

# FY23 Q3 Investor Call

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April 25, 2023

# Forward-Looking Statement

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Statements in this presentation that are not historical facts are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and are intended to be covered by the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Although the Bank believes that these forward-looking statements are based on reasonable estimates and assumptions, they are not guarantees of future performance and are subject to known and unknown risks, uncertainties, and other factors. You should not place undue reliance on our forward-looking statements. You should exercise caution in interpreting and relying on forward-looking statements because they are subject to significant risks, uncertainties and other factors which are, in some cases, beyond the Bank's control. The Bank's actual results could differ materially from those projected in the forward-looking statements as a result of, among other factors, changes in general business and economic conditions on a national basis and in the local markets in which the Bank operates, including changes which adversely affect borrowers' ability to service and repay loans; changes in customer behavior due to political, business and economic conditions, including inflation and concerns about liquidity; turbulence in the capital and debt markets; reductions in net interest income resulting from interest rate volatility as well as changes in the balances and mix of loans and deposits; changes in interest rates and real estate values; changes in loan collectability and increases in defaults and charge-off rates; decreases in the value of securities and other assets, adequacy of loan loss reserves, or deposit levels necessitating increased borrowing to fund loans and investments; changing government regulation; competitive pressures from other financial institutions; changes in legislation or regulation and accounting principles, policies and guidelines; cybersecurity incidents, fraud, natural disasters, and future pandemics; the risk that the Bank may not be successful in the implementation of its business strategy; the risk that intangibles recorded in the Bank's financial statements will become impaired; changes in assumptions used in making such forward-looking statements; and the other risks and uncertainties detailed in the Bank's Annual Report on Form 10-K and updated by our Quarterly Reports on Form 10-Q and other filings submitted to the FDIC. These statements speak only as of the date of this release and the Bank does not undertake any obligation to update or revise any of these forward-looking statements to reflect events or circumstances occurring after the date of this communication or to reflect the occurrence of unanticipated events.

# Financial Highlights

	Q3 FY23	YTD FY23
Total Loan Volume	\$144.5 million	\$1.58 billion
National Lending:		
Purchased Loans	\$21.5 million invested on \$23.7 million of UPB <sup>(1)</sup> (90.6% purchase price)	\$1.10 billion invested on \$1.26 billion of UPB <sup>(1)</sup> (86.9% purchase price)
Originated Loans <sup>(2)</sup>	\$117.1 million	\$472.9 million
Weighted Average Rate as of 3/31/2023 <sup>(3)</sup>	8.58%	9.02%
Net Interest Margin	4.75%	5.39%
Purchased Loan Return <sup>(4)</sup>	7.62%	7.83%
Net Proceeds from Share Issuances <sup>(5)</sup>	160,106 at \$42.78	193,611 at \$41.29
Net Income	\$12.5 million	\$32.1 million
EPS (Diluted)	\$1.69	\$4.35
Return on Equity	18.53%	16.41%
Return on Assets	1.80%	1.96%
Tangible Book Value per Share	\$37.02	\$37.02

(1) Unpaid principal balance.

(2) National Lending originations during Q3 were 91% variable rate, of which 38% were Prime-rate based. National Lending originations for YTD FY23 were 98% variable rate, of which 68% were Prime-rate based.

(3) Q3 and YTD FY23 National Lending originations had a weighted average floor rate of 6.76% and 6.88%, respectively.

(4) Purchased loan return for Q3 and YTD FY23 included \$3.2 million and \$8.0 million of transactional income, respectively.

(5) During Q2 FY23, the Bank approved an At-the-Market Offering for up to \$50.0 million of voting common stock.

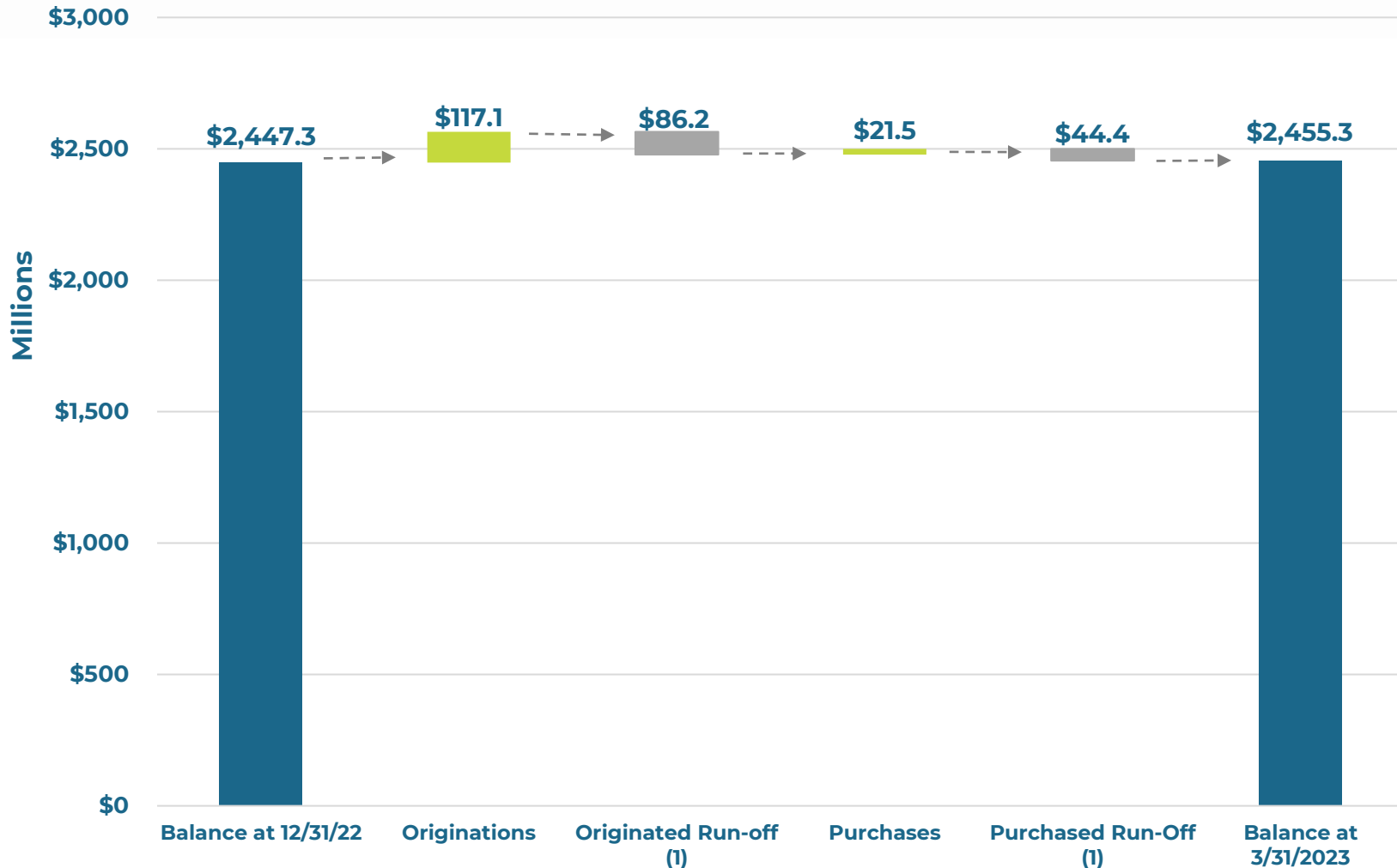
# Loan Portfolio Summary

Loan Portfolio	# of Loans	Total Balance	Average Balance	WA LTV
<i>Dollars in thousands</i>				
<b>National Lending Division</b>				
Purchased Loans (1)	3,606	\$1,460,598	\$405	45%(3)
Direct Originated Loans	121	537,127	4,439	51%(4)
Lender Finance Loans	101	457,053	4,525	48%(4)
<b>SBA and USDA Loans (2)</b>	297	26,250	88	77%
<b>Community Banking Division:</b>				
Commercial Loans	143	10,245	72	43%
Residential and Consumer Loans	388	18,501	48	46%
<b>Total</b>	<b>4,656</b>	<b>\$2,509,773</b>	<b>\$539</b>	<b>47%</b>

- (1) Total balance of \$1.46 billion is equal to unpaid principal balance of \$1.65 billion, net of \$189.5 million purchased loan discount.
- (2) Total loan balance of \$26.3 million is comprised of \$6.7 million of the guaranteed portion and \$19.6 million of the unguaranteed portion of loans.
- (3) Reflects the Bank's basis against the appraised value at origination.
- (4) LTV is calculated as the Bank's loan amount to the value of the underlying commercial real estate collateral at the time of origination.

