



Northeast Bank Reports First Quarter Results and Declares Dividend

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PORTLAND, Maine, Oct. 29, 2024 (GLOBE NEWSWIRE) -- Northeast Bank (the "Bank") (NASDAQ: NBN), a Maine-based full-service bank, today reported net income of \$17.1 million, or \$2.11 per diluted common share, for the quarter ended September 30, 2024, compared to net income of \$15.2 million, or \$2.01 per diluted common share, for the quarter ended September 30, 2023.

The Board of Directors declared a cash dividend of \$0.01 per share, payable on November 26, 2024, to shareholders of record as of November 12, 2024.

"With \$859.8 million of loan generation from our National Lending Division, we had our second largest quarterly loan volume in the Bank's history, consisting of \$732.9 million of purchases and \$126.9 million of originations," said Rick Wayne, Chief Executive Officer. "Our National Lending Division portfolio grew by \$742.2 million, or 27.6%, over June 30, 2024. Our small balance SBA 7(a) program with Newity LLC as our loan service provider has gained real traction. For the quarter, we originated \$82.4 million, compared to \$40.2 million for the quarter ended June 30, 2024 and \$9.7 million for the quarter ended September 30, 2023. During the current quarter we sold \$63.1 million of the guaranteed portion of our SBA loans, compared with \$26.8 million for the quarter ended June 30, 2024 and \$5.3 million for the quarter ended September 30, 2023. We are reporting earnings of \$2.11 per diluted common share, a return on average equity of 17.5%, and a return on average assets of 2.1%."

As of September 30, 2024, total assets were \$3.94 billion, an increase of \$807.7 million, or 25.8%, from total assets of \$3.13 billion as of June 30, 2024.

1. The following table highlights the changes in the loan portfolio, including loans held for sale, for the three months ended September 30, 2024:

	Loan Portfolio Changes			
	September 30, 2024 Balance	June 30, 2024 Balance	Change (\$)	Change (%)
	(Dollars in thousands)			
National Lending Purchased	\$ 2,420,883	\$ 1,708,551	\$ 712,332	41.69%
National Lending Originated	1,011,374	981,497	29,877	3.04%
SBA National	66,919	48,405	18,514	38.25%
Community Banking	21,426	22,704	(1,278)	(5.63%)
Total	\$ 3,520,602	\$ 2,761,157	\$ 759,445	27.50%

Loans generated by the Bank's National Lending Division for the quarter ended September 30, 2024 totaled \$859.8 million, which consisted of \$732.9 million of purchased loans at an average price of 90.7% of unpaid principal balance, and \$126.9 million of originated loans.

An overview of the Bank's National Lending Division portfolio follows:

	National Lending Portfolio					
	Three Months Ended September 30,					
	2024			2023		
Purchased	Originated	Total	Purchased	Originated	Total	
(Dollars in thousands)						
Loans purchased or originated during the period:						
Unpaid principal balance	\$ 807,733	\$ 126,893	\$ 934,626	\$ 63,695	\$ 68,042	\$ 131,737
Initial net investment basis (1)	732,893	126,893	859,786	52,346	68,042	120,388
Loan returns during the period:						
Yield	8.83%	9.31%	9.00%	8.99%	10.03%	9.40%
Total Return on Purchased Loans (2)	8.84%	N/A	8.84%	9.04%	N/A	9.04%
Total loans as of period end:						
Unpaid principal balance	\$ 2,644,390	\$ 1,011,374	\$ 3,655,764	\$ 1,693,627	\$ 958,232	\$ 2,651,859
Net investment basis	2,420,883	1,011,374	3,432,257	1,516,379	958,232	2,474,611

(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 (losses) 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."

2. Deposits increased by \$785.5 million, or 33.6%, from June 30, 2024. The increase was primarily attributable to increases in time deposits of \$785.4 million, or 60.1%. The significant drivers in the change in time deposits were the increase in brokered time deposits, which increased by \$712.6 million, and Community Banking Division time deposits, which increased by \$52.9 million compared to June 30, 2024.

3. Federal Home Loan Bank ("FHLB") advances decreased by \$6.1 million, or 1.8%, from June 30, 2024. The decrease was attributable to net paydowns on amortizing advances.

