

FY 2019 Q1 Investor Call



Forward-Looking Statement

Statements in this presentation that are not historical facts are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and are intended to be covered by the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Although Northeast believes that these forward-looking statements are based on reasonable estimates and assumptions, they are not guarantees of future performance and are subject to known and unknown risks, uncertainties, and other factors. You should not place undue reliance on our forward-looking statements. You should exercise caution in interpreting and relying on forward-looking statements because they are subject to significant risks, uncertainties and other factors which are, in some cases, beyond the Company's control. The Company's actual results could differ materially from those projected in the forward-looking statements as a result of, among other factors, changes in interest rates and real estate values; competitive pressures from other financial institutions; the effects of weakness in general economic conditions on a national basis or in the local markets in which the Company operates, including changes which adversely affect borrowers' ability to service and repay our loans; changes in loan defaults and charge-off rates; changes in the value of securities and other assets, adequacy of loan loss reserves, or deposit levels necessitating increased borrowing to fund loans and investments; changing government regulation; operational risks including, but not limited to, cybersecurity, fraud and natural disasters; the risk that the Company may not be successful in the implementation of its business strategy; the risk that intangibles recorded in the Company'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 Company's Annual Report on Form 10-K and updated by the Company's Quarterly Reports on Form 10-Q and other filings submitted to the Securities and Exchange Commission. These statements speak only as of the date of this presentation and the Company does not undertake any obligation to update or revise any of these forward-looking statements to reflect events or circumstances occurring after the date of this communication or to reflect the occurrence of unanticipated events.

Q1 FY19 Highlights

	Q1 FY19
Total Loan Volume	\$136.3 million
LASG:	
Purchased Loans	\$34.8 million invested on \$37.1 million of UPB ⁽¹⁾ (93.9% purchase price)
Originated Loans⁽²⁾	\$71.1 million
Weighted Average Rate as of 9/30/18	7.48%
Community Bank:	
Residential Mortgage Originations	\$11.3 million
Commercial Originations	\$147 thousand
SBA:	
Originations⁽³⁾	\$18.9 million
Sales	\$12.3 million
Gain on Sale	\$851 thousand
Net Interest Margin	4.93%
Purchased Loan Return⁽⁴⁾	9.46%
Share Repurchases⁽⁵⁾	None
Earnings	\$4.5 million
EPS (Diluted)	\$0.49
Return on Equity	12.81%
Return on Assets	1.51%

(1) Unpaid principal balance

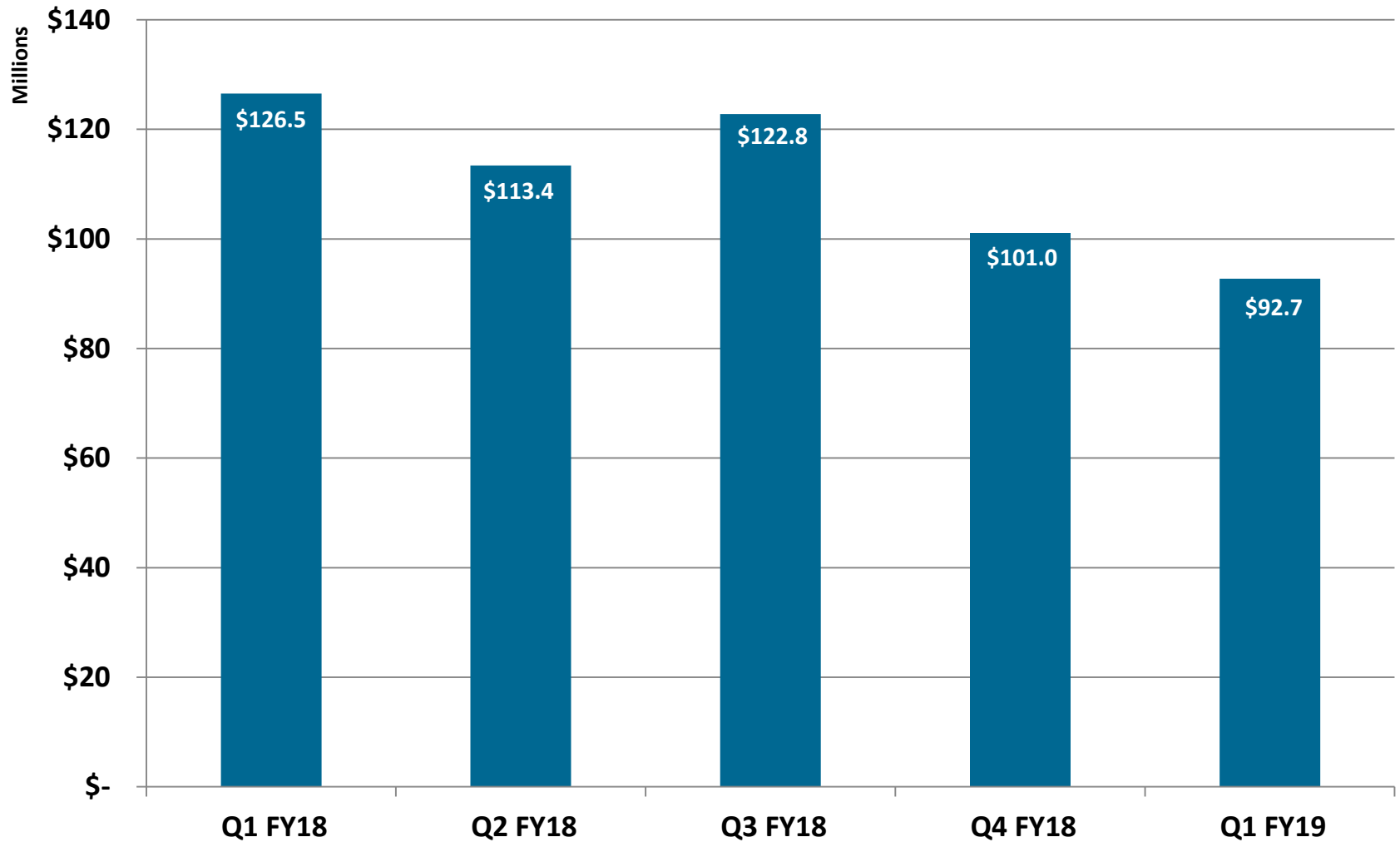
(2) LASG originations during Q1 FY19 were 93% variable rate, of which 85% were Prime rate based