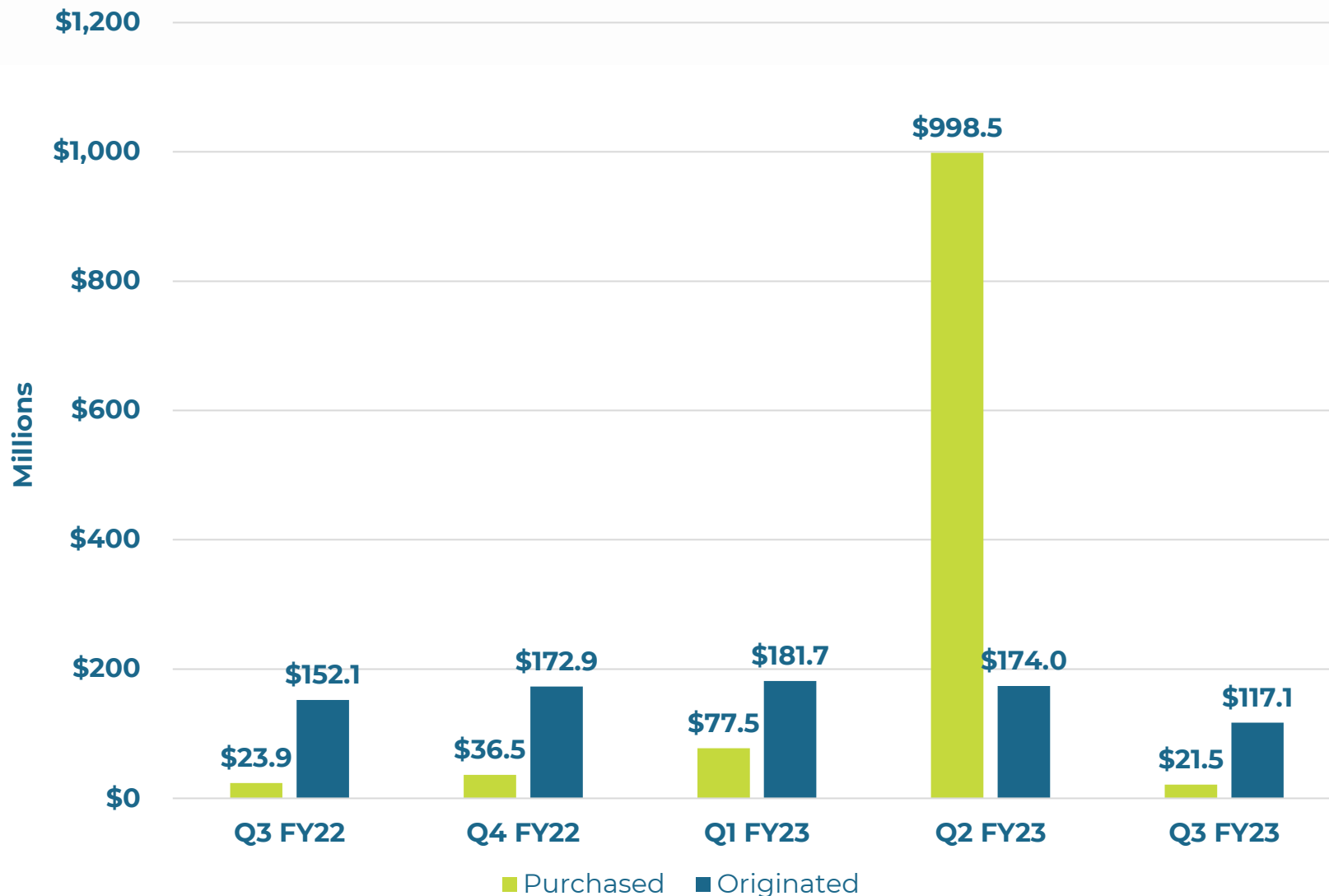
All data as of March 31, 2023, unless otherwise noted. Loan balances exclude net deferred fees and costs.

# National Lending Portfolio Roll Forward: Trailing Three Months



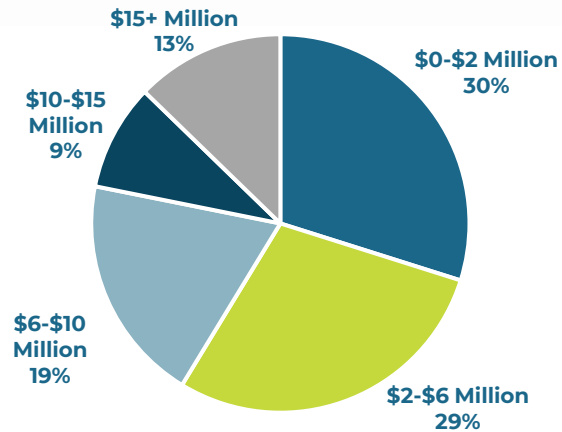
(1) Run-off includes scheduled amortization, principal pay downs and payoffs.

# National Lending Activity By Trailing 5 Quarters

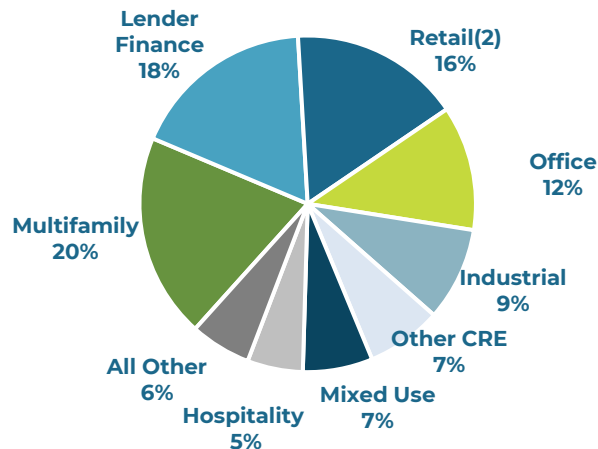


# National Lending Loan Portfolio Statistics as of March 31, 2023

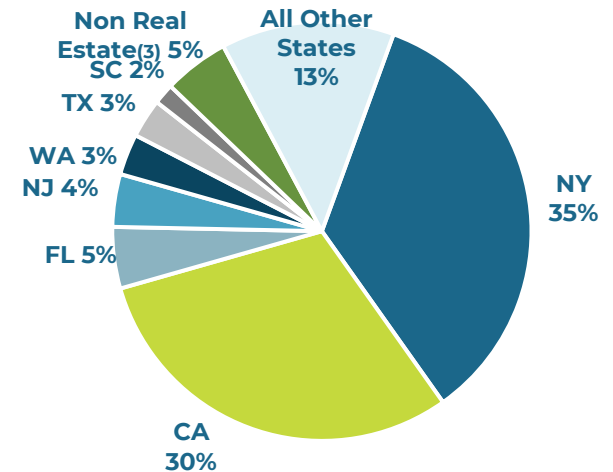
## Investment Size<sup>(1)</sup>



## Collateral Type



## Collateral State (44 States)



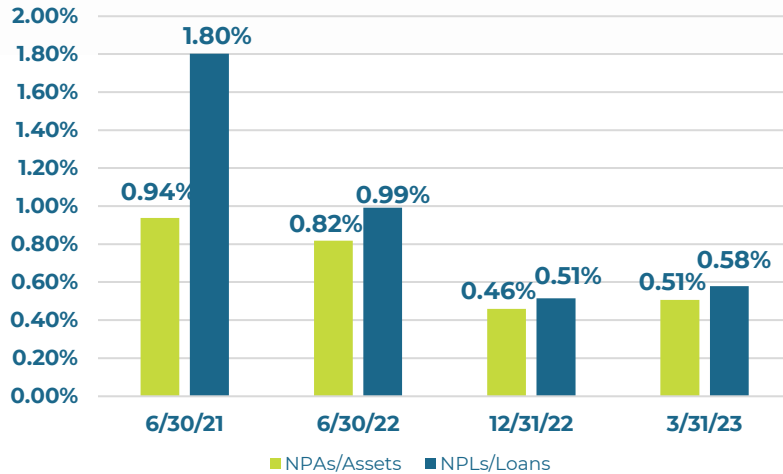
(1) Average investment size of \$641 thousand/loan; originated average: \$4.5 million/loan and purchased average: \$405 thousand/loan

