its agencies can be redeemed daily at the closing net asset value per share. The Bank's investment in SBA 7(a) loans can be redeemed quarterly with 60 days' notice. In accordance with ASU 2015-07, Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value Per Share (Or Its Equivalent), these investments have not been included in the fair value hierarchy.

*Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis:*

*Collateral dependent criticized loans* - Valuations of criticized loans measured at fair value are determined by a review of collateral values which approximate fair value. Certain inputs used in appraisals are not always observable, and therefore criticized loans are generally categorized as Level 3 within the fair value hierarchy.

*Real estate owned and other repossessed collateral* - The fair values of real estate owned and other repossessed collateral are estimated based upon appraised values less estimated costs to sell. Certain inputs used in appraisals are not always observable, and therefore may be categorized as Level 3 within the fair value hierarchy. When inputs used in appraisals are primarily observable, they are classified as Level 2.

*Loan servicing rights* - The fair value of the SBA and mortgage servicing rights is based on a valuation model that calculates the present value of estimated future net servicing income. Adjustments are only recorded when the discounted cash flows derived from the valuation model are less than the carrying value of the asset. Certain inputs are not observable, and therefore loan servicing rights are generally categorized as Level 3 within the fair value hierarchy.

Assets and liabilities measured at fair value on a recurring basis are summarized below.

	Total	Level 1	Level 2	Level 3
<u>September 30, 2025</u>				
(In thousands)				
<u>Assets</u>				
Securities:				
U.S. Government agency securities	\$ 7,028	\$ —	\$ 7,028	\$ —
Agency mortgage-backed securities	1,090	—	1,090	—
Equity investments measured at net asset value <sup>(1)</sup>	7,514	—	—	—
 <u>June 30, 2025</u>				
<u>Assets</u>				
Securities:				
U.S. Government agency securities	\$ 14,026	\$ —	\$ 14,026	\$ —
Agency mortgage-backed securities	1,282	—	1,282	—
Equity investments measured at net asset value <sup>(1)</sup>	7,396	—	—	—

<sup>(1)</sup> In accordance with ASU 820-10, certain investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient have not been classified in the fair value hierarchy. The fair value amount presented in the table is intended to permit reconciliation of the fair value amount to the financial statements.

Assets measured at fair value on a nonrecurring basis are summarized below.

	Total	Level 1	Level 2	Level 3
(In thousands)				
<u>September 30, 2025</u>				
Collateral dependent criticized loans	\$ 13,160	\$ —	\$ —	\$ 13,160
Loan servicing rights	384	—	—	384
Real estate owned and other repossessed	1,279	—	—	1,279
<u>June 30, 2025</u>				
Collateral dependent criticized loans	\$ 7,260	\$ —	\$ —	\$ 7,260
Loan servicing rights	427	—	—	427
Real estate owned and other repossessed	560	—	—	560

The table below presents quantitative information about significant unobservable inputs (Level 3) for assets measured at fair value on a nonrecurring basis at the dates indicated.

	Fair Value		Valuation Technique
	September 30, 2025	June 30, 2025	
(In thousands)			
Collateral dependent criticized loans	\$ 13,160	\$ 7,260	Appraisal of collateral <sup>(1)</sup>
Loan servicing rights	384	427	Discounted cash flow <sup>(2)</sup>
Real estate owned	1,279	560	Appraisal of collateral <sup>(1)</sup>

- (1) Fair value is generally determined through independent appraisals of the underlying collateral, which consist primarily of commercial and residential real estate. The Bank may also use another available source of collateral assessment to determine a reasonable estimate of the fair value of the collateral. Appraisals may be adjusted by management for qualitative factors such as economic factors, estimated liquidation expenses, and potential expected decreases in the value of collateral. This adjustment was 20%.
- (2) Fair value is determined using a discounted cash flow model. The unobservable inputs include anticipated rate of loan prepayments and discount rates. The range of prepayment assumptions used was 0% to 52.9%. For discount rates, the range was 6.65% to 18.5%. The weighted average prepayment rate was 20.2% and the weighted average discount rate was 17.6%.

The table below summarizes the total gains (losses) on assets measured at fair value on a non-recurring basis for the three months ended September 30, 2025 and 2024.

	Three Months Ended September 30,		
	2025	2024	2023
(In thousands)			
Collateral dependent criticized loans	\$ (1,034)	\$ 50	\$ (721)
Loan servicing rights	(56)	25	10
Real estate owned	—	—	—
Total	\$ (1,090)	\$ 75	\$ (711)

The following table presents the estimated fair value of the Bank's financial instruments.

	Carrying Amount				
		Total	Level 1	Level 2	Level 3
<u>September 30, 2025</u>		(In thousands)			
<u>Financial assets:</u>					
Cash and cash equivalents	\$ 341,816	\$ 341,816	\$ 341,816	\$ —	\$ —
Debt Securities	8,118	8,118	—	8,118	—
Equity investments measured at net asset value <sup>(1)</sup>	7,514	7,514	—	—	—
Federal Home Loan Bank stock	15,118	15,118	—	15,118	—
Loans held for sale	12,664	12,664	—	12,664	—
Loans, net	3,706,239	3,727,580	—	—	3,727,580
Accrued interest receivable	17,325	17,325	—	17,325	—
<u>Financial liabilities:</u>					
Deposits	3,250,387	3,217,374	—	3,217,374	—
Federal Home Loan Bank advances	316,801	319,849	—	319,849	—
Lease liability	18,616	19,244	—	19,244	—
Accrued interest payable	17,826	17,826	—	17,826	—
<u>June 30, 2025</u>					
<u>Financial assets:</u>					
Cash and cash equivalents	\$ 413,619	\$ 413,619	\$ 413,619	\$ —	\$ —
Debt Securities	15,308	15,308	—	15,308	—
Equity investments measured at net asset value <sup>(1)</sup>	7,396	7,396	—	—	—
Federal Home Loan Bank stock	15,295	15,295	—	15,295	—
Loans held for sale	33,768	33,768	—	33,768	—
Loans, net	3,708,459	3,614,349	—	—	3,614,349
Accrued interest receivable	16,897	16,897	—	16,897	—
<u>Financial liabilities:</u>					
Deposits	3,375,600	3,332,035	—	3,332,035	—
Federal Home Loan Bank advances	320,191	322,964	—	322,964	—
Lease liability	19,044	19,342	—	19,342	—
Accrued interest payable	21,519	16,897	—	16,897	—

<sup>(1)</sup> In accordance with ASU 820-10, certain investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient have not been classified in the fair value hierarchy. The fair value amount presented in the table is intended to permit reconciliation of the fair value amount to the financial statements.