4. Shareholders' equity increased by \$15.9 million, or 4.2%, from June 30, 2024, primarily due to net income of \$17.1 million and stock-based compensation of \$1.8 million, partially offset by the cancelation of restricted stock to cover tax obligations on restricted stock vests, which had a \$3.2 million impact on shareholders' equity.

Net income increased by \$1.9 million to \$17.1 million for the quarter ended September 30, 2024, compared to net income of \$15.2 million for the quarter ended September 30, 2023.

1. Net interest and dividend income before provision for credit losses increased by \$1.9 million to \$39.0 million for the quarter ended September 30, 2024, compared to \$37.1 million for the quarter ended September 30, 2023. The increase was primarily due to the following:

- An increase in interest income earned on loans of \$6.2 million, primarily due to higher average balances in the National Lending Division purchased and Small Business Administration ("SBA") portfolios and higher rates earned on the SBA portfolio;
- An increase in interest income earned on short-term investments of \$821 thousand, due to higher average balances and higher rates earned; and
- A decrease in FHLB borrowings interest expense of \$2.1 million, primarily due to lower average balances; partially offset by,
- An increase in deposit interest expense of \$7.3 million, primarily due to higher average balances as well as higher rates in 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,					
	2024			2023		
Average Balance (1)	Interest Income	Yield	Average Balance (1)	Interest Income	Yield	
(Dollars in thousands)						
Community Banking	\$ 22,409	\$ 370	6.55%	\$ 27,149	\$ 438	6.42%
SBA National	59,745	2,419	16.06%	26,257	786	11.91%
National Lending:						
Originated	997,397	23,408	9.31%	960,629	24,219	10.03%
Purchased	1,758,801	39,141	8.83%	1,489,394	33,671	8.99%
Total National Lending	2,756,198	62,549	9.00%	2,450,023	57,890	9.40%
Total	\$ 2,838,352	\$ 65,338	9.13%	\$ 2,503,429	\$ 59,114	9.39%

(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, 2023, transactional income decreased by \$776 thousand for the quarter ended September 30, 2024, and regularly scheduled interest and accretion increased by \$6.1 million primarily due to the increase in average balances. The total return on purchased loans for the quarter ended September 30, 2024 was 8.8%, a decrease from 9.0% for the quarter ended September 30, 2023. The following table details the total return on purchased loans:

	Total Return on Purchased Loans			
	Three Months Ended September 30,			
	2024		2023	
Income	Return (1)	Income	Return (1)	
(Dollars in thousands)				
Regularly scheduled interest and accretion	\$ 37,160	8.38%	\$ 31,030	8.29%
Transactional income:				
Release of allowance for credit losses on purchased loans	64	0.01%	180	0.05%
Accelerated accretion and loan fees	1,981	0.45%	2,641	0.70%
Total transactional income	2,045	0.46%	2,821	0.75%
Total	\$ 39,205	8.84%	\$ 33,851	9.04%

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

2. Provision for credit losses increased by \$232 thousand to \$422 thousand for the quarter ended September 30, 2024, compared to \$190 thousand in the quarter ended September 30, 2023. The increase was primarily related to the increase in originated loans during the quarter ended September 30, 2024.

3. Noninterest income increased by \$3.3 million for the quarter ended September 30, 2024, compared to the quarter ended September 30, 2023, primarily due to an increase in gain on sale of SBA loans of \$3.1 million, due to the sale of \$63.1 million in SBA loans during the quarter ended September 30, 2024 as compared to the sale of \$5.3 million during the quarter ended September 30, 2023.

4. Noninterest expense increased by \$2.3 million for the quarter ended September 30, 2024 compared to the quarter ended September 30, 2023, primarily due to the following:

- An increase in salaries and employee benefits expense of \$1.5 million, primarily due to increases in regular and stock compensation expense; and
- An increase in loan expense of \$643 thousand primarily related to increased expenses in connection with the origination of SBA 7(a) loans.

5. Income tax expense increased by \$754 thousand to \$7.9 million, or an effective tax rate of 31.6%, for the quarter ended September 30, 2024, compared to \$7.2 million, or an effective tax rate of 32.0%, for the quarter ended September 30, 2023. The decrease in effective tax rate is primarily due a \$243 thousand increase in tax benefit on the vest of restricted stock and exercise of stock options during the quarter ended September 30, 2024 as compared to the quarter ended September 30, 2023.