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

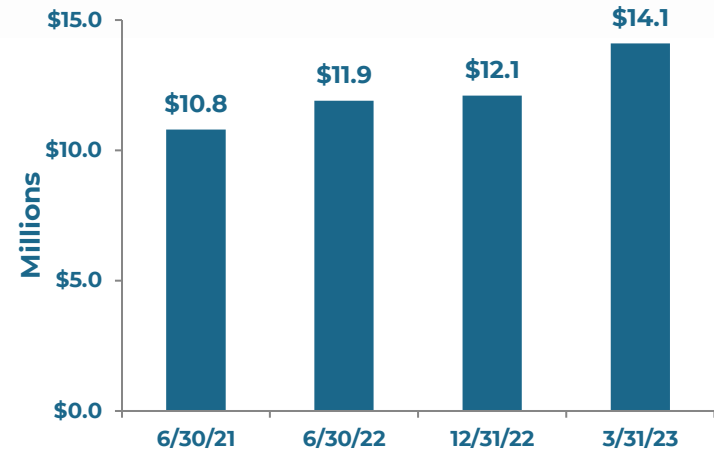
(3) 48% of the 5% Non-Real Estate total represents Lender Finance loans consisting of various collateral types in various locations.

# Asset Quality Metrics

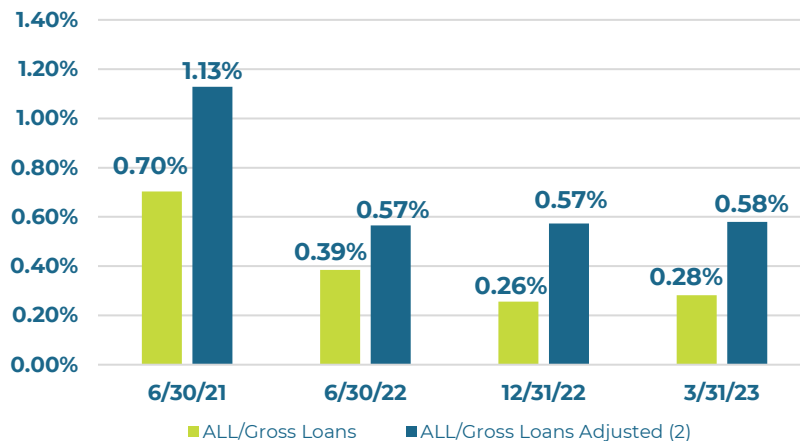
## NPAs & NPLs



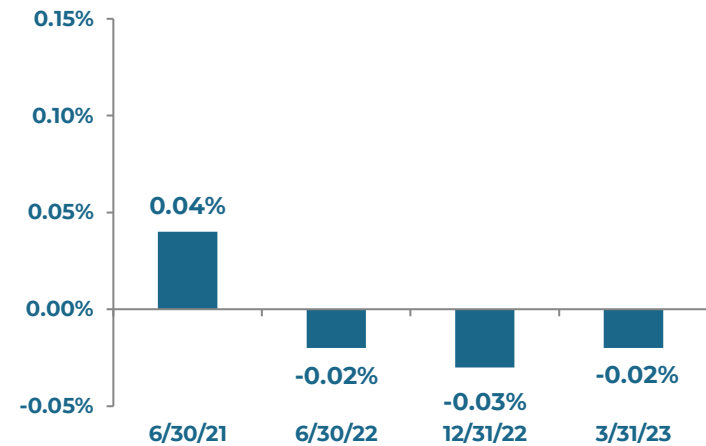
## Classified Commercial Loans<sup>(1)</sup>



## Allowance for Loan Losses / Gross Loans



## NCOs / Average Loans<sup>(3)</sup>



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

(2) Represents allowance on originated loans divided by total originated loans.

(3) For periods ending 6/30, calculated as trailing twelve months of net charge-offs divided by average loans for the same period; for all other periods, calculated as current quarter's net charge-offs (annualized) divided by average loans for the same period.



# Nonperforming Assets Turnover – Quarter ended March 31, 2023

	Nonperforming Loans	REO	Total	FMV of Collateral <sup>(1)</sup>	Notes
<i>(Dollars in Thousands)</i>					
<b>December 31, 2022 Balance:</b>	<b>\$12,899</b>	<b>\$0</b>	<b>\$12,899</b>		
<b>NPL Additions:</b>					
#1	754	-	754	897	Mobile home park in WA
#2	544	-	544	1,200	Industrial building in CA
Other Loans - Various	2,080	-	2,080		71 loans (totaling \$2.1 million) placed on nonaccrual
<b>Total Additions:</b>	<b>3,378</b>	<b>-</b>	<b>3,378</b>		
<b>NPL Resolutions:</b>					
#1	(995)	-	(995)		Former synagogue in NY paid off
Other Loans - Various	(760)	-	(760)		10 loans (totaling \$233 thousand) returned to accrual or paid off; \$527 thousand in net paydowns
<b>Total Resolutions:</b>	<b>(1,755)</b>	<b>-</b>	<b>(1,755)</b>		
<b>March 31, 2023 Balance:</b>	<b>\$14,522</b>	<b>\$0</b>	<b>\$14,522</b>		

(1) Fair Market Value reflects the projected net proceeds from liquidation of collateral

# Allowance Allocation

Loan Segment	Total Loan Balances at March 31, 2023	Total Reserves at March 31, 2022	ALL / Total Loans at March 31, 2022	Total Reserves at December 31, 2022	ALL / Total Loans at December 31, 2022	Total Reserves at March 31, 2022	ALL / Total Loans at March 31, 2022
<i>Dollars in thousands</i>							
<b>National Lending Purchased</b>	<b>\$1,460,598</b>	<b>\$1,009</b>	<b>0.07%</b>	<b>\$557</b>	<b>0.04%</b>	<b>\$353</b>	<b>0.07%</b>
Originated Loans:							
C&I (Lender Finance primarily)	471,328	1,968	0.42%	1,735	0.38%	1,578	0.47%
Commercial Real Estate	479,299	3,506	0.73%	3,330	0.72%	2,307	0.69%
SBA and USDA:							
- Guaranteed	6,722	-	0.00%	-	0.00%	-	0.00%
- Unguaranteed	18,815	315	1.67%	479	2.32%	1,355	4.83%
1-4 Family Residential	72,470	285	0.39%	302	0.39%	213	0.44%
Consumer	563	9	1.60%	8	1.31%	10	1.27%
<b>Total Originated Loans</b>	<b>1,049,197</b>	<b>6,083</b>	<b>0.58%</b>	<b>5,854</b>	<b>0.57%</b>	<b>5,463</b>	<b>0.73%</b>
<b>Total Loans</b>	<b>\$2,509,795</b>	<b>\$7,092</b>	<b>0.28%</b>	<b>\$6,411</b>	<b>0.26%</b>	<b>\$5,816</b>	<b>0.47%</b>

(1) Under purchased loan accounting, only further declines in expected cash flows subsequent to the acquisition of a loan are recognized through a specific reserve in the allowance for loan losses.

Loan balances are net of deferred fees and costs.

# National Lending Portfolio by Collateral Type

Collateral Type	Direct Originated		Lender Finance		Purchased		Total National Lending		
	<i>Dollars in thousands</i>	<i>Balance</i>	<i>WA LTV (1)</i>	<i>Balance</i>	<i>WA LTV (1)</i>	<i>Balance</i>	<i>WA LTV (2)</i>	<i>Balance</i>	<i>WA LTV</i>
<b>1-4 Family</b>		\$28,159	36%	\$38,210	39%	\$6,745	30%	\$73,113	37%
<b>Hospitality</b>		96,334	50%	39,600	52%	35,575	48%	171,509	50%
<b>Industrial</b>		38,769	57%	46,317	45%	201,457	40%	286,543	43%
<b>Land and Construction</b>		11,749	61%	28,338	42%	6,880	44%	46,966	47%
<b>Mixed Use</b>		39,000	59%	112,519	54%	126,031	61%	277,550	58%
<b>Multi Family</b>		63,402	56%	83,029	44%	532,125	46%	678,556	47%
<b>Office</b>		125,634	49%	24,665	51%	174,418	45%	324,717	47%
<b>Retail</b>		123,810	53%	29,715	49%	354,074	38%	507,598	43%
<b>Small Balance Commercial</b>		10,270	25%	54,661	51%	23,294	78%	88,225	55%
<b>Total</b>		<b>\$537,127</b>	<b>51%</b>	<b>\$457,053</b>	<b>48%</b>	<b>\$1,460,598</b>	<b>45%</b>	<b>\$2,454,778</b>	<b>47%</b>

(1) LTV is calculated as the Bank's loan amount to the value of the underlying commercial real estate collateral at the time of origination.