(3) SBA originations during Q1 FY19 included funded loans of \$18.6 million

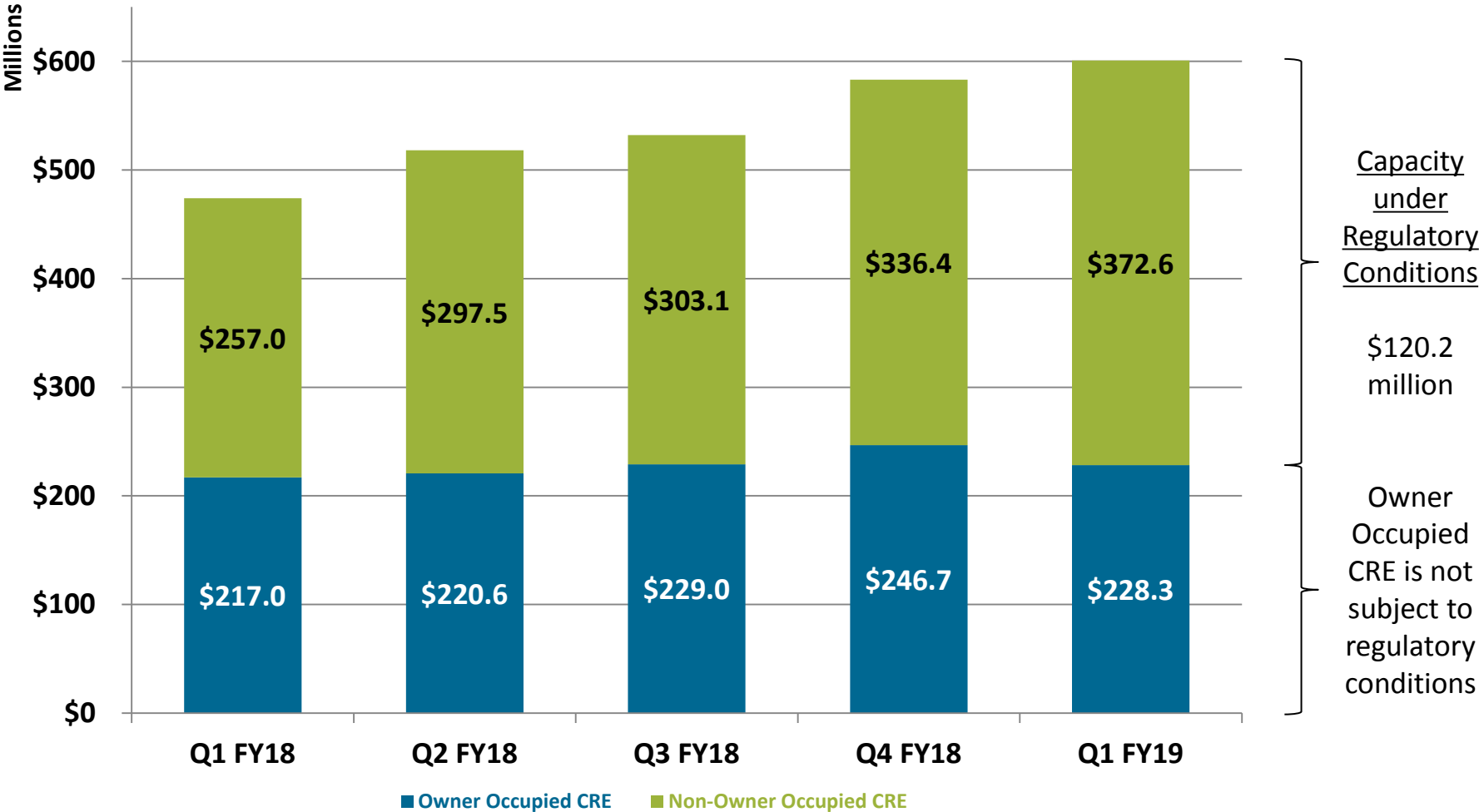
(4) Purchased loan return for Q1 FY19 included \$1.5 million of transactional income

(5) From the inception of the repurchase program, the Company has purchased 1,970,000 shares at a \$10.05 average repurchase price

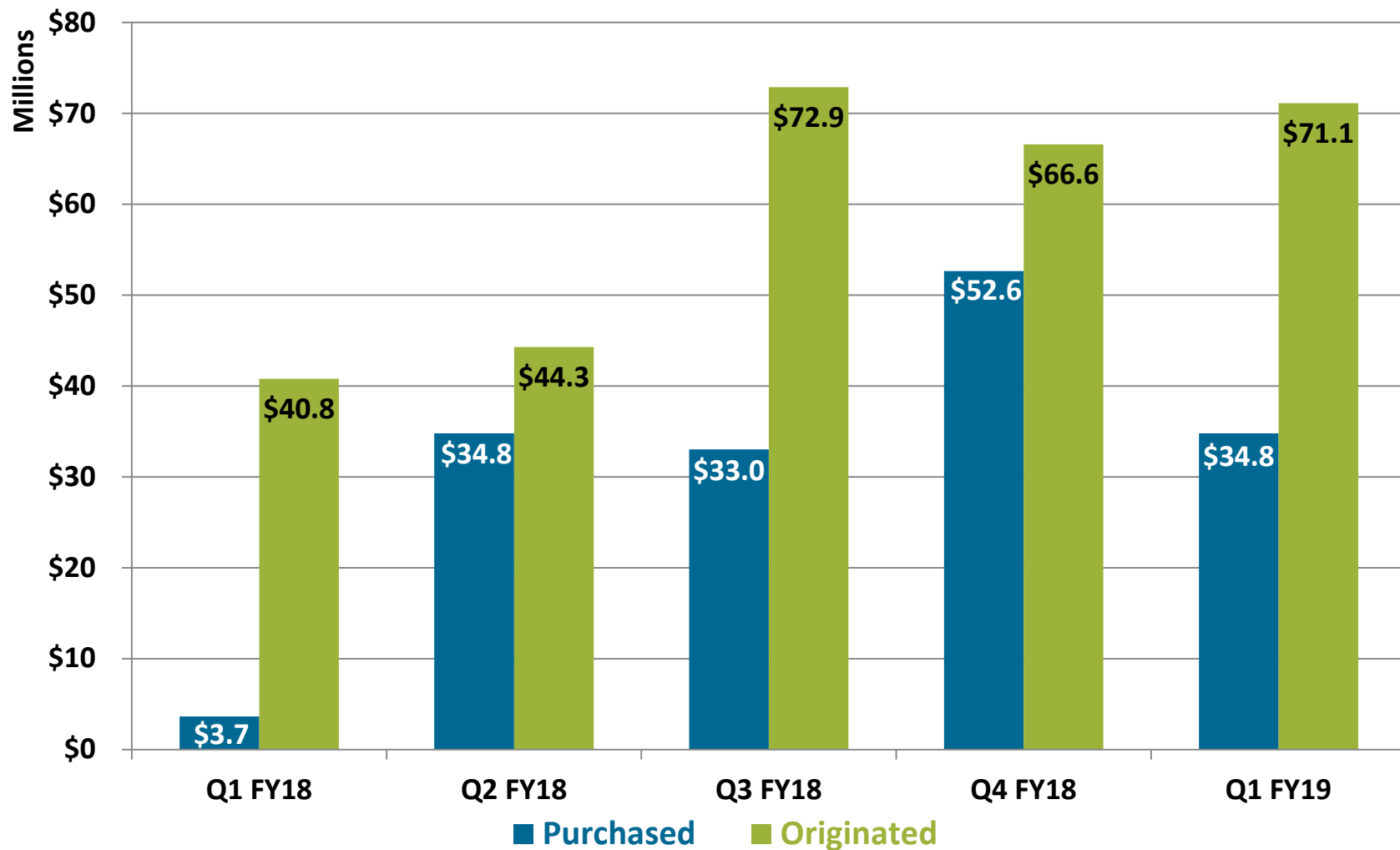
Loan Purchasing Capacity By Trailing 5 Quarters⁽¹⁾