As of September 30, 2024, nonperforming assets totaled \$37.2 million, or 0.94% of total assets, compared to \$28.3 million, or 0.90% of total assets, as of June 30, 2024. The increase is primarily related to four National Lending loans placed on non-accrual, which are individually evaluated in the allowance for credit losses and are well-collateralized.

As of September 30, 2024, past due loans totaled \$31.3 million, or 0.89% of total loans, compared to past due loans totaling \$26.3 million, or 0.95% of total loans, as of June 30, 2024.

As of September 30, 2024, the Bank's Tier 1 leverage capital ratio was 12.1%, compared to 12.3% at June 30, 2024, and the Total risk-based capital ratio was 12.7% at September 30, 2024, compared to 14.8% at June 30, 2024. The Total risk-based capital ratio decreased primarily due to the increase in risk-weighted assets from significant loan growth during the quarter ended September 30, 2024.

Investor Call Information

Rick Wayne, Chief Executive Officer, Richard Cohen, Chief Financial Officer, and Pat Dignan, Chief Operating Officer of Northeast Bank, will host a **conference call to discuss first quarter earnings and business outlook at 10:00 a.m. Eastern Time on Wednesday, October 30th**. To access the conference call by phone, please go to this link ([Phone Registration](#)), and you will be provided with dial in details. The call will be available via live webcast, which can be viewed by accessing the Bank's website at www.northeastbank.com and clicking on the About Us - Investor Relations section. To listen to the webcast, attendees are encouraged to visit the website at least fifteen minutes early to register, download and install any necessary audio software. Please note there will also be a slide presentation that will accompany the webcast. For those who cannot listen to the live broadcast, a replay will be available online for one year at www.northeastbank.com.

About Northeast Bank

Northeast Bank (NASDAQ: NBN) is a full-service bank headquartered in Portland, Maine. We offer personal and business banking services to the Maine market via seven branches. Our National Lending Division purchases and originates commercial loans on a nationwide basis. ableBanking, a division of Northeast Bank, offers online savings products to consumers nationwide. Information regarding Northeast Bank can be found at www.northeastbank.com.

Non-GAAP Financial Measures

In addition to results presented in accordance with generally accepted accounting principles ("GAAP"), this press release contains certain non-GAAP financial measures, including tangible common shareholders' equity, tangible book value per share, total return on purchased loans, and efficiency ratio. The Bank's management believes that the supplemental non-GAAP information is utilized by regulators and market analysts to evaluate a company's financial condition and therefore, such information is useful to investors. These disclosures should not be viewed as a substitute for financial results determined in accordance with GAAP, nor are they necessarily comparable to non-GAAP performance measures that may be presented by other companies. Because non-GAAP financial measures are not standardized, it may not be possible to compare these financial measures with other companies' non-GAAP financial measures having the same or similar names.

Forward-Looking Statements

Statements in this press release 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. We may also make forward-looking statements in other documents we file with the Federal Deposit Insurance Corporation (the "FDIC"), in our annual reports to our shareholders, in press releases and other written materials, and in oral statements made by our officers, directors or employees. You can identify forward-looking statements by the use of the words "believe," "expect," "anticipate," "intend," "estimate," "assume," "outlook," "will," "should," and other expressions that predict or indicate future events and trends and which do not relate to historical matters. 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 employment levels, 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 inflation and concerns about liquidity) or legislative or regulatory initiatives; the possibility that future credits 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; changes in interest rates and real estate values; competitive pressures from other financial institutions; changes in loan defaults and charge-off rates; 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; changing government regulation; 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 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.