(2) Reflects the Bank's basis against the appraised value at origination.

# National Lending Portfolio — Weighted Average LTV By Bucket

## WA LTV

National Lending Portfolio	<40%	40-49%	50-59%	60-69%	70-79%	>=80%	Total
<i>Dollars in thousands</i>							
<b>Direct Originated Loans (1)</b>	111,794	120,722	146,153	77,101	66,332	15,025	537,127
<b>Lender Finance Loans (1)</b>	136,459	115,800	125,716	38,287	40,792	-	457,053
<b>Purchased Loans (2)</b>	\$624,784	\$256,038	\$175,867	\$188,378	\$177,561	\$37,969	\$1,460,598
<b>Total</b>	<b>\$873,037</b>	<b>\$492,560</b>	<b>\$447,736</b>	<b>\$303,766</b>	<b>\$284,684</b>	<b>\$52,995</b>	<b>\$2,454,778</b>
<b>% of Total</b>	<b>36%</b>	<b>20%</b>	<b>18%</b>	<b>12%</b>	<b>12%</b>	<b>2%</b>	<b>100%</b>

(1) LTV is calculated as the Bank's loan amount to the value of the underlying commercial real estate collateral at the time of origination.

(2) Reflects the Bank's basis against the appraised value at origination.

# National Lending Purchased Portfolio — Further Analysis

## National Lending Purchased Portfolio

## Origination Year

<i>Dollars in thousands</i>	<b>Pre-2013</b>	<b>2013-2018</b>	<b>2019 and later</b>	<b>Total</b>
<b>Current Basis</b>	\$274,077	\$742,513	\$444,008	<b>\$1,460,598</b>
<b># of Loans</b>	897	2165	545	<b>3,607</b>
<b>% of Portfolio</b>	19%	51%	30%	<b>100%</b>
<b>Original Principal Balance</b>	\$635,692	\$1,223,137	\$607,974	<b>\$2,466,803</b>
<b>Current Principal Balance</b>	299,061	822,762	528,249	<b>1,650,072</b>
<b>% Principal Paid Down Since Origination</b>	53%	33%	13%	<b>33%</b>
<b>Current Basis / Original Principal</b>	43%	61%	73%	<b>59%</b>

All data as of March 31, 2023, unless otherwise noted. Loan balances exclude net deferred fees and costs.

# National Lending Originated Portfolio — Interest Reserve Analysis

## Lender Finance

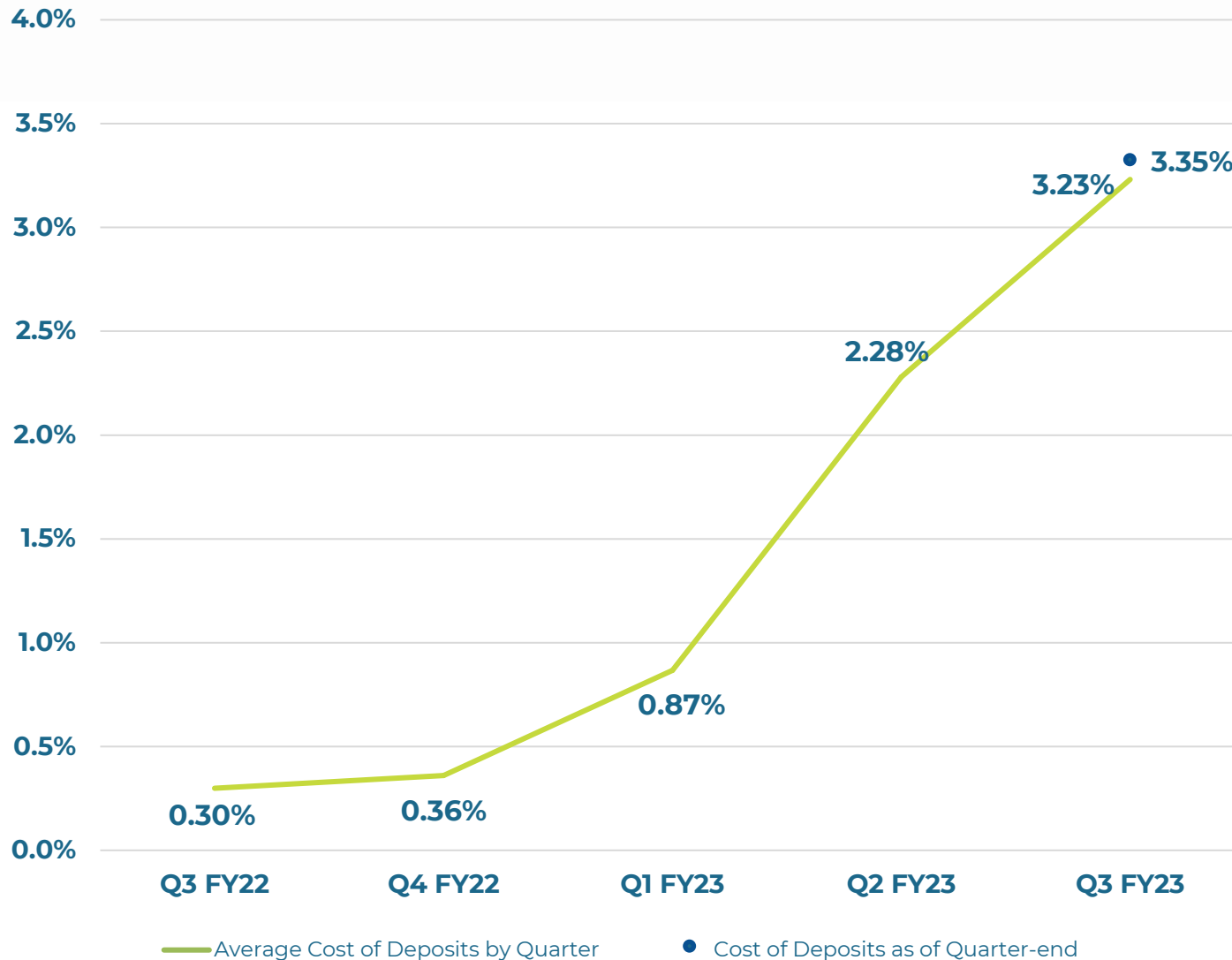
<i>Dollars in thousands</i>	<b>Balance</b>	<b>% with Interest Reserves</b>	<b>Interest Reserve WA Duration</b>	<b>WA Advance Rate<sup>(1)</sup></b>	<b>WA Loan to Underlying RE<sup>(1)</sup></b>
Total Lender Finance Loans	\$457,053			67%	48%
Lender Finance Loans with Interest Reserves	439,474	96%	4.6 Months		

## Direct Originated Loans

<i>Dollars in thousands</i>	<b>Balance</b>	<b>% with Interest Reserves</b>	<b>Interest Reserve WA Duration</b>	<b>WA LTV<sup>(1)</sup></b>
Total Direct Originated Loans	\$537,127			51%
Direct Originated Loans with Interest Reserves	473,813	88%	5.6 Months	

(1) Weighted Average calculations utilize original balance and real estate values at the time of origination. All data as of March 31, 2023, unless otherwise noted. Loan balances exclude net deferred fees and costs.