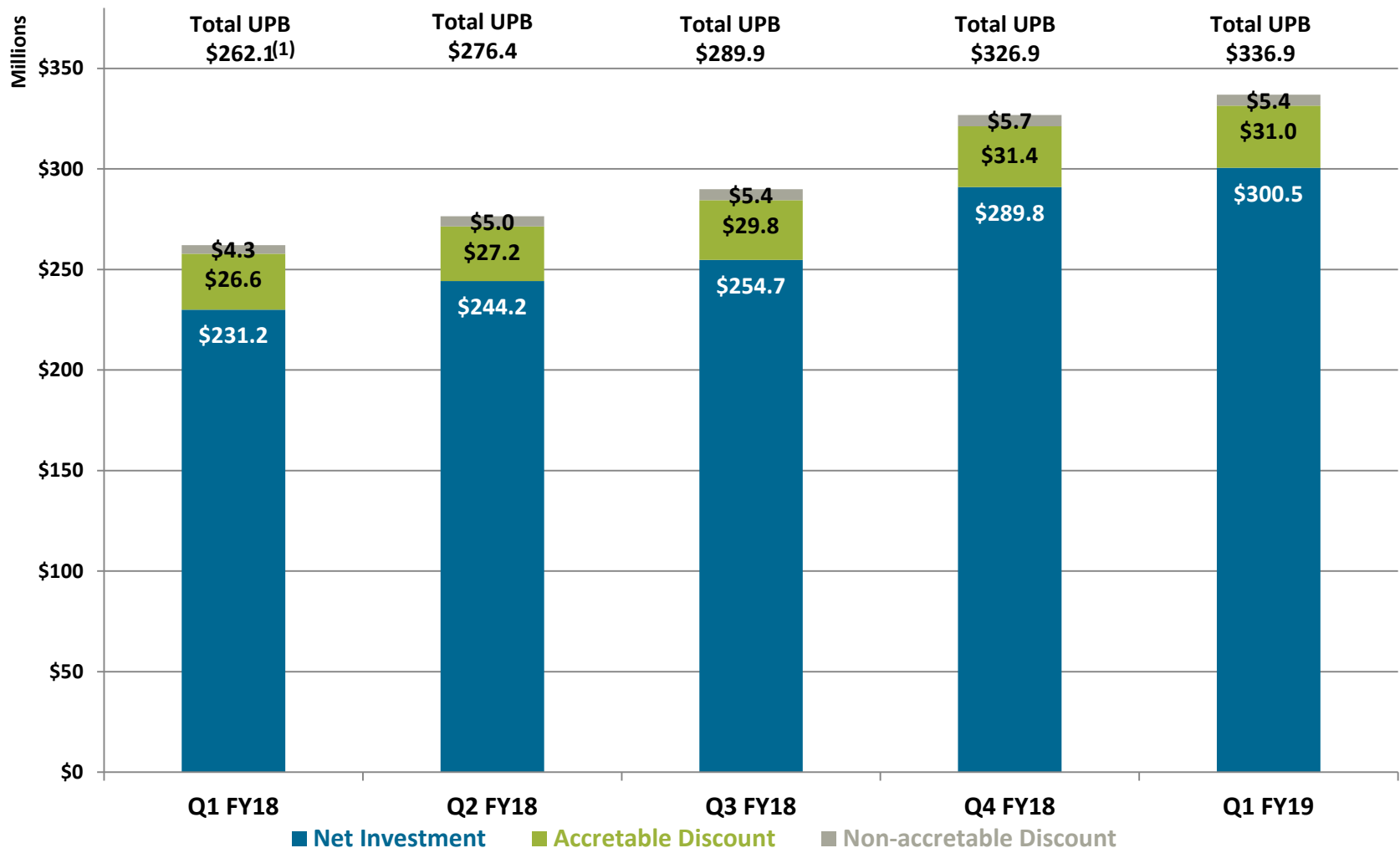
CRE Activity and Capacity By Trailing 5 Quarters



LASG Activity By Trailing 5 Quarters



Purchased Loan Investment Basis and Discount By Trailing 5 Quarters



(1) Q1 FY 18 includes \$1.2 million of the guaranteed portion of SBA loans, which are held for sale

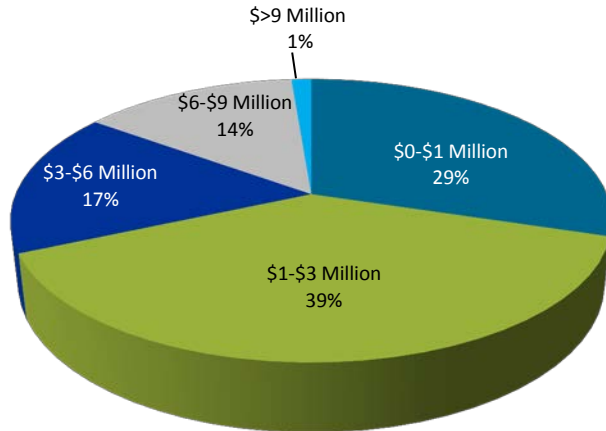
LASG Portfolio – Q1 FY19 Return Summary as of September 30, 2018⁽¹⁾

	<u>Purchased</u>	<u>Originated</u>	<u>Total</u>
Regularly Scheduled Interest & Accretion	7.51%	7.43%	7.47%
Accelerated Accretion & Fees Recognized on Loan Payoffs	1.95%	0.00%	0.84%
Total	9.46%	7.43%	8.31%

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

LASG Loan Portfolio Statistics as of September 30, 2018

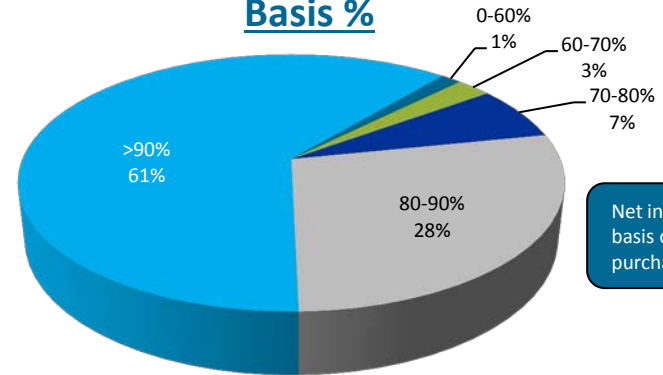
Investment Size



• Average investment size of \$733k/loan

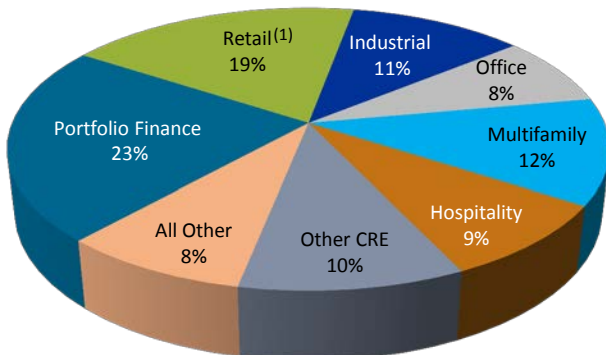
Purchased Loan Net Investment

Basis %



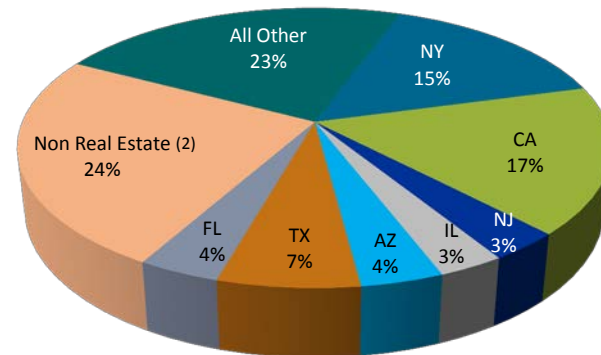
Net investment basis of 89% for purchased loans