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NORTHEAST BANK

BALANCE SHEETS

(Unaudited)

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

	September 30, 2024	June 30, 2024
Assets		
Cash and due from banks	\$ 768	\$ 2,711
Short-term investments	316,519	239,447
Total cash and cash equivalents	317,287	242,158
Available-for-sale debt securities, at fair value	36,836	48,978
Equity securities, at fair value	7,269	7,013
Total investment securities	44,105	55,991
SBA loans held for sale	17,639	14,506
Loans:		
Commercial real estate	2,715,536	2,028,280
Commercial and industrial	681,118	618,846
Residential real estate	106,075	99,234
Consumer	234	291
Total loans	3,502,963	2,746,651
Less: Allowance for credit losses	43,640	26,709
Loans, net	3,459,323	2,719,942
Premises and equipment, net	26,452	27,144
Federal Home Loan Bank stock, at cost	15,499	15,751
Loan servicing rights, net	926	984
Bank-owned life insurance	18,954	18,830
Accrued interest receivable	17,294	15,163
Other assets	22,419	21,734
Total assets	<u>\$ 3,939,898</u>	<u>\$ 3,132,203</u>
Liabilities and Shareholders' Equity		
Deposits:		
Demand	\$ 149,669	\$ 146,727
Savings and interest checking	752,806	732,029
Money market	130,878	154,504
Time	2,091,561	1,306,203
Total deposits	3,124,914	2,339,463
Federal Home Loan Bank and other advances	339,073	345,190
Lease liability	19,870	20,252
Other liabilities	63,484	50,664

Total liabilities	3,547,341	2,755,569
Commitments and contingencies	-	-
Shareholders' equity		
Preferred stock, \$1.00 par value, 1,000,000 shares authorized; no shares issued and outstanding at September 30 and June 30, 2024	-	-
Voting common stock, \$1.00 par value, 25,000,000 shares authorized; 8,212,026 and 8,127,690 shares issued and outstanding at September 30 and June 30, 2024, respectively	8,212	8,128
Non-voting common stock, \$1.00 par value, 3,000,000 shares authorized; No shares issued and outstanding at September 30 and June 30, 2024	-	-
Additional paid-in capital	63,318	64,762
Retained earnings	320,955	303,927
Accumulated other comprehensive income (loss)	72	(183)
Total shareholders' equity	<u>392,557</u>	<u>376,634</u>
Total liabilities and shareholders' equity	<u>\$ 3,939,898</u>	<u>\$ 3,132,203</u>

NORTHEAST BANK
STATEMENTS OF INCOME

(Unaudited)

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

	Three Months Ended September 30,	
	2024	2023
Interest and dividend income:		
Interest and fees on loans	\$ 65,338	\$ 59,114
Interest on available-for-sale securities	595	483
Other interest and dividend income	3,921	3,100
Total interest and dividend income	<u>69,854</u>	<u>62,697</u>
Interest expense:		
Deposits	26,590	19,257
Federal Home Loan Bank and other advances	4,030	6,145
Obligation under capital lease agreements	234	171
Total interest expense	<u>30,854</u>	<u>25,573</u>
Net interest and dividend income before provision for credit losses	39,000	37,124
Provision for credit losses	422	190
Net interest and dividend income after provision for credit losses	<u>38,578</u>	<u>36,934</u>
Noninterest income:		
Fees for other services to customers	443	407
Gain on sales of SBA loans	3,331	251
Net unrealized gain (loss) on equity securities	189	(157)
Loss on real estate owned, other repossessed collateral and premises and equipment, net	-	-
Bank-owned life insurance income	124	115
Correspondent fee income	30	92
Other noninterest income	2	71
Total noninterest income	<u>4,119</u>	<u>779</u>
Noninterest expense:		
Salaries and employee benefits	11,183	9,721
Occupancy and equipment expense	1,078	1,105
Professional fees	753	781
Data processing fees	1,487	1,100
Marketing expense	136	261
Loan acquisition and collection expense	1,293	650
FDIC insurance expense	331	357

Other noninterest expense	1,424	1,414
Total noninterest expense	<u>17,685</u>	<u>15,389</u>
Income before income tax expense	25,012	22,324
Income tax expense	<u>7,906</u>	<u>7,152</u>
Net income	<u>\$ 17,106</u>	<u>\$ 15,172</u>

Weighted-average shares outstanding:

Basic	7,886,148	7,479,837
Diluted	8,108,688	7,554,314

Earnings per common share:

Basic	\$ 2.17	\$ 2.03
Diluted	2.11	2.01

Cash dividends declared per common share

\$ 0.01	\$ 0.01
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NORTHEAST BANK