## 12. Segment Reporting

The Bank's reportable segment is determined by the Chief Executive Officer, who is designated the chief operating decision maker ("CODM"), based upon information provided about the Bank's products and services offered, primarily banking operations. Consolidated net income of the Bank is the primary performance metric utilized by the CODM. The segment is also distinguished by the level of information provided to the CODM, who uses such information to review performance of various components of the business, which are then aggregated if operating performance, products/services, and customers are similar. The CODM will evaluate the financial performance of the Bank's business components such as

by evaluating revenue streams, significant expenses, and budget to actual results in assessing the Bank's segment and in the determination of allocating resources. The CODM uses revenue streams to evaluate product pricing and significant expenses to assess performance and evaluate return on assets. The CODM uses consolidated net income to benchmark the Bank against its competitors. The benchmarking analysis coupled with monitoring of budget to actual results are used in assessment performance and in establishing compensation. Loans, loan sales, investments, and deposits provide the revenues in the banking operation. Interest expense, provisions for credit losses, and payroll provide the significant expenses in the banking operation. No other expenses meet the threshold of significant. While the Bank has assigned certain management responsibilities by business lines, the Bank's CODM monitors and evaluates financial performance on a Bank-wide basis. The majority of the Bank's revenue is from the business of banking. Accordingly, all of the Bank's operations are considered by management to be aggregated in one reportable operating segment. All operations are domestic.

### **13. Subsequent Events**

We evaluate subsequent events through the date of issuance in the financial statements. There have been no subsequent events that occurred during such period that would require adjustment to or disclosure in the financial statements as of and for the quarter ended September 30, 2025.

## **Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

The following discussion should be read in conjunction with the financial statements, notes and tables included in Northeast Bank's Annual Report on Form 10-K for the fiscal year ended June 30, 2025, filed with the Federal Deposit Insurance Corporation ("FDIC").

### **A Note about Forward Looking Statements**

This report contains certain "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 ("Exchange Act") that are intended to be covered by the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, such as statements relating to the financial condition, prospective results of operations, future performance or expectations, plans, objectives, prospects, loan loss allowance adequacy, simulation of changes in interest rates, capital spending, finance sources, and revenue sources of Northeast Bank ("we," "our," "us," "Northeast" or the "Bank"). These statements relate to expectations concerning matters that are not historical facts. Accordingly, statements that are based on management's projections, estimates, assumptions, and judgments constitute forward-looking statements. These forward looking statements, which are based on various assumptions (some of which are beyond the Bank's control), may be identified by reference to a future period or periods, or by the use of forward-looking terminology such as "believe", "expect", "estimate", "anticipate", "continue", "plan", "approximately", "intend", "assume", "objective", "goal", "project", or other similar terms or variations on those terms, or the future or conditional verbs such as "will", "may", "should", "could", and "would".

Such forward-looking statements reflect the Bank's current views and expectations based largely on information currently available to the Bank's management, and on the Bank's current expectations, assumptions, plans, estimates, judgments, and projections about the Bank's business and industry, and they involve inherent risks and uncertainties. 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, contingencies, 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 expressed or implied by such the forward-looking statements as a result of, among other factors: changes in interest rates and real estate values; changes in employment levels, and general business and economic conditions on a national basis and in the local markets in which the Bank operates; changes in customer behavior due to changing business and economic conditions (including the impact of tariffs, inflation, and concerns about liquidity) or legislative or regulatory initiatives; the possibility that future credit losses are higher than currently expected due to changes in economic assumptions, customer behavior, or adverse economic developments; turbulence in the capital and debt markets; competitive pressures from other financial institutions; changes in loan defaults and charge-off rates; the effect of the U.S. government's shutdown on the Bank's ability to originate SBA loans or sell such loans in the secondary market; changes in the value of securities and other assets, adequacy of credit loss reserves, or deposit levels necessitating increased borrowing to fund loans and investments; changes in, and evolving interpretations of, existing and future laws, rules, and regulations; operational risks including, but not limited to, cybersecurity, fraud, natural disasters, climate change, 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 other filings submitted to the FDIC. These forward-looking statements speak only as of the date of this report 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 report or to reflect the occurrence of unanticipated events.

### **Description of Business and Strategy**

#### **Business Overview**

Northeast Bank, a Maine state-chartered bank organized in 1872, is a Maine-based financial institution.

As of September 30, 2025, the Bank had total assets of \$4.17 billion, total deposits of \$3.25 billion, and shareholders' equity of \$513.6 million. We gather retail deposits online and through our seven branches in Maine as well as through our online deposit program, ableBanking; purchase and originate commercial loans, typically secured by real estate, on a nationwide basis through our National Lending Division; and originate loans through our Community Banking and Small Business Administration ("SBA") National Division.

## Strategy

The Bank's goal is to prudently grow its franchise, while maintaining sound operations and risk management, by means of the following strategies:

*Continuing to grow the National Lending Division's purchased and originated loan business.* We primarily purchase commercial real estate loans nationally. We also originate loans nationally, taking advantage of our core expertise in underwriting and servicing national credits.

*Growing our national SBA origination business.* We originate loans on a national basis to small businesses, primarily through the SBA 7(a) program, which provides the partial guarantee of the underlying SBA loan.

*Continuing our community banking tradition.* With a history that dates back to 1872, our Community Banking Division maintains its focus on sales and service, with the goal of attracting and retaining deposits.

*Generating deposits to fund our business.* We offer a full line of deposit products through our seven-branch network located in the Community Banking Division's market. ableBanking is a direct savings platform providing an additional channel to raise core deposits to fund our asset strategy.

## **Critical Accounting Policies and Estimates**

Critical accounting policies and estimates are those that involve significant judgments and assessments by management, and which could potentially result in materially different results under different assumptions and conditions. The reader is encouraged to review each of the policies included in our Annual Report on Form 10-K for the year ended June 30, 2025 filed with the FDIC, to gain a better understanding of how the Bank's financial performance is measured and reported.

Refer to Note 1 of the financial statements for additional details of the Bank's accounting policies, including new accounting standards recently adopted and those yet to be adopted.

There has been no material change in critical accounting policies during the three months ended September 30, 2025.

## **Overview**

Net income increased by \$5.4 million to \$22.5 million for the quarter ended September 30, 2025, compared to net income of \$17.1 million for the quarter ended September 30, 2024. The increase was primarily due to increases in net interest income and non-interest income, partially offset by increases in non-interest expense and income tax expense.