# Quarterly Cost of Deposits



# Deposit Portfolio Changes

By Channels	March 31, 2023			March 31, 2022			Net Change		
	Balance	WAR	Mix	Balance	WAR	Mix	Balance	%	WAR
<i>Dollars in thousands</i>									
<b>Community Banking</b>									
Banking Centers (1)	\$614,968	1.61%	29%	\$563,535	0.41%	44%	\$51,433	9%	1.20%
Government Banking	\$318,701	4.33%	15%	\$228,411	0.21%	18%	\$90,290	40%	4.12%
Corporate/Institutional	\$196,087	4.97%	9%	\$28,847	0.30%	2%	\$167,240	580%	4.67%
National Lending	\$61,277	1.10%	3%	\$55,212	0.25%	4%	\$6,065	11%	0.85%
<b>ableBanking</b>	35,505	0.38%	2%	101,025	0.38%	8%	(65,520)	-65%	0.00%
<b>Bulletin Board</b>	43,547	4.40%	2%	14,424	2.15%	1%	29,123	202%	2.25%
<b>Brokered Deposits</b>	794,860	4.47%	37%	0	0.00%	0%	794,860	0%	4.47%
<b>Holdback Accounts (2)</b>	63,930	0.00%	3%	276,668	0.00%	22%	(212,738)	-77%	0.00%
<b>Grand Total</b>	\$2,128,875	3.36%		\$1,268,122	0.30%		860,753	68%	3.06%

By Products	March 31, 2023			March 31, 2022			Net Change		
	Balance	WAR	Mix	Balance	WAR	Mix	Balance	%	WAR
<i>Dollars in thousands</i>									
<b>Checking</b>	\$714,464	3.20%	35%	\$463,807	0.19%	47%	\$250,657	54%	3.01%
<b>Savings</b>	90,379	0.98%	4%	137,187	0.55%	14%	(46,808)	-34%	0.43%
<b>Money Market</b>	248,607	2.59%	12%	272,614	0.32%	27%	(24,008)	-9%	2.27%
<b>Certificate of Deposit</b>	1,011,495	4.08%	49%	117,845	1.05%	12%	893,650	758%	3.03%
<b>Sub-Total</b>	2,064,945	3.46%	97%	991,454	0.38%	78%	1,073,491	108%	3.09%
<b>Holdback Accounts (2)</b>	63,930	0.00%	3%	276,668	0.00%	22%	(212,738)	-77%	0.00%
<b>Grand Total</b>	\$2,128,875	3.36%		\$1,268,122	0.30%		860,753	68%	3.06%

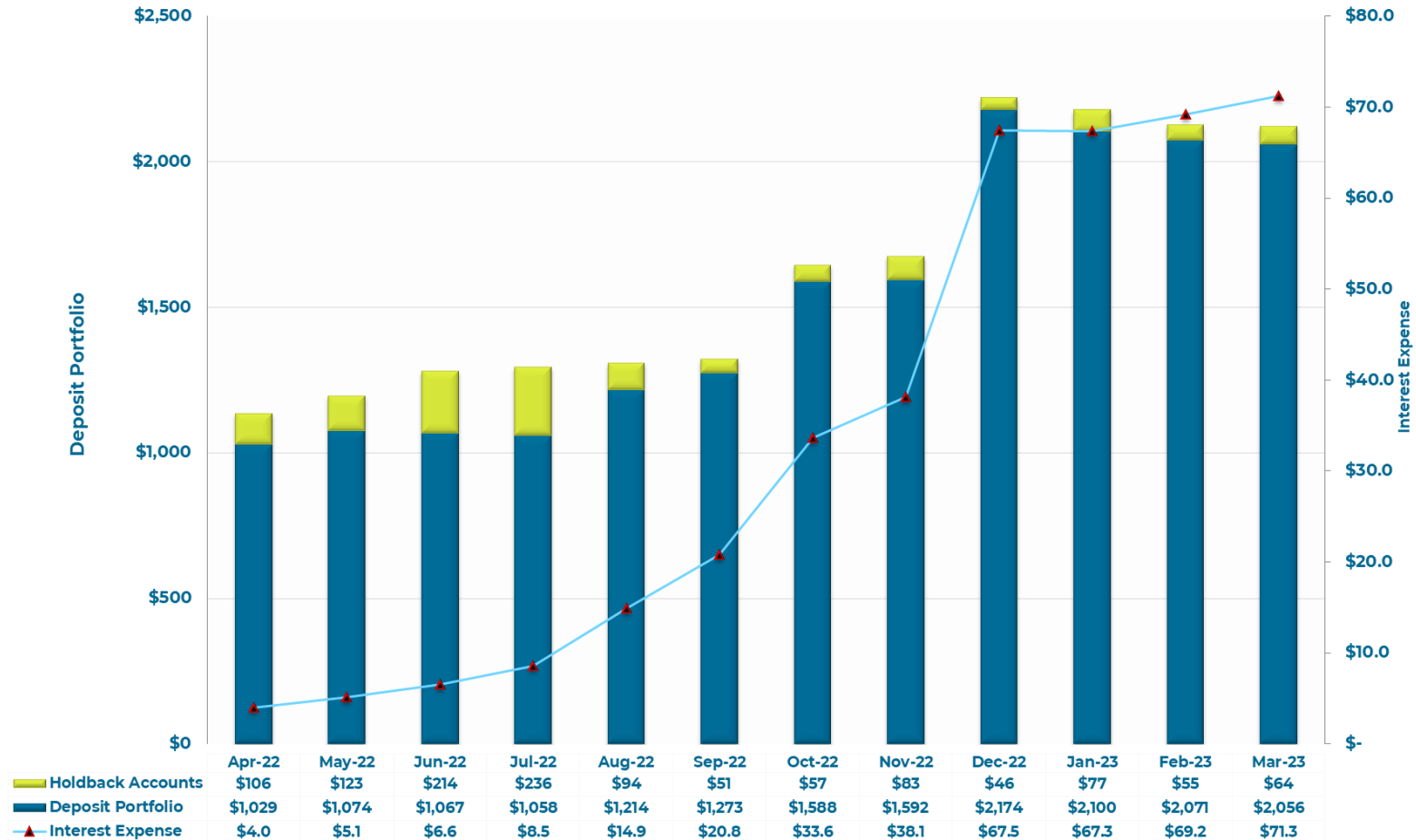
(1) Includes Business Banking and NEB Online.

(2) Includes PPP Collection Account balance of \$18.8 million and \$256.7 million at March 31, 2023 and 2022, respectively.