Collateral Type



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

Collateral State

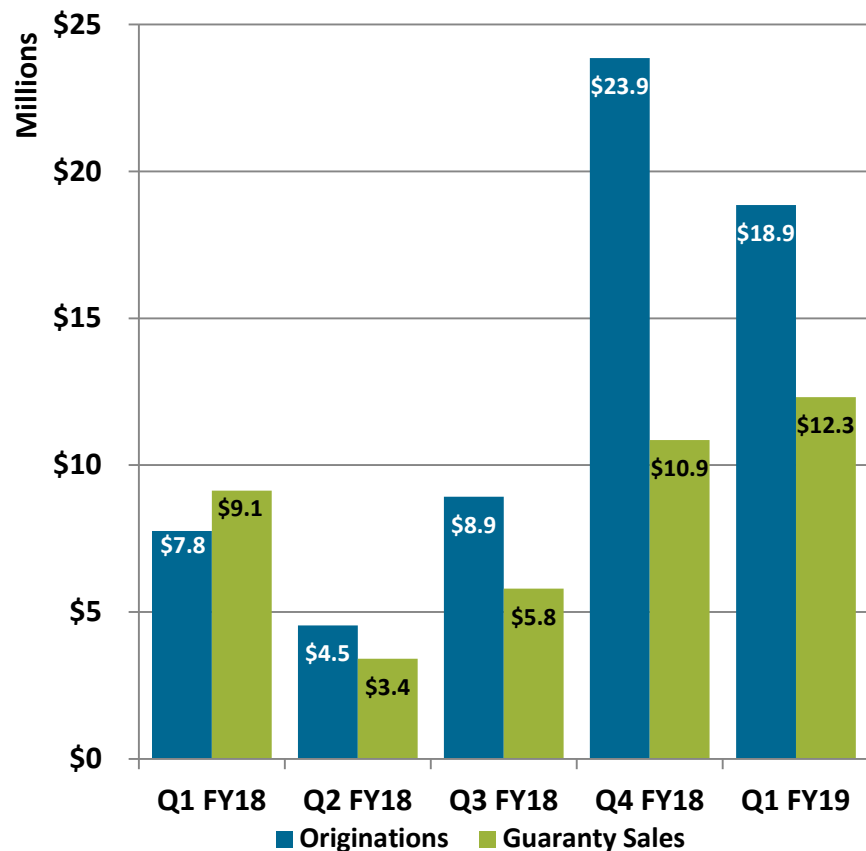


• Geographically diverse with collateral in 42 different states

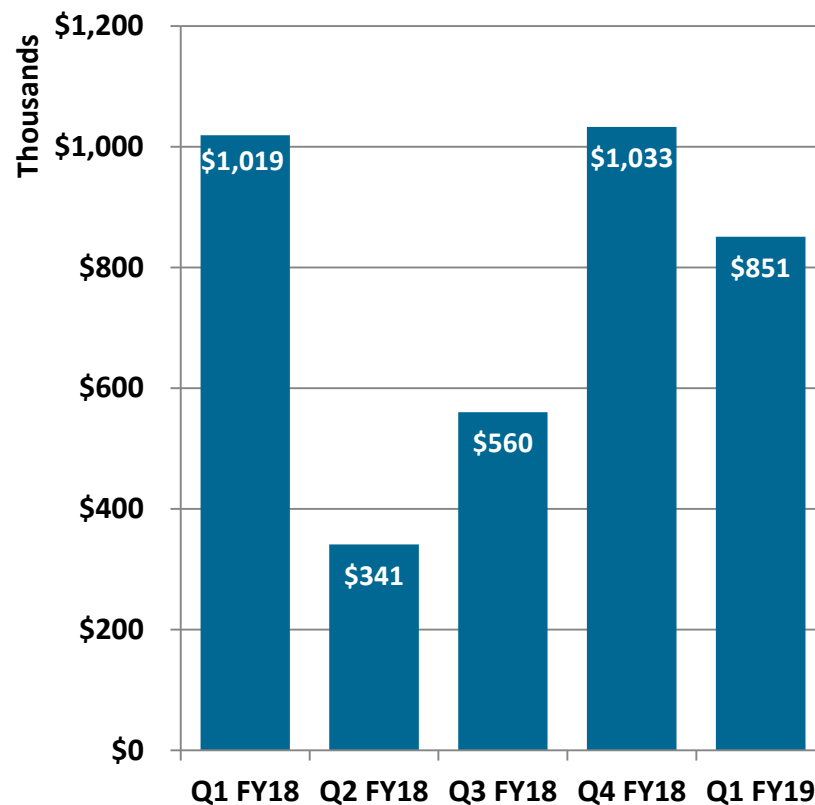
• CA and NY represent combined 32% of portfolio