## **Financial Condition**

### Overview

As of September 30, 2025, total assets were \$4.17 billion, a decrease of \$107.6 million, or 2.5%, from total assets of \$4.28 billion as of June 30, 2025.

The following table highlights the changes in the loan portfolio, including loans held for sale, for the quarter ended September 30, 2025:

	Loan Portfolio Changes			
	September 30, 2025	June 30, 2025	Change (\$)	Change (%)
				(Dollars in thousands)
National Lending Purchased	\$ 2,406,506	\$ 2,375,157	\$ 31,349	1.32%
National Lending Originated	1,213,111	1,251,768	(38,657)	(3.09%)
SBA National	128,347	144,974	(16,627)	(11.47%)
Community Banking	17,652	18,258	(606)	(3.32%)
Total	<u>\$ 3,765,616</u>	<u>\$ 3,790,157</u>	<u>\$ (24,541)</u>	<u>(0.65%)</u>

Loans generated by the Bank's National Lending Division for the quarter ended September 30, 2025 totaled \$278.4 million, which consisted of \$144.6 million of purchased loans at an average price of 94.7% of unpaid principal balance, and \$133.8 million of originated loans.

An overview of the National Lending Division portfolio follows:

	National Lending Portfolio					
	Three Months Ended September 30,					
	2025			2024		
Purchased	Originated	Total	Purchased	Originated	Total	
(Dollars in thousands)						
Loans purchased or originated during the period:						
Unpaid principal balance	\$ 152,690	\$ 133,818	\$ 286,508	\$ 807,733	\$ 126,893	\$ 934,626
Initial net investment basis (1)	144,600	133,818	278,418	732,893	126,893	859,786
Loan returns during the period:						
Yield	8.16%	8.63%	8.32%	8.83%	9.31%	9.00%
Total Return on Purchased Loans (2)	8.21%	N/A	8.21%	8.84%	N/A	8.84%
Total loans as of period end:						
Unpaid principal balance	\$ 2,578,040	\$ 1,213,111	\$ 3,791,151	\$ 2,644,390	\$ 1,011,374	\$ 3,655,764
Net investment basis	2,406,506	1,213,111	3,619,617	2,420,883	1,011,374	3,432,257

(1) Initial net investment basis on purchased loans is the initial amortized cost basis net of initial allowance for credit losses (credit mark).

(2) The total return on purchased loans represents scheduled accretion, accelerated accretion, gains on real estate owned, release of allowance for credit losses on purchased loans, and other noninterest income recorded during the period divided by the average invested balance on an annualized basis. The total return on purchased loans does not include the effect of purchased loan charge-offs or recoveries during the period. Total return on purchased loans is considered a non-GAAP financial measure. See reconciliation in below table entitled "Total Return on Purchased Loans."

### Assets

#### *Cash and Due from Banks, Short-Term Investments, and Securities*

Cash and cash equivalents were \$341.8 million as of September 30, 2025, a decrease of \$71.8 million, or 17.4%, from \$413.6 million at June 30, 2025.

Securities totaled \$15.6 million as of September 30, 2025, compared to \$22.7 million as of June 30, 2025, representing a decrease of \$7.1 million, primarily due to maturities of government agency securities and principal payments on mortgage-backed securities. Included in investment securities are securities issued by government agencies and government-sponsored enterprises, as well as an investment of \$5.6 million in a Community Reinvestment Act ("CRA") qualified fund that seeks to invest in securities either issued or guaranteed by the U.S. government or its agencies and an investment of \$2.0 million in a CRA-qualified fund that primarily invests in the federally guaranteed portion of SBA 7(a) loans. At September 30, 2025, securities with a fair value of \$8.1 million were pledged for potential and outstanding borrowings with the FHLBB.

## Loans

The Bank's loan portfolio (excluding loans held for sale) by lending division follows:

	Community Banking	National Lending	SBA Division	Total	Percent of Total
(Dollars in thousands)					
<u>September 30, 2025</u>					
Originated loans:					
CRE NOO Pass	\$ 1,982	\$ 372,217	\$ 3,103	\$ 377,302	10.05%
CRE NOO Criticized	278	6,378	662	7,318	0.19%
CRE O/O Pass	1,659	71,229	8,194	81,082	2.16%
CRE O/O Criticized	2	—	114	116	0.00%
C & I Pass	824	726,563	99,099	826,486	22.0%
C & I Criticized	—	—	4,511	4,511	0.12%
Residential real estate	12,774	36,724	—	49,498	1.32%
Consumer	133	—	—	133	0.00%
Subtotal	17,652	1,213,111	115,683	1,346,446	35.88%
Purchased loans:					
CRE NOO Pass	—	2,089,512	—	2,089,512	55.68%
CRE NOO Criticized	—	25,474	—	25,474	0.68%
CRE O/O Pass	—	204,264	—	204,264	5.44%
CRE O/O Criticized	—	6,741	—	6,741	0.18%
C & I Pass	—	17,247	—	17,247	0.46%
C & I Criticized	—	1,382	—	1,382	0.04%
Residential real estate	—	61,886	—	61,886	1.65%
Subtotal	—	2,406,506	—	2,406,506	64.12%
Total	\$ 17,652	\$ 3,619,617	\$ 115,683	\$ 3,752,952	100.00%

### June 30, 2025

Originated loans:					
CRE NOO Pass	\$ 2,058	\$ 357,631	\$ 3,464	\$ 363,153	9.67%
CRE NOO Criticized	282	2,387	677	3,346	0.09%
CRE O/O Pass	1,729	71,437	8,386	81,552	2.17%
CRE O/O Criticized	4	—	115	119	0.00%
C & I Pass	783	780,191	94,120	875,094	23.30%
C & I Criticized	—	3,905	4,444	8,349	0.22%
Residential real estate	13,241	36,217	—	49,458	1.32%
Consumer	161	—	—	161	0.00%
Subtotal	18,258	1,251,768	111,206	1,381,232	36.77%
Purchased loans:					
CRE NOO Pass	—	2,087,793	—	2,087,793	55.58%
CRE NOO Criticized	—	25,246	—	25,246	0.67%
CRE O/O Pass	—	164,673	—	164,673	4.38%
CRE O/O Criticized	—	7,910	—	7,910	0.21%
C & I Pass	—	18,349	—	18,349	0.49%
C & I Criticized	—	1,486	—	1,486	0.04%
Residential real estate	—	69,700	—	69,700	1.86%
Subtotal	—	2,375,157	—	2,375,157	63.23%
Total	\$ 18,258	\$ 3,626,925	\$ 111,206	\$ 3,756,389	100.00%

### *Classification of Assets*

Loans are classified as nonperforming when 90 or more days past due, unless a loan is well-secured and in the process of collection. Loans less than 90 days past due, for which collection of principal or interest is considered doubtful, also may be designated as nonperforming. In both situations, accrual of interest ceases. The Bank typically maintains such loans as nonperforming until the respective borrowers have demonstrated a sustained period of payment performance.