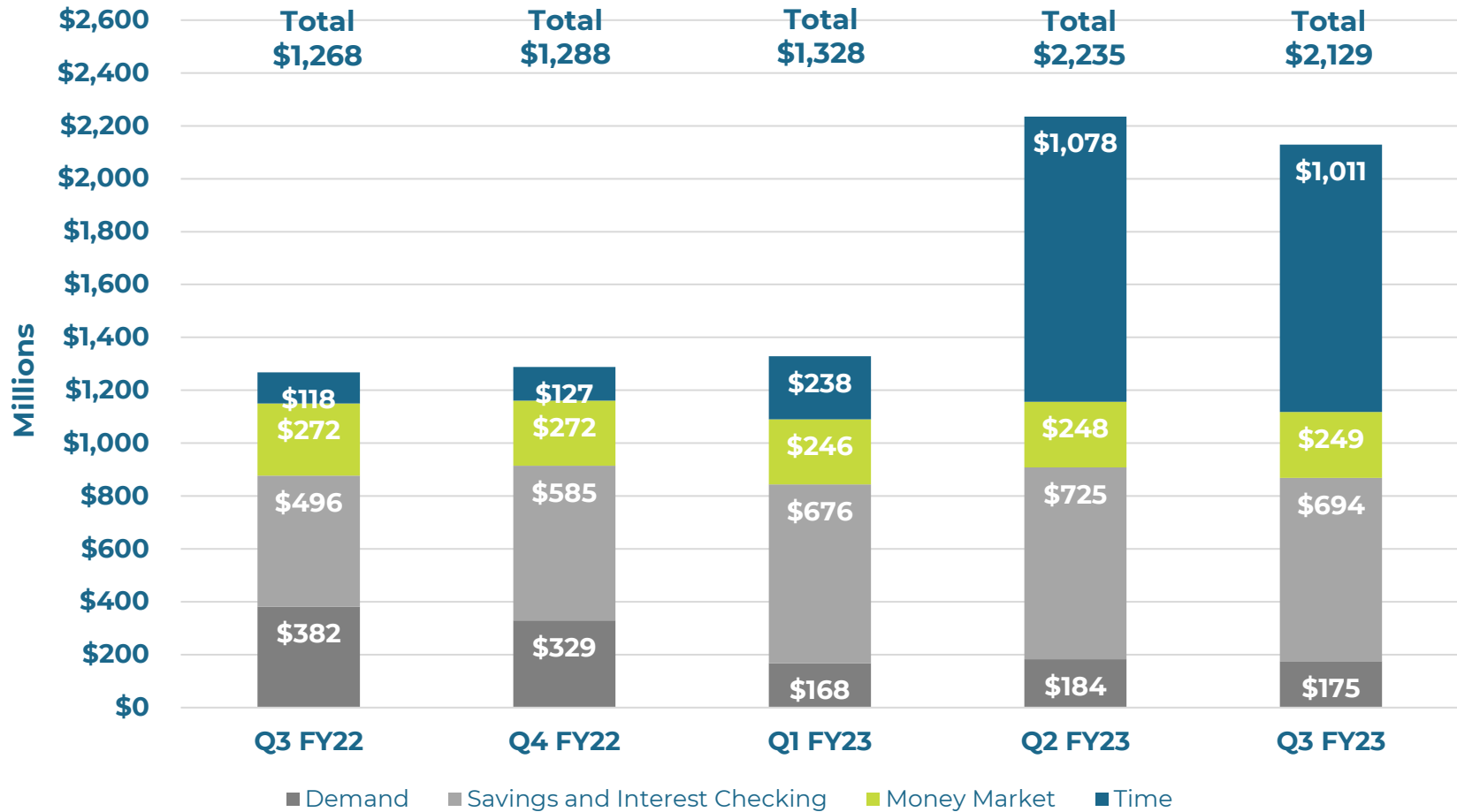


# Deposit Portfolio and Interest Analysis

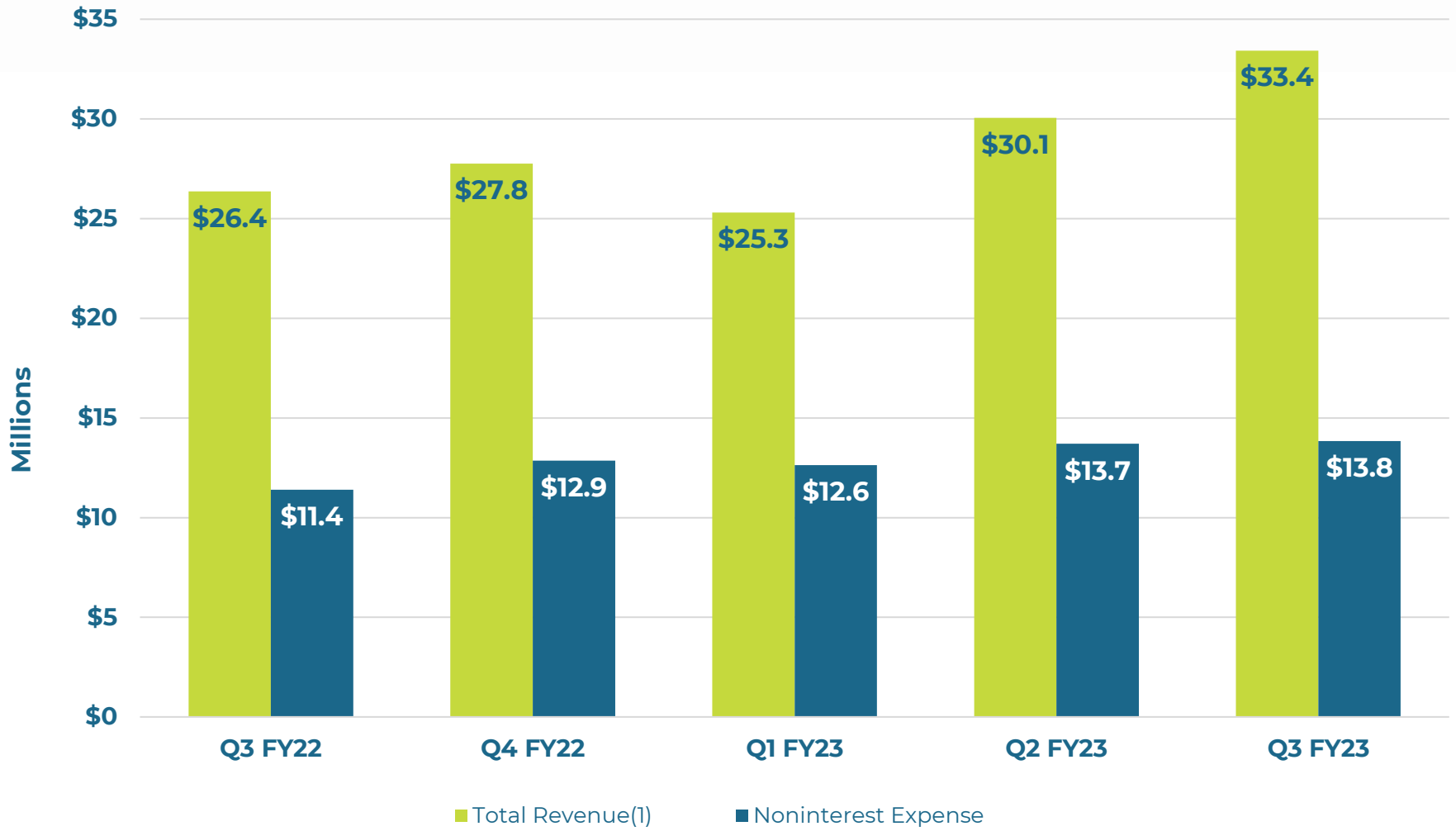
Trailing Twelve-Month Deposit Portfolio and Annualized Interest Expense  
(Includes Brokered Deposits)  
\$ Millions



# Deposit Mix By Trailing 5 Quarter Ends



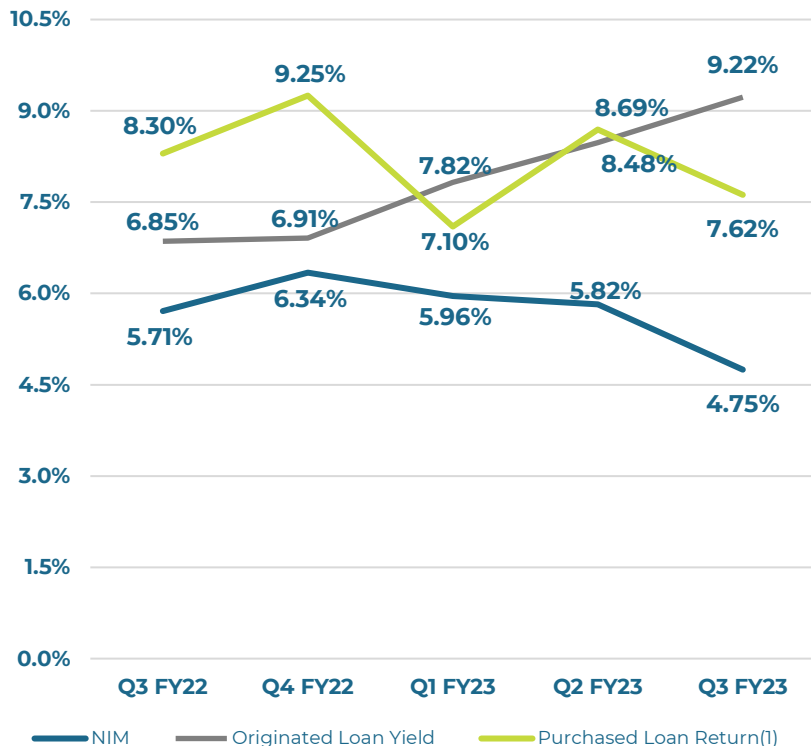
# Revenue and Noninterest Expense for Trailing 5 Quarters