SBA Division Activity

Originations & Guaranty Sales⁽¹⁾



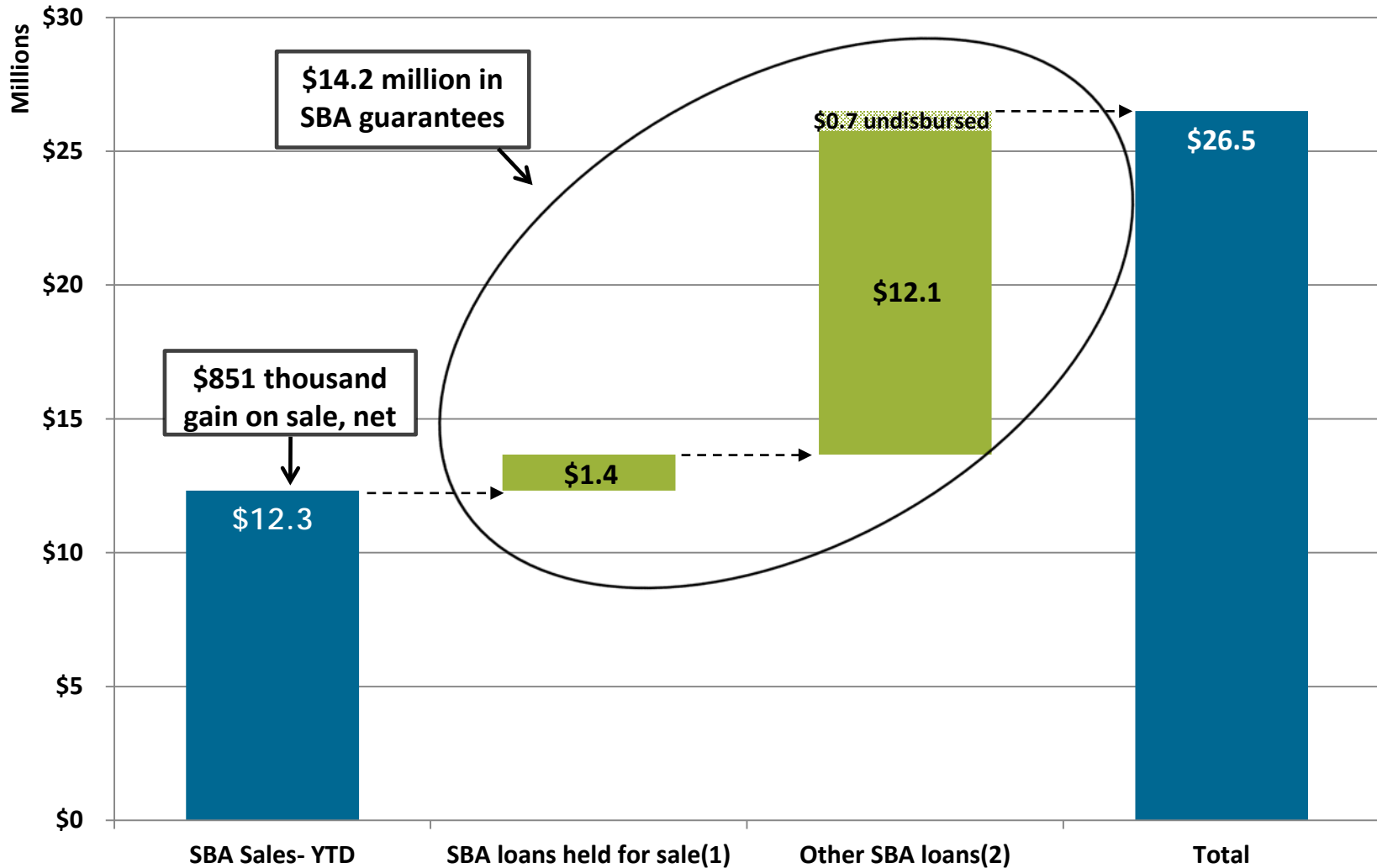
Net Gain on Sale⁽²⁾



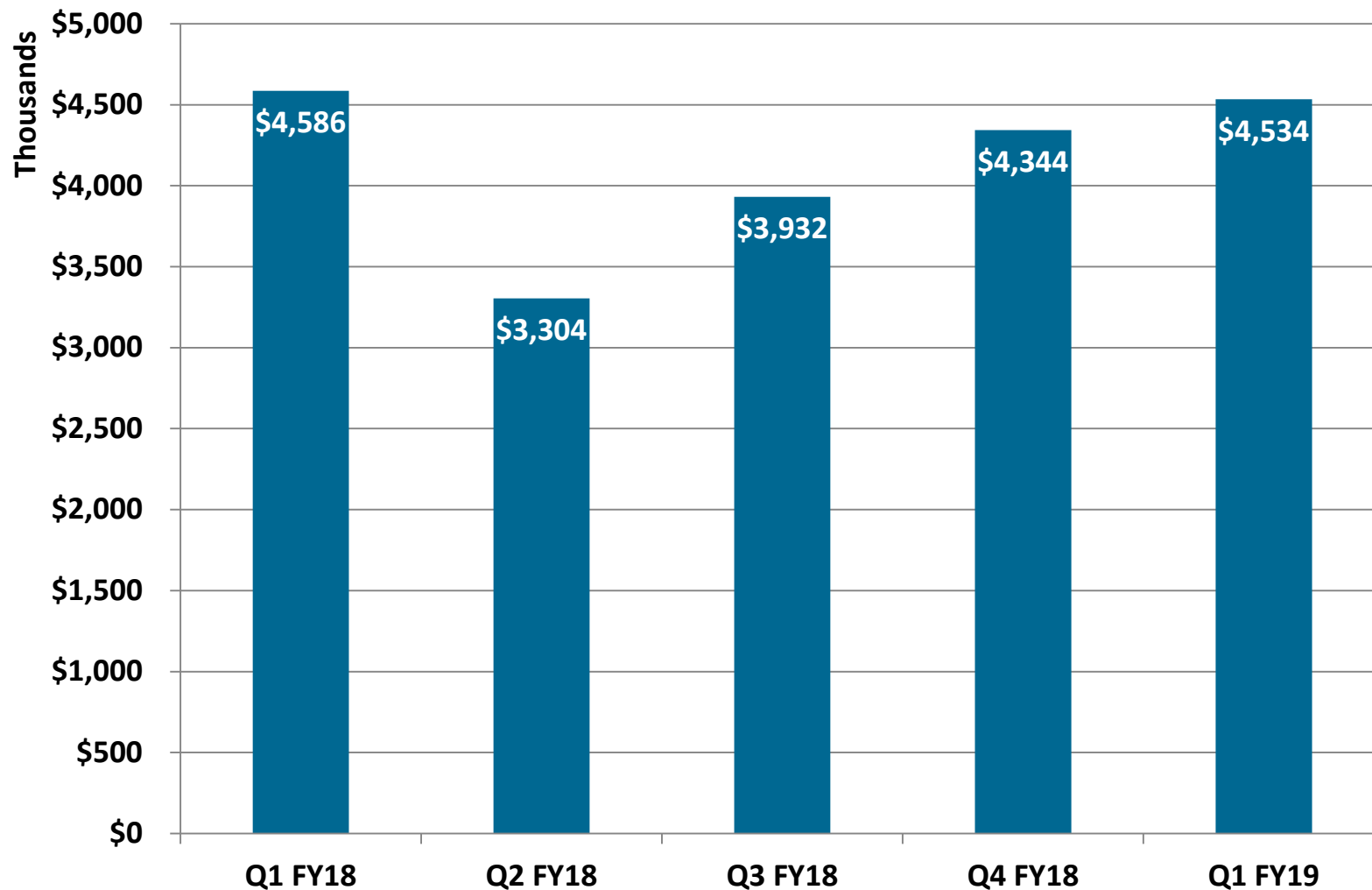
(1) Loan sales include originations and purchases from both current and prior quarters

(2) Servicing asset included in net gain by quarter: Q1 FY18: \$234 thousand; Q2 FY18: \$85 thousand; Q3 FY18: \$140 thousand; Q4 FY18: \$260 thousand; and Q1 FY19: \$299 thousand.