Other nonperforming assets include other real estate owned (“OREO”) and other personal property securing loans repossessed by the Bank. The real estate and personal property collateral for commercial and consumer loans is recorded at fair value less estimated costs to sell upon repossession. Revenues and expenses are recognized in the period when received or incurred on OREO and in-substance foreclosures. Gains and losses on disposition are recognized in noninterest income.

The following table details the Bank's nonperforming assets and other credit quality indicators as of September 30, 2025 and June 30, 2025. Management believes that, based on their carrying amounts, nonperforming assets are well secured based on the estimated fair value of underlying collateral.

	September 30, 2025			June 30, 2025		
	Originated	Purchased	Total	Originated	Purchased	Total
(Dollars in thousands)						
Non-performing loans:						
Commercial real estate	\$ 7,009	\$ 20,900	\$ 27,909	\$ 3,033	\$ 22,232	\$ 25,265
Commercial and industrial	1,417	1,293	2,710	5,158	1,407	6,565
Residential real estate	2,390	784	3,174	2,394	785	3,179
Consumer	—	—	—	2	—	2
Total non-performing loans	10,816	22,977	33,793	10,587	24,424	35,011
Other real estate owned	—	1,279	1,279	560	—	560
Total non-performing assets	\$ 10,816	\$ 24,256	\$ 35,072	\$ 11,147	\$ 24,424	\$ 35,571
Total loans			\$ 3,752,952			\$ 3,756,389
Total assets			4,171,438			4,279,068
ACL on loans			46,713			47,930
ACL on loans to nonaccrual loans			138.23%			136.90%
Non-performing loans to total loans			0.90%			0.93%
Non-performing assets to total assets			0.84%			0.83%

#### *Allowance for Credit Losses*

Refer to Footnote 4 “Loans and ACL” for further details on the Bank’s ACL methodology.

The overall global and national markets continue to be volatile and carry a high degree of uncertainty, and any changes to our forecast or qualitative factors subject our ACL estimate to a higher risk of fluctuation.

We may adjust our assumptions to account for differences between expected and actual losses from period to period. A future change in our assumptions likely will alter the level of ACL required and may have a material impact on future results of operations and financial condition. The ACL on loans is reviewed periodically within a calendar quarter to assess trends in key assumptions and asset quality, and their effects on the Bank's financial condition.

The following table summarizes the changes in the Bank's allowance for credit losses for the periods indicated:

	Three Months Ended September 30,	
	2025	2024
	(Dollars in thousands)	
Period-end loans outstanding (net of unearned discount and deferred loan fees)	\$ 3,752,952	\$ 3,502,963
Average loans outstanding (net of unearned discount and deferred loan fees)	\$ 3,675,174	\$ 2,838,352
Balance of allowance for credit losses at the beginning of year – loans	\$ 47,930	\$ 26,709
Loans charged-off:		
Commercial real estate	(175)	(1,298)
Commercial and industrial	(1,761)	(320)
Residential	—	—
Consumer	—	(3)
Total loans charged-off	(1,936)	(1,621)
Recovery of loans previously charged-off:		
Commercial real estate	4	—
Commercial and industrial	21	12
Residential	2	2
Consumer	22	—
Total recovery of loans previously charged-off	49	14
Net loan charge-offs	(1,887)	(1,607)
Initial allowance on PCD loans	1,105	18,116
Provision for credit losses – loans	(435)	422
Balance at end of period	46,713	43,640
Ratio of net charge-offs (annualized) to average loans outstanding	(0.21%)	0.23%
Ratio of allowance for credit losses to loans outstanding	1.24%	1.54%

The level of charge-offs depends on many factors, including the national and regional economy. Cyclical lagging factors may result in charge-offs being higher than historical levels. Although the allowance is allocated between categories, the entire allowance is available to absorb losses attributable to all loan categories. Management believes that the allowance for credit losses is adequate.

#### *Other Assets*

Premises and equipment, net, decreased by \$518 thousand, or 2.10%, to \$24.2 million at September 30, 2025, compared to \$24.7 million at June 30, 2025. The decrease was primarily due to depreciation and amortization.

FHLBB stock totaled \$15.1 million and \$15.3 million at September 30, 2025 and June 30, 2025, respectively. The decrease in stock holdings corresponds to the decrease in FHLBB advances.

The cash surrender value of the Bank's bank-owned life insurance ("BOLI") assets decreased \$0.7 million, or 3.7%, to \$18.6 million at September 30, 2025, compared to \$19.3 million at June 30, 2025. The decrease in cash surrender value was due to a payout on one of the policies, partially offset by an increase in cash surrender value of the remaining policies.

#### ***Deposits, FHLBB Advances, Liquidity, and Capital***

##### *Deposits*

The Bank's principal source of funding is its core deposit accounts (defined as non-maturity deposits and non-brokered insured time deposits). At September 30, 2025, non-maturity accounts and non-brokered insured time deposits represented 54.8% of total deposits.

As of September 30, 2025, \$138.1 million, or 4% of the Bank's total deposits, were uninsured. This balance included \$52.7 million of interest reserves and restricted deposit accounts.

Total deposits decreased by \$125.2 million, or 3.7%, from June 30, 2025. The decrease was primarily attributable to decreases in time deposits of \$67.3 million, or 3.0%, compared to the prior year. The significant drivers in the change in

time deposits was a decrease in brokered time deposits, which decreased \$125.2 million, partially offset by an increase in Community Banking Division time deposits, which increased by \$38.0 million compared to June 30, 2025.

The composition of total deposits at September 30, 2025 and June 30, 2025 is as follows:

	September 30, 2025		June 30, 2025	
	Amount	Percent of Total	Amount	Percent of Total
	(Dollars in thousands)			
Demand deposits	\$ 157,217	4.84%	\$ 159,274	4.72%
NOW accounts	628,381	19.33%	671,981	19.91%
Regular and other savings	211,294	6.50%	208,035	6.16%
Money market deposits	77,176	2.37%	92,716	2.75%
Total non-certificate accounts	1,074,068	33.04%	1,132,006	33.53%
Term certificates of \$250 thousand or less	534,992	16.46%	493,640	14.62%
Term certificates greater than \$250 thousand	172,903	5.32%	156,333	4.63%
Brokered term certificates	1,468,424	45.18%	1,593,621	47.21%
Total certificate accounts	2,176,319	66.96%	2,243,594	66.47%
Total deposits	\$ 3,250,387	100.00%	\$ 3,375,600	100.00%

### *FHLBB Advances*

Advances from the FHLBB were \$316.8 million and \$320.2 million at September 30, 2025 and June 30, 2025, respectively. The decrease in FHLBB advances was attributable to net paydowns on amortizing advances during the three months ended September 30, 2025.