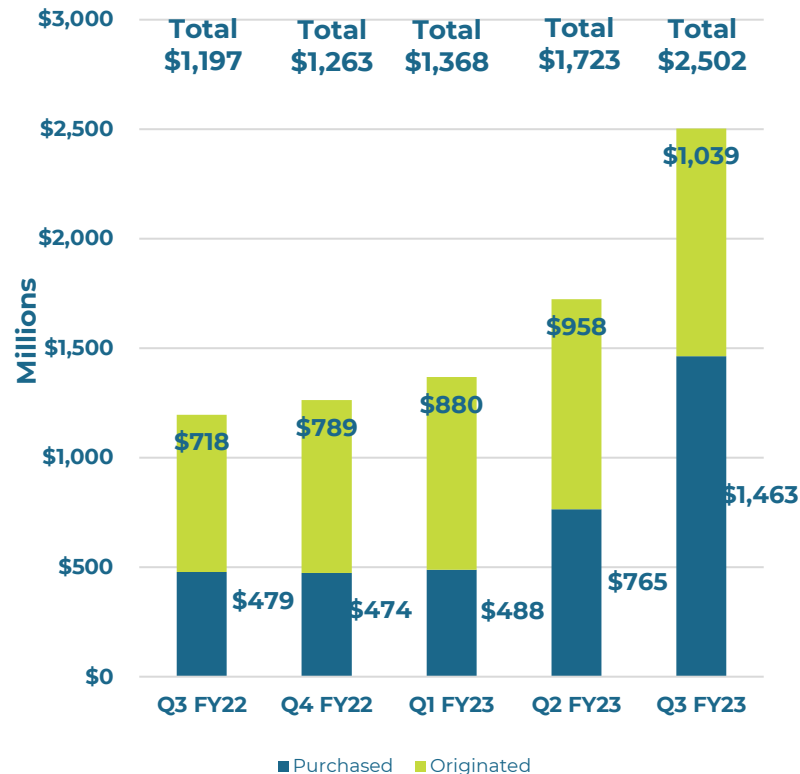
(1) Total Revenue includes net interest income before loan loss provision (credit) and noninterest income.

# Loan Performance & Average Loan Balance For Trailing 5 Quarters

## Loan Performance

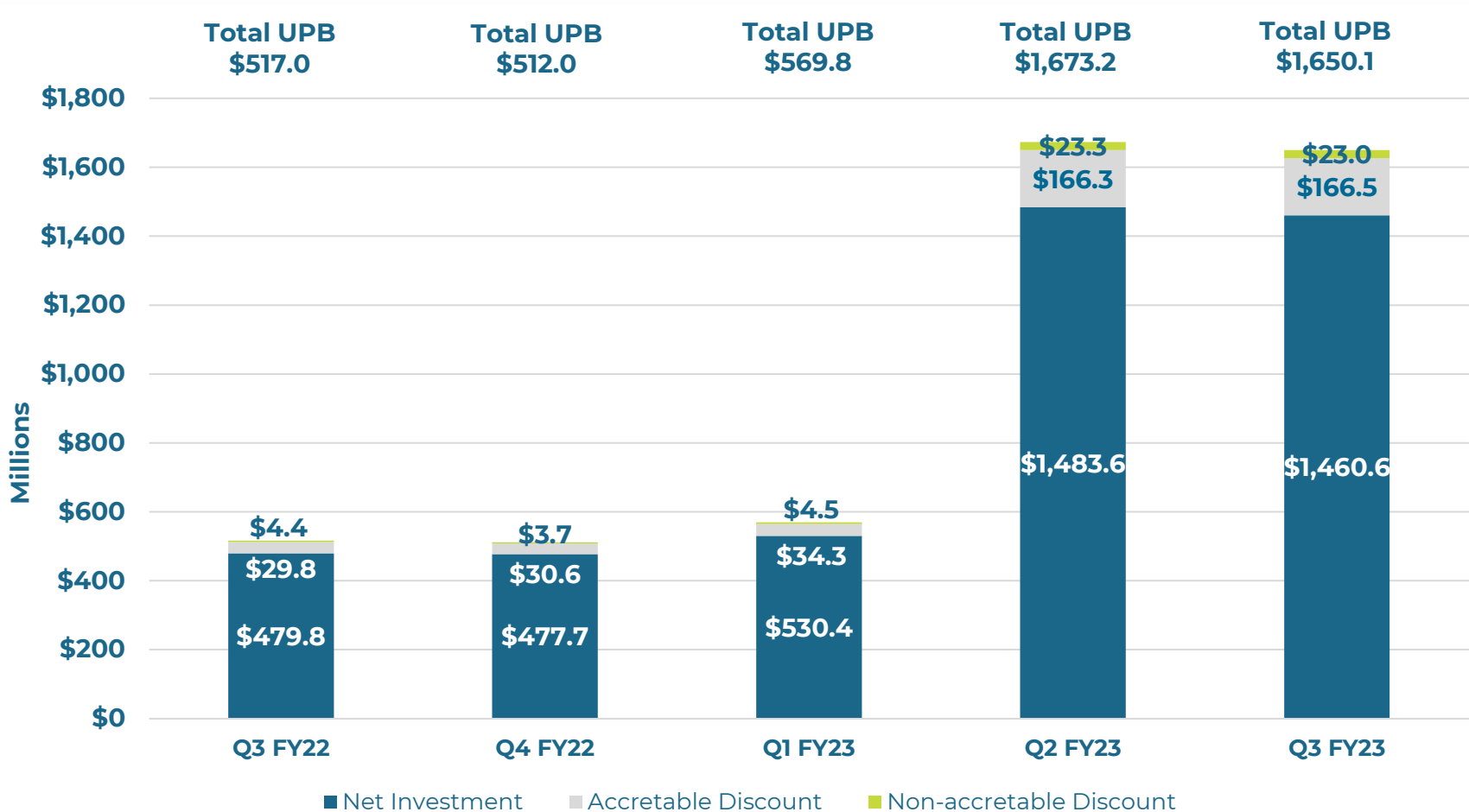


## Average Loan Balance for Trailing 5 Quarters



(1) Purchased loan return includes purchased loan yield, as well as gain on loan sales, gain on sale of real estate owned and other noninterest income.