AVERAGE BALANCE SHEETS AND ANNUALIZED YIELDS

(Unaudited)

(Dollars in thousands)

	Three Months Ended September 30,					
	2024			2023		
	Average Balance	Interest Income/ Expense	Average Yield/ Rate	Average Balance	Interest Income/ Expense	Average Yield/ Rate
Assets:						
Interest-earning assets:						
Investment securities	\$ 55,413	\$ 595	4.26%	\$ 60,173	\$ 483	3.19%
Loans (1) (2) (3)	2,838,352	65,338	9.13%	2,503,429	59,114	9.39%
Federal Home Loan Bank stock	16,465	330	7.95%	22,357	413	7.35%
Short-term investments (4)	<u>245,542</u>	<u>3,591</u>	5.80%	<u>201,803</u>	<u>2,687</u>	5.30%
Total interest-earning assets	<u>3,155,772</u>	<u>69,854</u>	8.78%	<u>2,787,762</u>	<u>62,697</u>	8.95%
Cash and due from banks	2,112			2,492		
Other non-interest earning assets	<u>94,071</u>			<u>56,263</u>		
Total assets	<u>\$ 3,251,955</u>			<u>\$ 2,846,517</u>		
Liabilities & Shareholders' Equity:						
Interest-bearing liabilities:						
NOW accounts	\$ 563,730	\$ 6,380	4.49%	\$ 487,445	\$ 5,145	4.20%
Money market accounts	148,687	1,267	3.38%	258,296	2,133	3.29%
Savings accounts	178,581	1,557	3.46%	90,997	560	2.45%
Time deposits	<u>1,389,832</u>	<u>17,386</u>	4.96%	<u>977,220</u>	<u>11,419</u>	4.65%
Total interest-bearing deposits	2,280,830	26,590	4.63%	1,813,958	19,257	4.22%
Federal Home Loan Bank advances	362,594	4,030	4.41%	510,514	6,145	4.79%
Lease liability	<u>20,018</u>	<u>234</u>	4.64%	<u>21,776</u>	<u>171</u>	3.12%
Total interest-bearing liabilities	<u>2,663,442</u>	<u>30,854</u>	4.60%	<u>2,346,248</u>	<u>25,573</u>	4.34%
Non-interest-bearing liabilities:						
Demand deposits and escrow accounts	175,161			169,338		
Other liabilities	<u>26,175</u>			<u>25,065</u>		
Total liabilities	2,864,778			2,540,651		
Shareholders' equity	<u>387,177</u>			<u>305,866</u>		
Total liabilities and shareholders' equity	<u>\$ 3,251,955</u>			<u>\$ 2,846,517</u>		
Net interest income		<u>\$ 39,000</u>		<u>\$ 37,124</u>		

Interest rate spread	4.18%	4.61%
Net interest margin (5)	4.90%	5.30%
Cost of funds (6)	4.31%	4.04%

(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 FHLB 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.

NORTHEAST BANK SELECTED FINANCIAL HIGHLIGHTS AND OTHER DATA

(Unaudited)

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

	Three Months Ended				
	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023
Net interest income	\$ 39,000	\$ 37,935	\$ 36,512	\$ 37,000	\$ 37,124
Provision for credit losses	422	547	596	436	190
Noninterest income	4,119	2,092	1,542	1,466	779
Noninterest expense	17,685	17,079	16,429	15,669	15,389
Net income	17,106	15,140	13,865	14,054	15,172
Weighted-average common shares outstanding:					
Basic	7,886,148	7,765,868	7,509,320	7,505,109	7,479,837
Diluted	8,108,688	7,910,692	7,595,124	7,590,913	7,554,315
Earnings per common share:					
Basic	\$ 2.17	\$ 1.95	\$ 1.85	\$ 1.87	\$ 2.03
Diluted	2.11	1.91	1.83	1.85	2.01
Dividends declared per common share	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.01
Return on average assets	2.09%	1.99%	1.87%	1.93%	2.12%
Return on average equity	17.53%	16.56%	16.45%	17.35%	19.73%
Net interest rate spread (1)	4.18%	4.41%	4.27%	4.49%	4.61%
Net interest margin (2)	4.90%	5.13%	5.01%	5.20%	5.30%
Efficiency ratio (non-GAAP) (3)	41.01%	42.67%	43.17%	40.73%	40.60%
Noninterest expense to average total assets	2.16%	2.24%	2.21%	2.15%	2.15%
Average interest-earning assets to average interest-bearing liabilities	118.48%	118.78%	119.28%	118.52%	118.82%