### *Liquidity*

The following table is a summary of unused borrowing capacity of the Bank at September 30, 2025, in addition to traditional retail deposit products:

	September 30, 2025		
	(In thousands)		
Brokered time deposits	\$ 617,292		Subject to policy limitation of 50% of total assets and capital level requirements
Federal Home Loan Bank of Boston	783,645		Unused advance capacity subject to eligible and qualified collateral
Federal Reserve Borrower-in-Custody	189,255		Unused advance capacity subject to eligible and qualified collateral
Other available lines	7,500		
Total unused borrowing capacity	\$ 1,597,692		

Retail deposits and other core deposit sources, including deposit listing services, are used by the Bank to manage its overall liquidity position. Additionally, the Bank uses wholesale funding, such as FHLBB advances and brokered deposits, as a source of liquidity, and also has the ability to raise additional amounts, which remains an important part of our liquidity contingency planning. While we closely monitor and forecast our liquidity position, our liquidity is affected by asset growth, deposit withdrawals and meeting other contractual obligations and commitments. The accuracy of our forecast assumptions may increase or decrease our overall available liquidity. To utilize the FHLBB advance capacity, the purchase of additional capital stock of the FHLBB may be required.

At September 30, 2025, the Bank had \$1.60 billion of immediately accessible liquidity, defined as cash that the Bank reasonably believes could be raised within seven days through collateralized borrowings, brokered deposits, or security sales. This position represented 38.3% of total assets. The Bank also had \$341.8 million of cash and cash equivalents at September 30, 2025.

Management believes that there are adequate funding sources to meet the Bank's liquidity needs for the foreseeable future. Primary funding sources are the repayment of principal and interest on loans, the renewal of time deposits, the potential for growth in the deposit base, and the credit availability from the FHLBB. Management does not believe that the terms and conditions that will be present at the renewal of these funding sources will significantly impact the Bank's operations, due to its management of the maturities of its assets and liabilities.

## Capital Resources

At September 30, 2025, shareholders' equity was \$513.6 million, an increase of \$19.4 million, or 3.9%, from June 30, 2025. Book value per common share was \$59.98 at September 30, 2025 and \$57.98 at June 30, 2025.

As of September 30, 2025, the Bank's Tier 1 leverage capital ratio was 12.2%, compared to 11.6% at June 30, 2025, and the Bank's total risk-based capital ratio was 15.1% at September 30, 2025, compared to 14.7% at June 30, 2025. Capital ratios increased primarily due to the decrease in risk-weighted assets and average assets during the three months ended September 30, 2025, partially offset by increased retained earnings and additional capital raised under the Bank's at-the-market securities offering.

The Bank is subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Bank's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of assets, liabilities, and certain off-balance sheet items as calculated under regulatory accounting practices. The Bank's capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

Regulations regarding prompt corrective actions define specific capital categories based on an institution's capital ratios. The capital categories, in declining order, are "well capitalized," "adequately capitalized," "undercapitalized," "significantly undercapitalized," and "critically undercapitalized."

As of September 30, 2025 and June 30, 2025, the Bank was categorized as "well capitalized" under the regulatory framework for prompt corrective action. To be categorized as "well capitalized," the Bank must maintain minimum common equity Tier 1 capital, total risk-based capital, Tier 1 capital, and Tier 1 leverage ratios as set forth in the table below. There are no conditions or events since that notification that management believes have changed the Bank's regulatory designation as "well-capitalized" under the regulatory framework for prompt corrective action.

Quantitative measures established by regulation to ensure capital adequacy require the Bank to maintain minimum amounts and ratios as set forth in the table below. At September 30, 2025 and June 30, 2025, the Bank's ratios exceeded the minimum regulatory requirements. Management believes that the Bank met all capital adequacy requirements to which was subject as of September 30, 2025 and June 30, 2025. The Bank's regulatory capital ratios are set forth below as of September 30, 2025 and June 30, 2025.

	Actual		Minimum Capital Requirements		Minimum To Be Well Capitalized Under Prompt Corrective Action Provisions		Minimum Capital Ratio with Capital Conservation Buffer
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Ratio
(Dollars in thousands)							
<u>September 30, 2025</u>							
Common equity Tier 1 capital to risk weighted assets	\$ 513,470	13.86 %	\$ 166,687	>4.5%	\$ 240,770	>6.5%	7.0%
Total capital to risk weighted assets	559,788	15.11 %	296,332	>8.0%	370,415	>10.0%	10.5%
Tier 1 capital to risk weighted assets	513,470	13.86 %	222,249	>6.0%	314,853	>8.0%	8.5%
Tier 1 capital to average assets (Tier 1 leverage)	513,470	12.22 %	148,166	>4.0%	185,207	>5.0%	4.0%
<u>June 30, 2025</u>							
Common equity Tier 1 capital to risk weighted assets	\$ 494,011	13.45 %	\$ 165,334	>4.5%	\$ 238,815	>6.5%	7.0%
Total capital to risk weighted assets	539,964	14.70 %	293,927	>8.0%	367,408	>10.0%	10.5%
Tier 1 capital to risk weighted assets	494,011	13.45 %	220,445	>6.0%	293,927	>8.0%	8.5%
Tier 1 capital to average assets (Tier 1 leverage)	494,011	11.64 %	146,963	>4.0%	183,704	>5.0%	4.0%

In addition to the minimum regulatory capital required for capital adequacy purposes included in the table above, the Bank is required to maintain a capital conservation buffer, in the form of common equity, in order to avoid restrictions on the Bank's ability to make capital distributions and discretionary bonuses and to engage in share repurchases.

### ***At-the-Market Securities Offering***

On December 9, 2024, the Bank announced the completion of the at-the-market securities offering of \$50.0 million of voting common stock, and announced that the Board of Directors had approved and initiated a new at-the-market securities offering of up to \$75.0 million of voting common stock. During the three months ended September 30, 2025, the Bank did not issue any shares under the offering.