# Purchased Loan Investment Basis and Discount By Trailing 5 Quarters

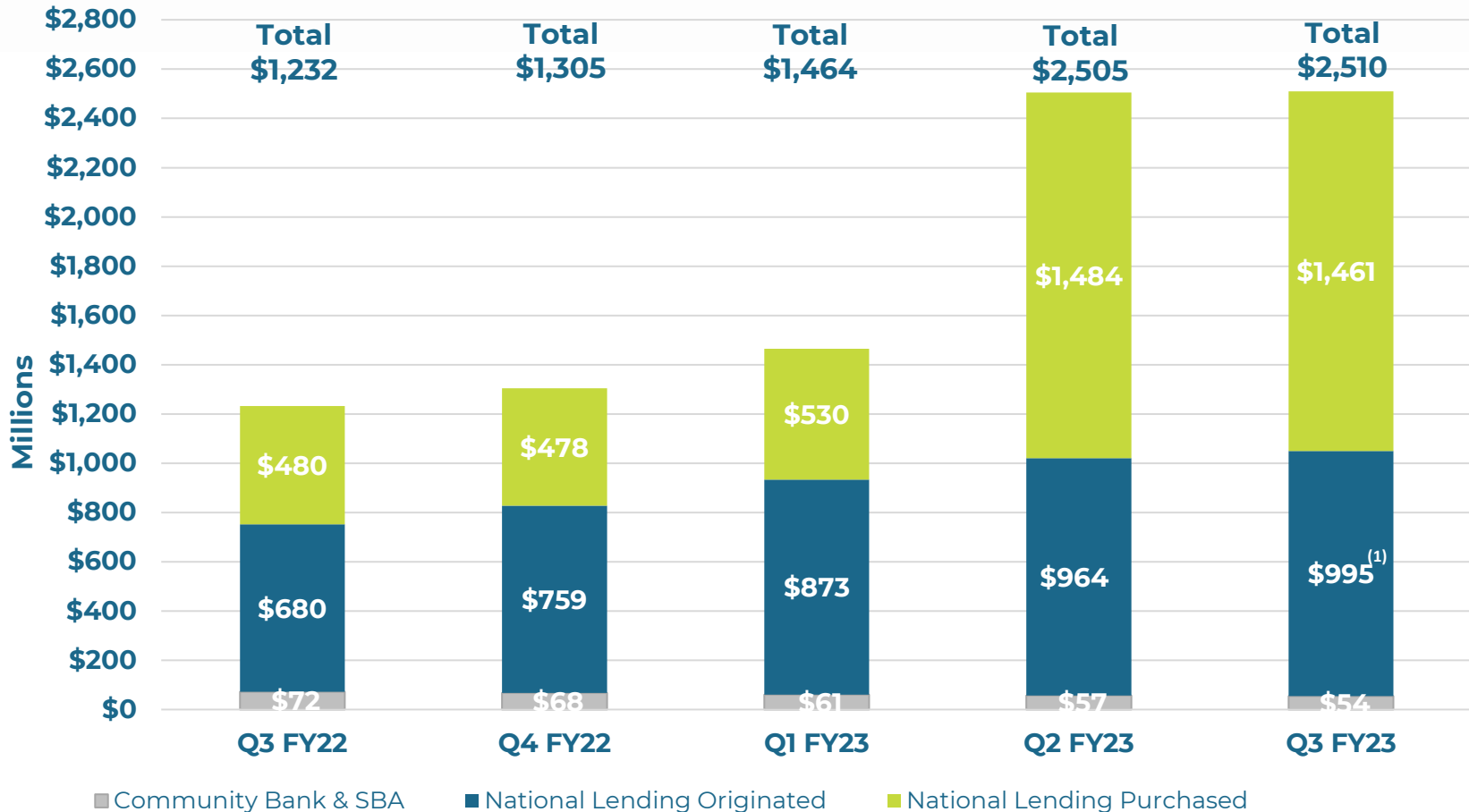


# National Lending Portfolio — Q3 FY23 Return Summary<sup>(1)</sup>

	Purchased	Originated	Total
Regularly Scheduled Interest & Accretion	6.73%	9.17%	7.71%
Accelerated Accretion, Interest, & Fees Recognized on Loan Payoffs	0.89%	0.06%	0.55%
<b>Total</b>	<b>7.62%</b>	<b>9.23%</b>	<b>8.26%</b>

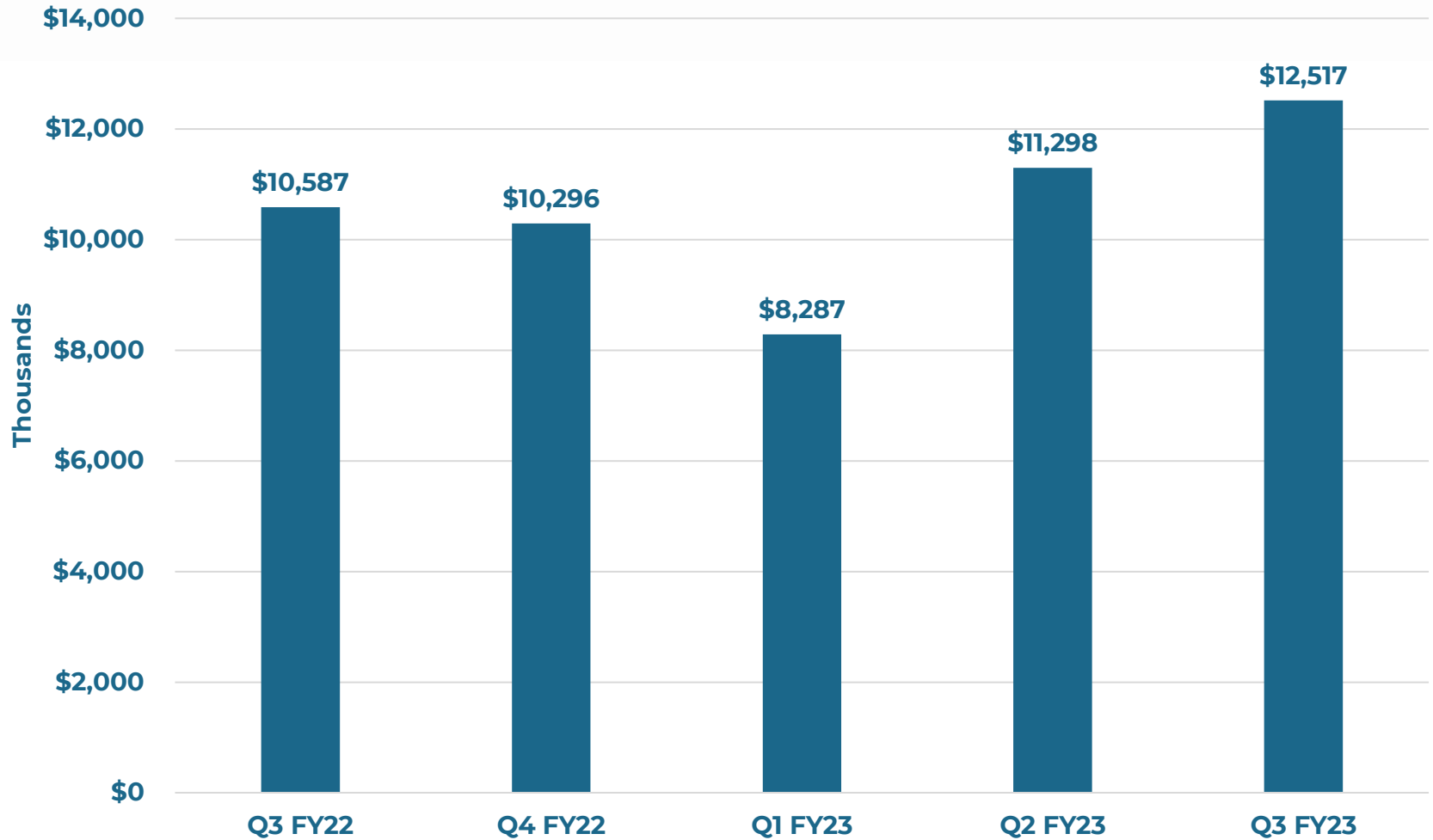
(1) The total return on purchased loans represents scheduled accretion, accelerated accretion, gains on asset sales and gains on real estate owned recorded during the period divided by the average invested balance, which includes loans held for sale, on an annualized basis. The total return does not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

# Loan Mix As of Trailing 5 Quarter Ends



(1) 93% of the National Lending Originated portfolio had a floor, with a weighted average floor of 6.67% as of March 31, 2023.

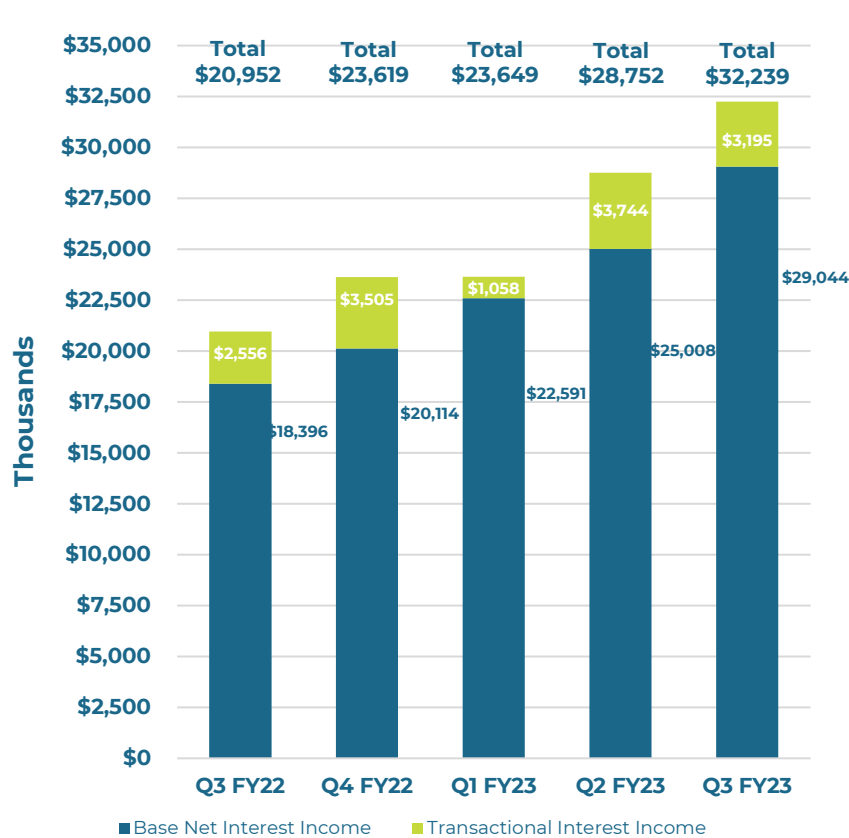
# Net Income for Trailing 5 Quarters





# Key Components of Income For Trailing 5 Quarters

## Net Interest Income Before Loan Loss Provision



## Noninterest Income