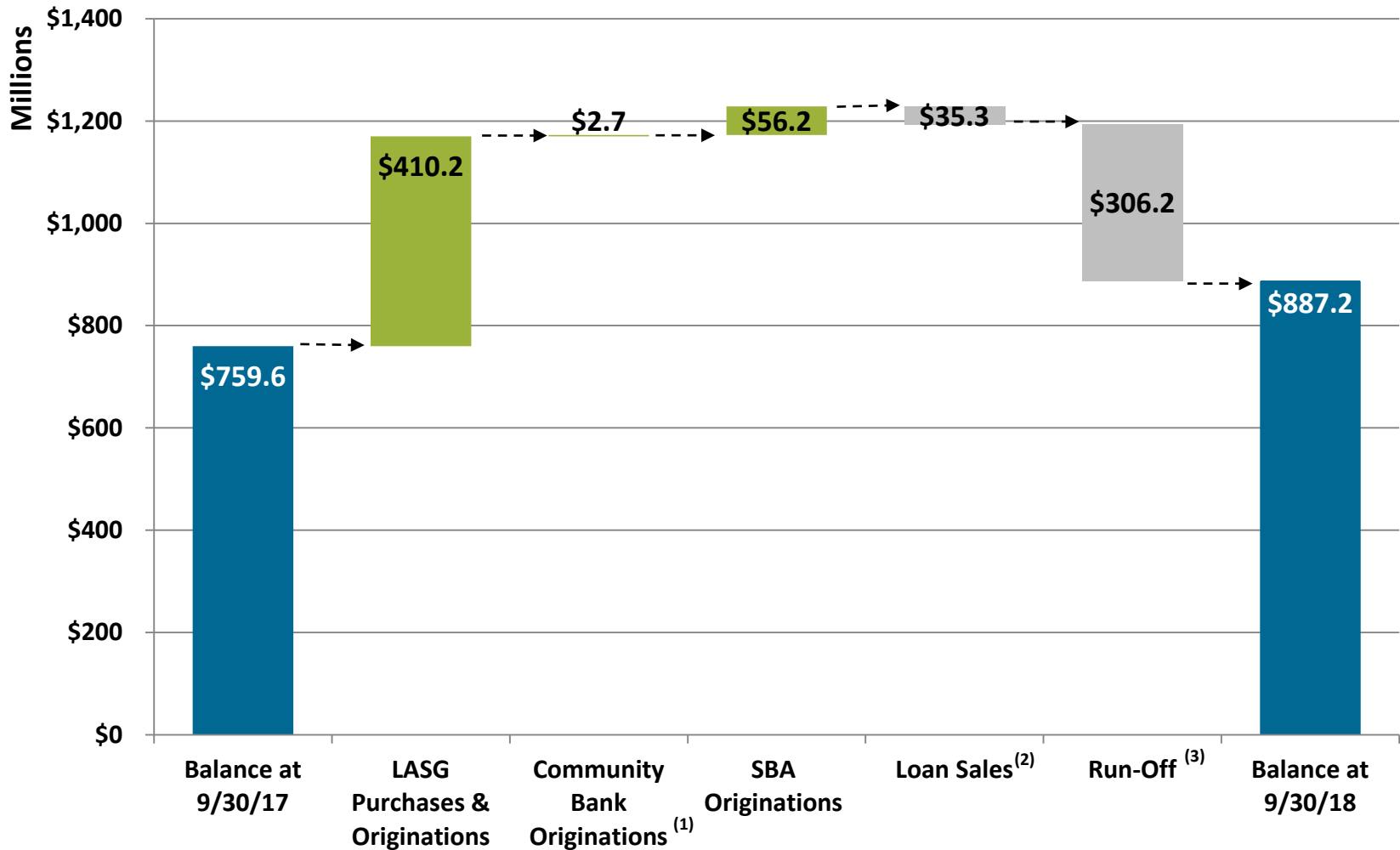
SBA Sale Pipeline



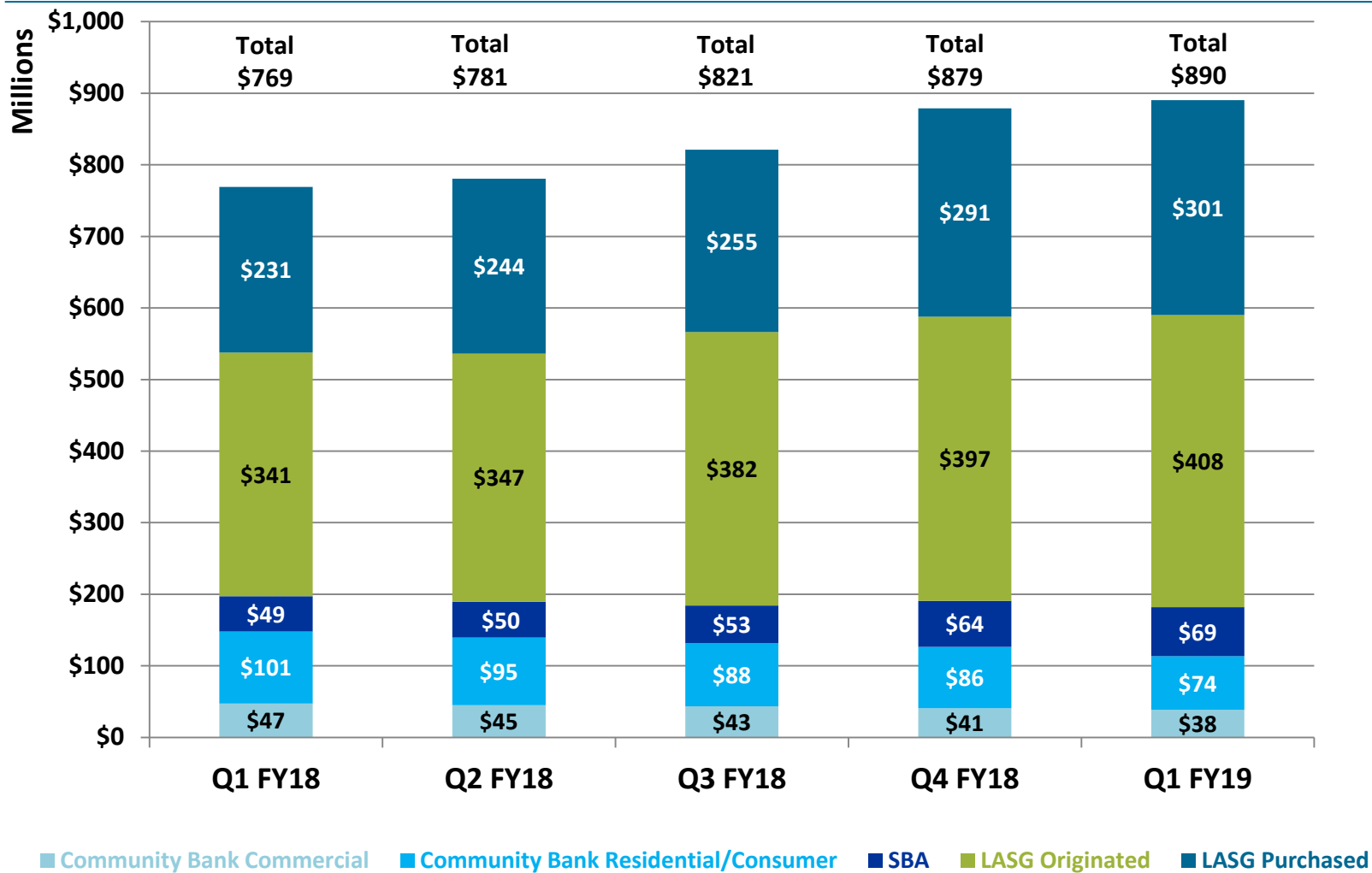
Net Income For Trailing 5 Quarters



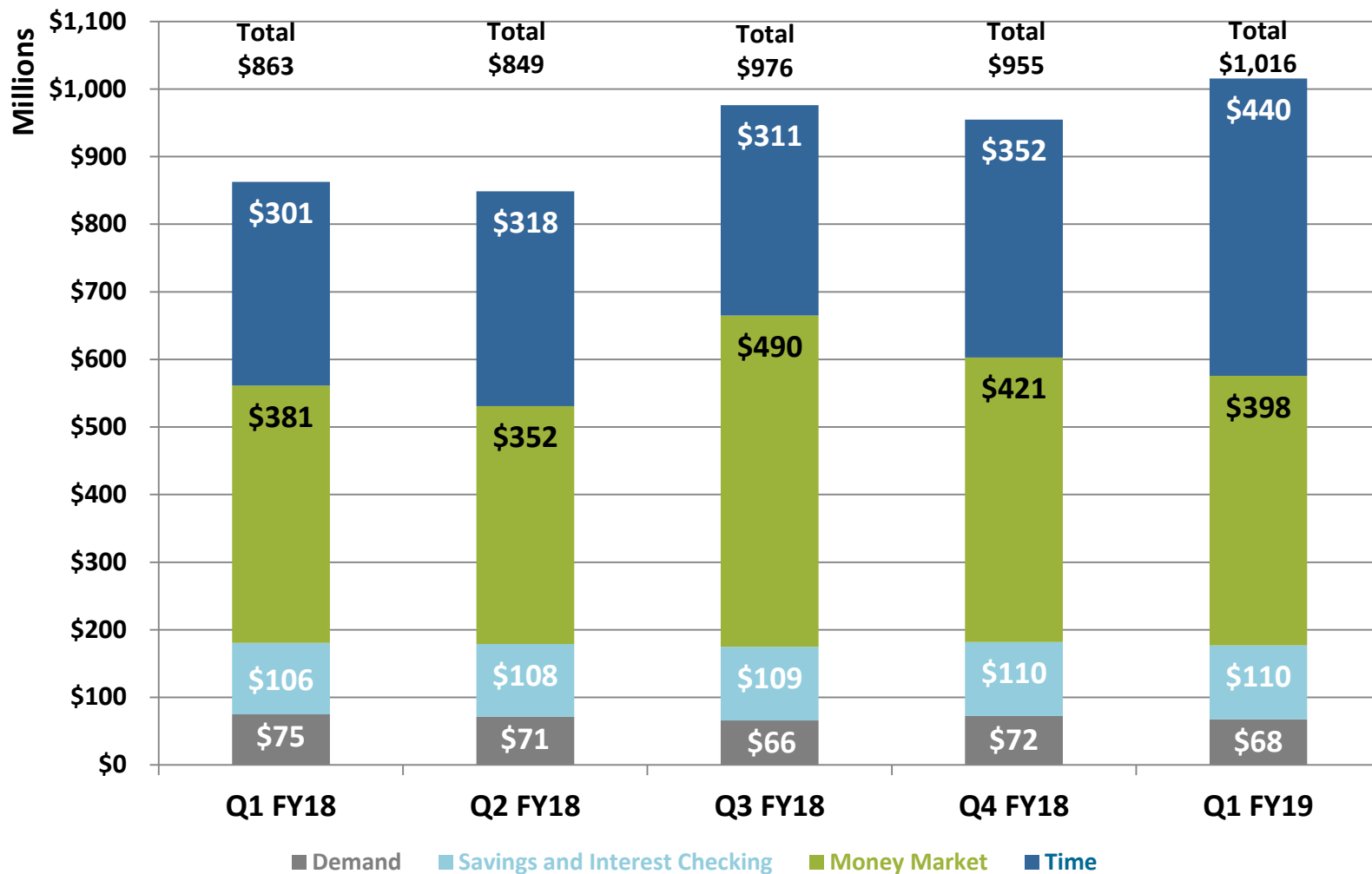
Loan Portfolio Roll Forward: Trailing Twelve Months