### ***Off-Balance Sheet Financial Instruments***

The Bank is a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit, unused lines of credit, standby letters of credit, and commitments to fund investments. These instruments involve, to varying degrees, elements of credit and interest-rate risk in excess of the amounts recognized on the condensed balance sheet. The contract or notional amounts of these instruments reflect the extent of the Bank's involvement in particular classes of financial instruments.

See Part I. Item 1. "Notes to Unaudited Financial Statements – Note 8: Commitments and Contingencies" for further discussion.

### ***Risk Management***

The Bank's Board of Directors and management have identified significant risk categories which affect the Bank. The risk categories include: credit; compliance; interest rate; liquidity; operational and cybersecurity; and strategic. The Board of Directors has approved a Risk Management Policy that addresses each category of risk. The direct oversight and responsibility for the Bank's risk management program has been delegated to the Senior Management Risk and Compliance Committee, which includes members of the Bank's executive management team, and reports to the Risk Management Committee of the Bank's Board of Directors.

There have been no material changes to the Bank's risk exposures and risk management policies and practices as described in Item 7 of the Bank's Annual Report on Form 10-K for the year ended June 30, 2025. Please refer to Item 7 of the Bank's Annual Report on Form 10-K for the year ended June 30, 2025 for further details regarding the Bank's risk management.

### ***Interest rate risk***

Interest rate risk represents the sensitivity of earnings to changes in market interest rates. As interest rates change, the interest income and expense streams associated with our financial instruments also change, thereby impacting net interest income, the primary component of our earnings. The Bank's Asset Liability Management Committee ("ALCO") utilizes the results of a detailed and dynamic simulation model to quantify the estimated exposure of net interest income to sustained interest rate changes. While ALCO routinely monitors simulated net interest income sensitivity over a rolling two-year horizon, ALCO also utilizes additional tools to monitor potential longer-term interest rate risk.

The simulation model captures the impact of changing interest rates on the interest income received and interest expense paid on all interest-earning assets and interest-bearing liabilities reflected on our balance sheet, as well as for derivative financial instruments. This sensitivity analysis is compared to ALCO policy limits, which specify a maximum tolerance level for net interest income exposure over a one-year horizon, assuming a static balance sheet, given a 200 basis point upward and downward and a 100 basis point upward and downward shift in interest rates. A parallel and pro rata shift in rates over a 12-month period is assumed. Using this approach, we are able to produce simulation results that illustrate the effect that both a gradual change of rates and a "rate shock" have on the Bank's earnings expectations.

The sensitivity analysis below does not represent a forecast and should not be relied upon as being indicative of expected operating results. These hypothetical estimates are based upon numerous assumptions including, among others, the nature and timing of interest rate levels, yield curve shape, prepayments on loans and securities, deposit decay rates, pricing decisions on loans and deposits, and reinvestment/replacement of asset and liability cash flows. While assumptions are developed based upon current economic and local market conditions, we cannot make any assurances as to the predictive nature of these assumptions, including how customer preferences or competitor influences might change.

As of September 30, 2025 and 2024, our net interest income sensitivity analysis reflected the following changes to net interest income, as compared to our modeled Year 1 Base net interest income, assuming no balance sheet growth and a parallel shift in interest rates. All rate changes were “ramped” over the first 12-month period.

Rate Change from Year 1 — Base	Estimated Changes In Net Interest Income	
	September 30, 2025	September 30, 2024
<b>Year 1</b>		
+200 basis points	0.82%	(0.57)%
+100 basis points	0.20%	(0.45)%
-200 basis points	1.80%	2.07%
-100 basis points	0.50%	0.81%

If rates increase 100 and 200 basis points, net interest income is projected to increase slightly in the first year of the simulation as the asset yields increase to a greater degree than the funding cost base adjusts into the higher rate environment.

If rates decrease 100 and 200 basis points, net interest income is projected to increase in the first year of the simulation as reductions in funding costs more than offset near-term asset yield deterioration due to rate floors on loans.

### Results of Operations

#### **General**

Net income increased by \$5.4 million to \$22.5 million for the quarter ended September 30, 2025, compared to net income of \$17.1 million for the quarter ended September 30, 2024.

#### **Net Interest Income**

##### *Three Months Ended September 30, 2025 and 2024*

Net interest and dividend income before provision for credit losses increased by \$9.2 million to \$48.2 million for the quarter ended September 30, 2025, compared to \$39.0 million for the quarter ended September 30, 2024. The increase was primarily due to the following:

- An increase in interest income earned on loans of \$12.3 million, primarily due to higher average balances in the National Lending Division and SBA portfolios, partially offset by lower rates earned across these portfolios; and
- An increase in interest income earned on short-term investments of \$1.4 million, due to higher average balances, partially offset by lower rates earned; partially offset by,
- An increase in deposit interest expense of \$4.7 million, primarily due to higher average balances, partially offset by lower rates on interest-bearing deposits.

The following table summarizes interest income and related yields recognized on the loan portfolios:

	Interest Income and Yield on Loans					
	Three Months Ended September 30,					
	2025			2024		
Average Balance (1)	Interest Income	Yield	Average Balance (1)	Interest Income	Yield	
(Dollars in thousands)						
Community Banking	\$ 17,856	\$ 303	6.73%	\$ 22,409	\$ 370	6.55%
SBA National	131,952	3,434	10.32%	59,745	2,419	16.06%
National Lending:						
Originated	1,214,157	26,425	8.63%	997,397	23,408	9.31%
Purchased	2,311,209	47,518	8.16%	1,758,801	39,141	8.83%
Total National Lending	3,525,366	73,943	8.32%	2,756,198	62,549	9.00%
Total	\$ 3,675,174	\$ 77,680	8.39%	\$ 2,838,352	\$ 65,338	9.13%

(1) Includes loans held for sale.

The components of total income on purchased loans are set forth in the table below entitled “Total Return on Purchased Loans.” When compared to the quarter ended September 30, 2024, transactional income increased by \$334 thousand for

the quarter ended September 30, 2025, and regularly scheduled interest and accretion increased by \$8.3 million, primarily due to the increase in average loan balances. The total return on purchased loans for the quarter ended September 30, 2025 was 8.2%, a decrease from 8.8% for the quarter ended September 30, 2024. The following table details the total return on purchased loans:

	Total Return on Purchased Loans			
	Three Months Ended September 30,			
	2025		2024	
	Income	Return (1)	Income	Return (1)
	(Dollars in thousands)			
Regularly scheduled interest and accretion	\$ 45,440	7.80%	\$ 37,160	8.38%
Transactional income:				
Release of allowance for credit losses on purchased loans	301	0.05%	64	0.01%
Accelerated accretion and loan fees	2,078	0.36%	1,981	0.45%
Total transactional income	2,379	0.41%	2,045	0.46%
Total	<u>\$ 47,819</u>	8.21%	<u>\$ 39,205</u>	8.84%

- (1) The total return on purchased loans represents scheduled accretion, accelerated accretion, gains on real estate owned, release of allowance for credit losses on purchased loans, and other noninterest income recorded during the period divided by the average invested balance on an annualized basis. The total return on purchased loans does not include the effect of purchased loan charge-offs or recoveries during the period. Total return on purchased loans is considered a non-GAAP financial measure.