	As of:				
	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023
Nonperforming loans:					
Originated portfolio:					
Residential real estate	\$ 3,976	\$ 2,502	\$ 2,573	\$ 2,582	\$ 289
Commercial real estate	4,682	1,407	2,075	2,075	1,973
Commercial and industrial	6,684	6,520	6,928	6,950	584
Consumer	-	-	-	-	-
Total originated portfolio	15,342	10,429	11,576	11,607	2,846
Total purchased portfolio	21,830	17,832	16,370	19,165	14,603
Total nonperforming loans	37,172	28,261	27,946	30,772	17,449
Real estate owned and other repossessed collateral, net	-	-	-	-	-
Total nonperforming assets	\$ 37,172	\$ 28,261	\$ 27,946	\$ 30,772	\$ 17,449

Past due loans to total loans	0.89%	0.95%	1.13%	1.22%	1.01%
Nonperforming loans to total loans	1.06%	1.02%	1.05%	1.18%	0.69%
Nonperforming assets to total assets	0.94%	0.90%	0.93%	1.04%	0.61%
Allowance for credit losses to total loans	1.25%	0.97%	0.98%	1.06%	1.00%
Allowance for credit losses to nonperforming loans	117.40%	94.51%	92.83%	89.67%	145.01%
Net charge-offs (recoveries)	\$ 1,604	\$ 1,347	\$ 2,225	\$ 995	\$ 1,536
Commercial real estate loans to total capital (4)	604.38%	482.13%	509.08%	544.34%	546.91%
Net loans to deposits	110.70%	116.88%	118.15%	121.31%	127.24%
Purchased loans to total loans	69.11%	61.88%	60.99%	63.07%	59.98%
Equity to total assets	9.96%	12.02%	11.73%	11.03%	10.83%
Common equity tier 1 capital ratio	11.45%	13.84%	13.24%	12.63%	12.45%
Total risk-based capital ratio	12.70%	14.82%	14.22%	13.71%	13.46%
Tier 1 leverage capital ratio	12.06%	12.30%	11.79%	11.28%	10.95%
Total shareholders' equity	\$ 392,557	\$ 376,634	\$ 351,913	\$ 327,540	\$ 311,569
Less: Preferred stock	-	-	-	-	-
Common shareholders' equity	392,557	376,634	351,913	327,540	311,569
Less: Intangible assets (5)	-	-	-	-	-
Tangible common shareholders' equity (non-GAAP)	<u>\$ 392,557</u>	<u>\$ 376,634</u>	<u>\$ 351,913</u>	<u>\$ 327,540</u>	<u>\$ 311,569</u>
Common shares outstanding	8,212,026	8,127,690	7,977,690	7,804,052	7,796,691
Book value per common share	\$ 47.80	\$ 46.34	\$ 44.11	\$ 41.97	\$ 39.96
Tangible book value per share (non-GAAP) (6)	47.80	46.34	44.11	41.97	39.96

(1) The net interest rate spread represents the difference between the weighted-average yield on interest-earning assets and the weighted-average cost of interest-bearing liabilities for the period.

(2) The net interest margin represents net interest income as a percent of average interest-earning assets for the period.

(3) The efficiency ratio represents noninterest expense divided by the sum of net interest income (before the credit loss provision) plus noninterest income.

(4) For purposes of calculating this ratio, commercial real estate includes all non-owner occupied commercial real estate loans defined as such by regulatory guidance, including all land development and construction loans.

(5) Includes the loan servicing rights asset.

(6) Tangible book value per share represents total shareholders' equity less the sum of preferred stock and intangible assets divided by common shares outstanding.

For More Information:

Richard Cohen, Chief Financial Officer
 Northeast Bank, 27 Pearl Street, Portland, Maine 04101
 207.786.3245 ext. 3249
www.northeastbank.com