Loan Mix As of Trailing 5 Quarter Ends⁽¹⁾

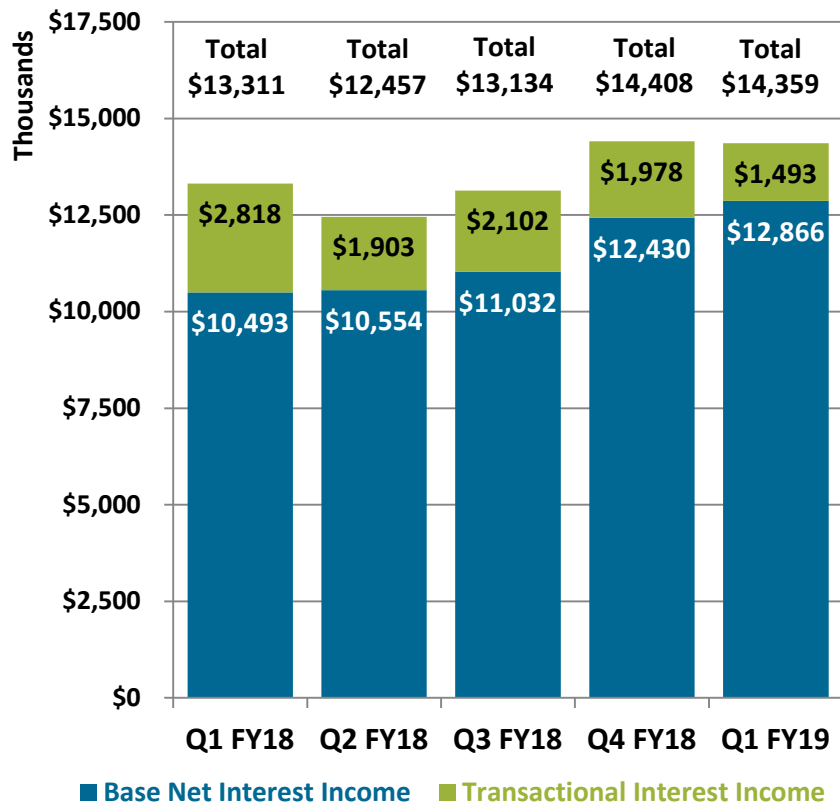


Deposit Mix By Trailing 5 Quarter Ends

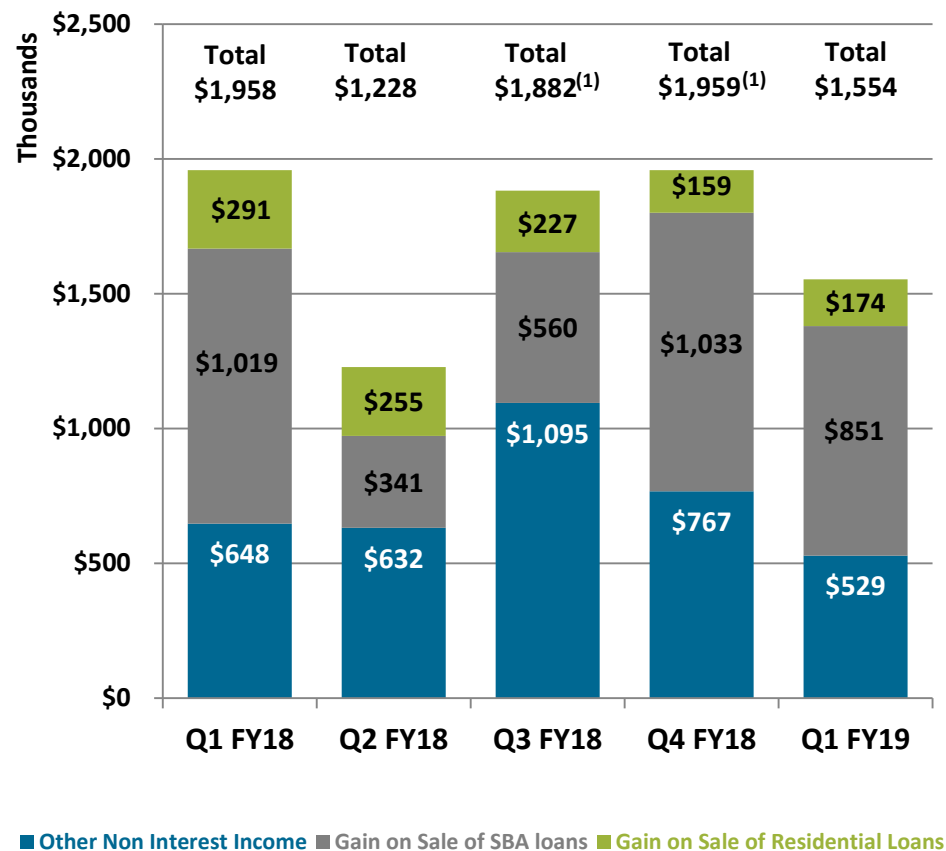


Key Components of Income For Trailing 5 Quarters

Net Interest Income Before Loan Loss Provision

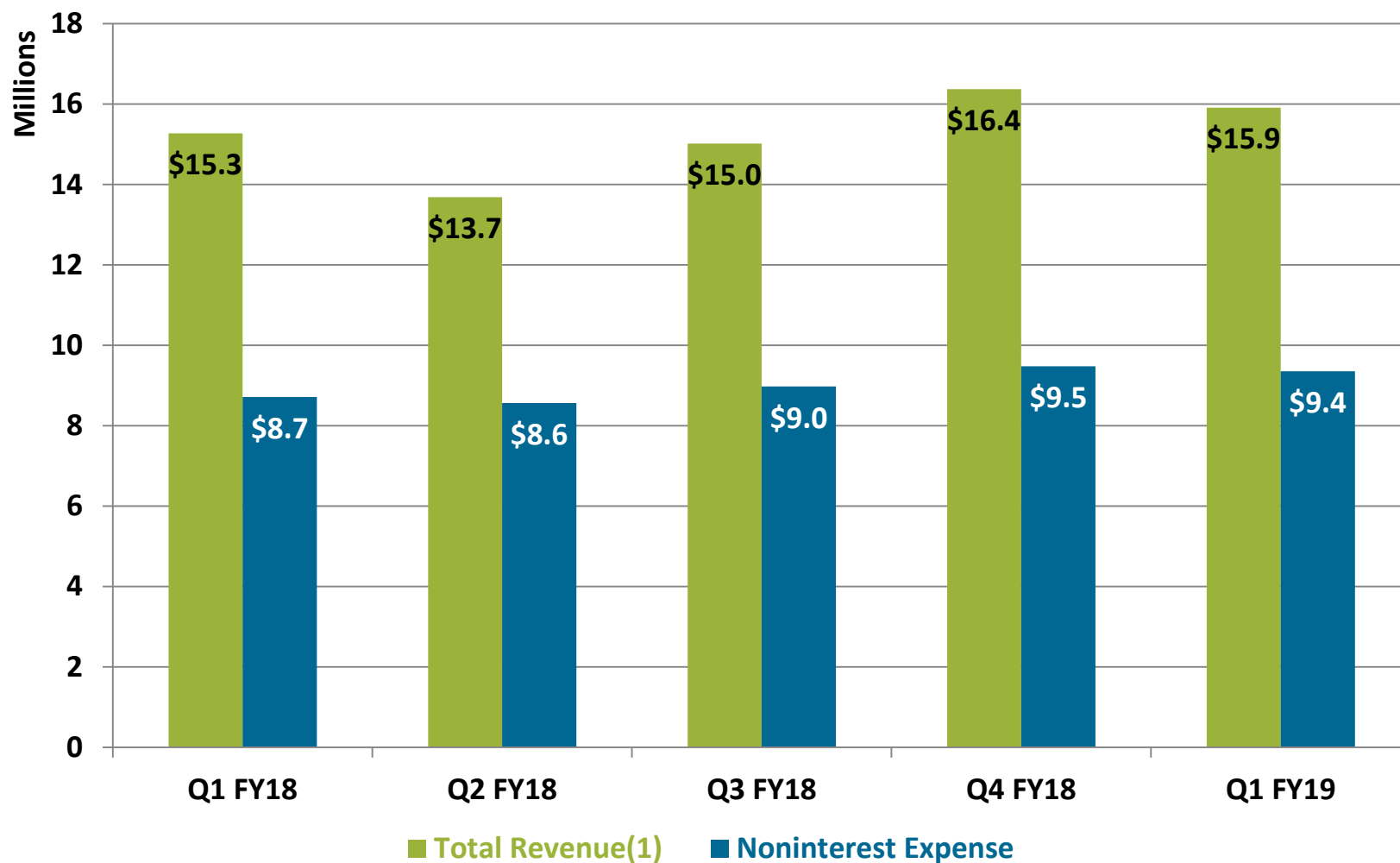


Noninterest Income



(1) Includes \$516 thousand and \$402 thousand gain on sale of two LASG purchased loans in Q3 FY18 and Q4 FY18, respectively.