The following sets forth the average balance sheets, interest income and interest expense, and average yields and costs for the quarters ended September 30, 2025 and 2024.

	Three Months Ended September 30,					
	2025			2024		
	Average Balance	Interest Income/Expense	Average Yield/Rate	Average Balance	Interest Income/Expense	Average Yield/Rate
(Dollars in thousands)						
Assets:						
Interest-earning assets:						
Investment securities	\$ 18,135	\$ 180	3.94%	\$ 55,413	\$ 595	4.26%
Loans (1) (2) (3)	3,675,174	77,680	8.39%	2,838,352	65,338	9.13%
Federal Home Loan Bank stock	15,185	285	7.45%	16,465	330	7.95%
Short-term investments (4)	454,491	5,062	4.42%	245,542	3,591	5.80%
Total interest-earning assets	<u>4,162,985</u>	<u>83,207</u>	7.93%	<u>3,155,772</u>	<u>69,854</u>	8.78%
Cash and due from banks	2,086			2,112		
Other non-interest earning assets	38,420			94,071		
Total assets	<u>\$ 4,203,491</u>			<u>\$ 3,251,955</u>		
Liabilities & Shareholders' Equity:						
Interest-bearing liabilities:						
NOW accounts	648,545	\$ 6,208	3.80%	\$ 563,730	\$ 6,380	4.49%
Money market accounts	87,731	495	2.24%	148,687	1,267	3.38%
Savings accounts	210,579	1,505	2.84%	178,581	1,557	3.46%
Time deposits	2,175,202	23,123	4.22%	1,389,832	17,386	4.96%
Total interest-bearing deposits	<u>3,122,057</u>	<u>31,331</u>	3.98%	<u>2,280,830</u>	<u>26,590</u>	4.63%
Federal Home Loan Bank advances	316,077	3,461	4.34%	362,594	4,030	4.41%
Lease liability	18,765	223	4.71%	20,018	234	4.64%
Total interest-bearing liabilities	<u>3,456,899</u>	<u>35,015</u>	4.02%	<u>2,663,442</u>	<u>30,854</u>	4.60%
Non-interest bearing liabilities:						
Demand deposits and escrow accounts	169,767			175,161		
Other liabilities	69,968			26,175		
Total liabilities	<u>3,696,634</u>			<u>2,864,778</u>		
Shareholders' equity	506,857			387,177		
Total liabilities and shareholders' equity	<u>\$ 4,203,491</u>			<u>\$ 3,251,955</u>		
Net interest income		<u>\$ 48,192</u>			<u>\$ 39,000</u>	
Interest rate spread			3.91%			4.18%
Net interest margin (5)			4.59%			4.90%
Cost of funds (6)			3.83%			4.31%

- (1) Interest income and yield are stated on a fully tax-equivalent basis using the statutory tax rate
- (2) Includes loans held for sale
- (3) Nonaccrual loans are included in the computation of average, but unpaid interest has not been included for purposes of determining interest income
- (4) Short-term investments include FHLBB overnight deposits and other interest-bearing deposits
- (5) Net interest margin is calculated as net interest income divided by total interest-earning assets
- (6) Cost of funds is calculated as total interest expense divided by total interest-bearing liabilities plus demand deposits and escrow accounts

The following table presents the extent to which changes in volume and interest rates of interest-earning assets and interest-bearing liabilities have affected the Bank's interest income and interest expense during the periods indicated. Information is provided in each category with respect to (i) changes attributable to changes in volume (changes in volume multiplied by prior period rate), (ii) changes attributable to changes in rates (changes in rates multiplied by prior period volume), and (iii) changes attributable to a combination of changes in rate and volume (change in rates multiplied by the changes in volume).

Changes attributable to the combined impact of volume and rate have been allocated proportionately to the changes due to volume and the changes due to rate (with items in parenthesis indicating a decrease).

	Three Months Ended September 30, 2025 Compared to 2024		
	Change Due to Volume	Change Due to Rate	Total Change
	(In thousands)		
Interest-earning assets:			
Securities	\$ (373)	\$ (42)	\$ (415)
Loans	17,986	(5,644)	12,342
Federal Home Loan Bank stock	(25)	(20)	(45)
Short-term investments	2,484	(1,013)	1,471
Total interest-earning assets	20,072	(6,719)	13,353
Interest-bearing liabilities:			
Interest-bearing deposits	8,847	(4,106)	4,741
Federal Home Loan Bank advances	(506)	(63)	(569)
Lease liability	(15)	4	(11)
Total interest-bearing liabilities	8,326	(4,165)	4,161
Total change in net interest income	\$ 11,746	\$ (2,554)	\$ 9,192

### ***Provision for Credit Losses***

On a quarterly basis, the Bank determines the amount of the ACL that is appropriate to provide for losses inherent in the Bank’s loan portfolios, with the provision for credit losses determined by the net change in the ACL. See Part I. Item 1. “Notes to Unaudited Financial Statements — Note 4: Loans, Allowance for Loan Losses and Credit Quality” for further discussion.

#### *Three Months Ended September 30, 2025 and 2024*

Provision for credit losses decreased by \$857 thousand reflecting a credit of \$435 thousand for the quarter ended September 30, 2025, compared to a provision of \$422 thousand for the quarter ended September 30, 2024. The decrease was primarily related to the decrease in the aggregate loan balances during the quarter.

### ***Noninterest Income***

#### *Three Months Ended September 30, 2025 and 2024*

Noninterest income increased by \$564 thousand for the quarter ended September 30, 2025, compared to the quarter ended September 30, 2024, primarily due to an increase in gain on sale of SBA loans of \$807 thousand, due to the change in cost structure of our arrangement with Newity LLC. There were sales of \$58.4 million in SBA loans during the quarter ended September 30, 2025 as compared to sales of \$63.1 million during the quarter ended September 30, 2024.

### ***Noninterest Expense***

#### *Three Months Ended September 30, 2025 and 2024*

Noninterest expense increased by \$4.2 million for the quarter ended September 30, 2025 compared to the three months ended September 30, 2024, primarily due to the following:

- An increase in salaries and employee benefits expense of \$1.5 million, primarily due to increases in regular, stock and incentive compensation expense;
- An increase in loan expense of \$2.1 million primarily related to increased expenses in connection with the origination of SBA loans; and
- An increase in professional fees of \$342 thousand, due to increased accruals for audit, legal, and consulting fees.

## ***Income Taxes***

*Three Months Ended September 30, 2025 and 2024*

Income tax expense increased by \$1.0 million to \$8.9 million, or an effective tax rate of 28.3%, for the quarter ended September 30, 2025, compared to income tax expense of \$7.9 million, or an effective tax rate of 31.6%, for the quarter ended September 30, 2024. The decrease in effective tax rate is primarily due to changes in state tax law.

### **Item 3. Quantitative and Qualitative Disclosure about Market Risk**

Information required by this Item 3 is included in Item 2. *"Management's Discussion and Analysis of Financial Condition and Results of Operations – Risk Management"* and such information is incorporated into this Item 3 by reference.

### **Item 4. Controls and Procedures**

The Bank maintains controls and procedures designed to ensure that information required to be disclosed in the reports the Bank files or submits under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the rules and forms of the FDIC, and that such information is accumulated and communicated to the Bank's management, including the Chief Executive Officer and Chief Financial Officer (the Bank's principal executive officer and principal financial officer, respectively), as appropriate to allow for timely decisions regarding timely disclosure. In designing and evaluating disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating the cost/benefit relationship of possible controls and procedures.

The Bank's management, with the participation of the Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of its disclosure controls and procedures (as defined in Rules 13a-15(c) and 15(d)-15(e) under the Exchange Act) as of the end of the period covered by this Quarterly Report on Form 10-Q.

Based on this evaluation of the Bank's disclosure controls and procedures, the Chief Executive Officer and Chief Financial Officer have concluded that these disclosure controls and procedures were effective as of September 30, 2025.

## PART II – OTHER INFORMATION

### Item 1. Legal Proceedings

None.

### Item 1A. Risk Factors

There have been no material changes in the risk factors described in Part I, Item 1A. “Risk Factors” of the Annual Report on Form 10-K filed with the FDIC on September 11, 2025.

### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following table summarizes issuances of the Bank’s outstanding common shares in the first quarter of fiscal year 2026:

Period	Total Number of Shares Issued	Average Price Received Per Share	Total Number of Shares Issued as Part of Publicly Announced Plans or Programs	Maximum Amount that May be Issued Under the Plans or Programs
July 1, 2025 - July 31, 2025	-	\$ 0.00	-	\$ -
August 1, 2025 – August 31, 2025	-	0.00	-	-
September 1, 2025 – September 30, 2025	-	0.00	-	65,395,483
	-	\$ 0.00	-	\$ 65,395,483

On December 9, 2024, the Board of Directors approved and initiated an at-the-market securities offering of up to \$75.0 million of voting common stock. The Bank has issued 97,324 shares at a weighted average net price per share of \$96.71 through September 30, 2025 under this offering; however, during the three months ended September 30, 2025, the Bank did not issue any shares under the offering.

### Item 3. Defaults Upon Senior Securities

None.

### Item 4. Mine Safety Disclosures

Not applicable.

### Item 5. Other Information

During the quarter ended September 30, 2025, none of the Bank’s directors or executive officers (as defined in Rule 16a-1(f) of the Exchange Act) had in place, or adopted, modified, or terminated any contract, instruction, or written plan for the purchase or sale of Bank securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any “non-Rule 10b5-1 trading arrangement” (as such term is defined in the Item 408 of Regulation S-K).

### Item 6. Exhibits

Exhibits No.	Description
10.1	Insurance Lending Servicing Agreement, dated September 21, 2025, by and between Northeast Bank and Newity LLC (incorporated reference to Exhibit 10.1 of the Bank’s Current Report on Form 8-K filed with the FDIC on September 21, 2025)
31.1	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (Rule 13a-14(a)). *
31.2	Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (Rule 13a-14(a)). *
32.1	Certificate of the Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Rule 13a-14(b)). **
32.2	Certificate of the Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Rule 13a-14(b)). **

\* Filed herewith

\*\* Furnished herewith

## SIGNATURES

Pursuant to the requirements of the Securities Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: November 6, 2025

### **NORTHEAST BANK**

By: /s/ Richard Wayne  
Richard Wayne  
President and Chief Executive Officer

By: /s/ Santino Delmolino  
Santino Delmolino  
Chief Financial Officer

**Exhibit 31.1 Certification of the Chief Executive Officer**

**Chief Executive Officer Certification  
Pursuant To Section 302 Of  
The Sarbanes-Oxley Act Of 2002**

I, Richard Wayne, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Northeast Bank;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 6, 2025

/s/ Richard Wayne  
Richard Wayne  
Chief Executive Officer

**Exhibit 31.2 Certification of the Chief Financial Officer**

**Chief Financial Officer Certification  
Pursuant To Section 302 Of  
The Sarbanes-Oxley Act Of 2002**

I, Santino Delmolino, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Northeast Bank;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 6, 2025

/s/ Santino Delmolino  
Santino Delmolino  
Chief Financial Officer

**Exhibit 32.1. Certificate of the Chief Executive Officer**

**Certification of the Chief Executive Officer Pursuant to  
18 U.S.C. Section 1350,  
As Adopted Pursuant to  
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report of Northeast Bank (the "Bank") on Form 10-Q for the quarterly period ended September 30, 2025 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Richard Wayne, as Chief Executive Officer of the Bank, hereby certify pursuant to 18 U.S.C. 1350, as adopted pursuant to 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Bank for the dates and the periods covered by the Report.

This certification shall not be deemed "filed" for any purpose, nor shall it be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934 regardless of any general incorporation language in such filing.

November 6, 2025

/s/ Richard Wayne  
Richard Wayne  
Chief Executive Officer

**Exhibit 32.2. Certificate of the Chief Financial Officer**

**Certification of the Chief Financial Officer Pursuant to  
18 U.S.C. Section 1350,  
As Adopted Pursuant to  
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report of Northeast Bank (the "Bank") on Form 10-Q for the quarterly period ended September 30, 2025 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Santino Delmolino, as Chief Financial Officer of the Bank, hereby certify pursuant to 18 U.S.C. 1350, as adopted pursuant to 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Bank for the dates and the periods covered by the Report.

This certification shall not be deemed "filed" for any purpose, nor shall it be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934 regardless of any general incorporation language in such filing.

November 6, 2025

/s/ Santino Delmolino  
Santino Delmolino  
Chief Financial Officer