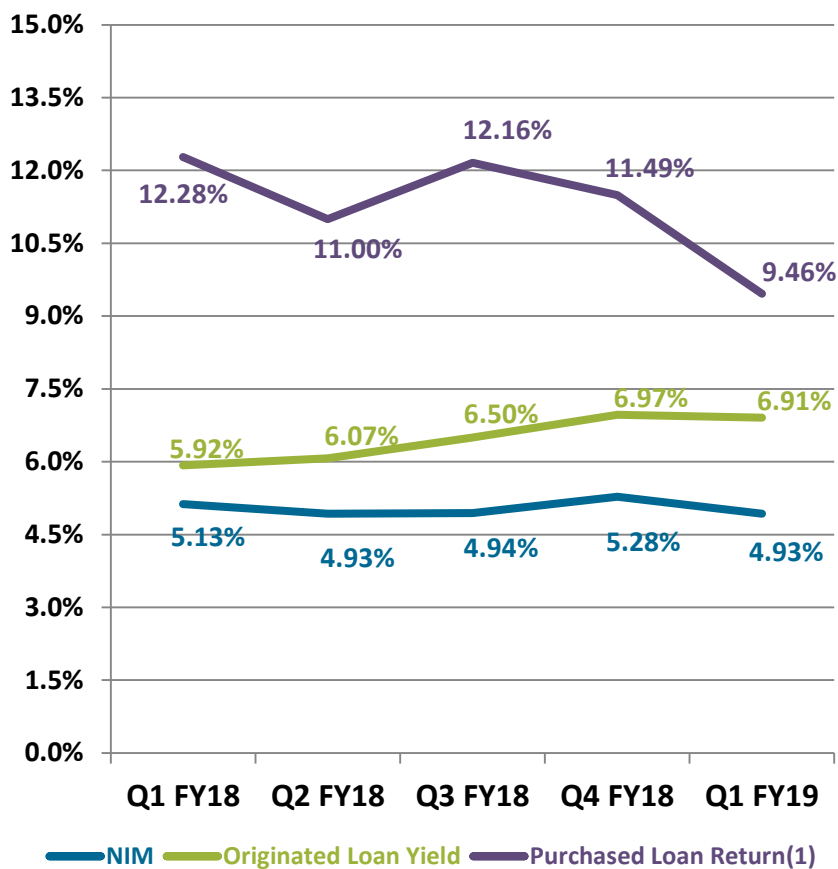
Revenue and Noninterest Expense for Trailing 5 Quarters



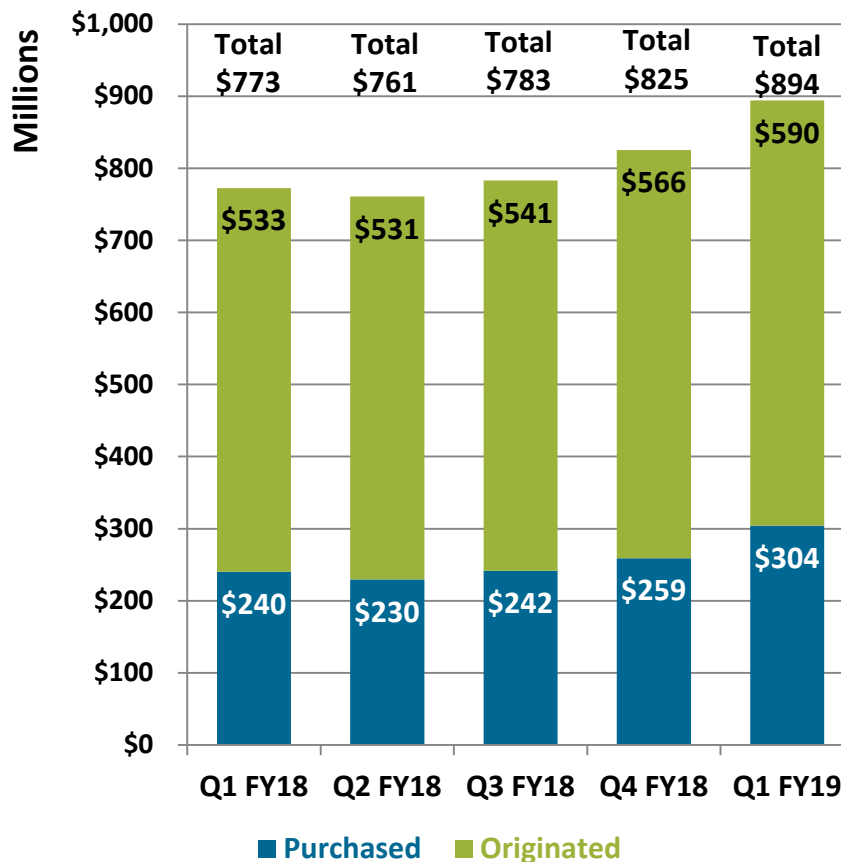
(1) Total Revenue includes net interest income before loan loss provision and noninterest income

Loan Performance & Average Loan Balance For Trailing 5 Quarters

Loan Performance

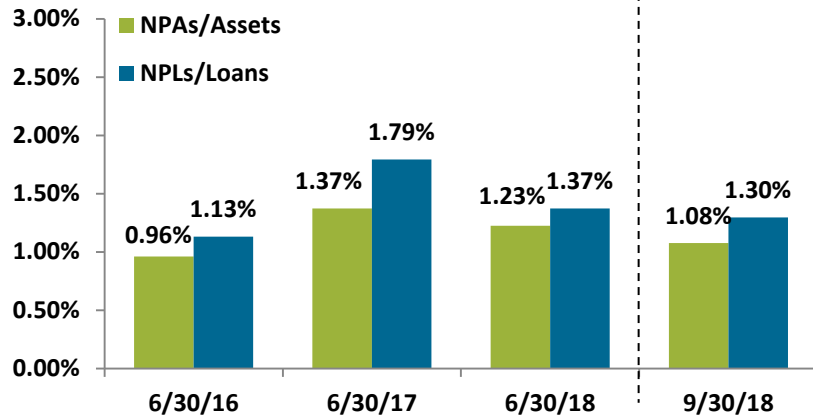


Average Loan Balance For Trailing 5 Quarters⁽²⁾

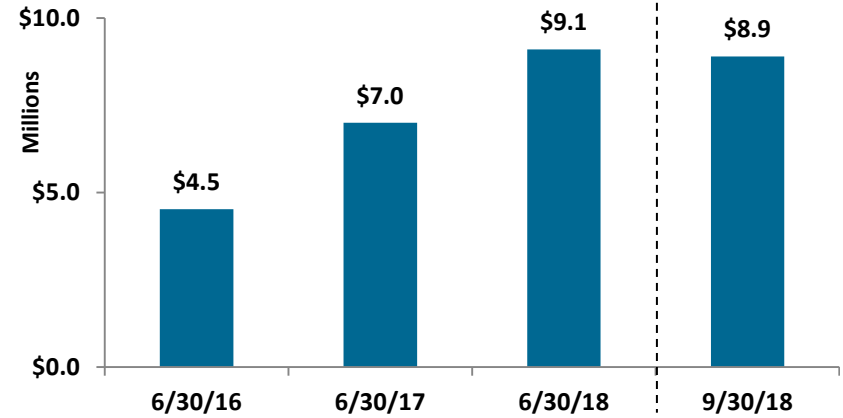


Asset Quality Metrics

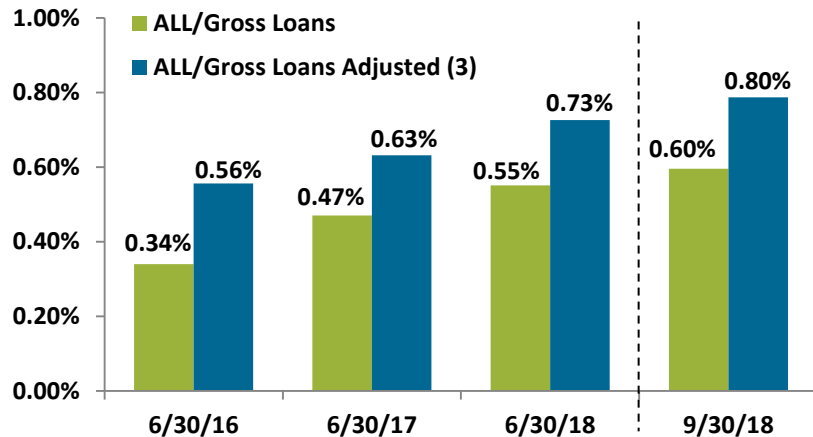
NPAs / Total Assets & NPLs / Total Loans



Classified Commercial Loans⁽¹⁾



Allowance for Loan Losses / Gross Loans



NCOs / Average Loans⁽²⁾

