



## Northeast Bank Reports Second Quarter Results and Declares Dividend

February 6, 2025 at 4:20 PM EST

PORTLAND, Maine, Feb. 06, 2025 (GLOBE NEWSWIRE) -- Northeast Bank (the "Bank") (NASDAQ: NBN), a Maine-based full-service bank, today reported net income of \$22.4 million, or \$2.74 per diluted common share, for the quarter ended December 31, 2024, compared to net income of \$14.1 million, or \$1.85 per diluted common share, for the quarter ended December 31, 2023. Net income for the six months ended December 31, 2024 was \$39.5 million, or \$4.85 per diluted common share, compared to \$29.2 million, or \$3.86 per diluted common share, for the six months ended December 31, 2023.

The Board of Directors declared a cash dividend of \$0.01 per share, payable on March 4, 2025, to shareholders of record as of February 18, 2025.

Discussing these results, Rick Wayne, Chief Executive Officer, said, "Our National Lending Division generated \$260.4 million in originated and purchased volume for the quarter, including record originations of \$246.4 million. Our small balance SBA 7(a) program with Newity LLC as our loan service provider has continued to grow. For the quarter, we originated \$100.3 million, compared to \$82.4 million for the quarter ended September 30, 2024 and \$13.6 million for the quarter ended December 31, 2023. During the current quarter we sold \$64.5 million of the guaranteed portion of our SBA loans, generating a gain on sale of \$5.6 million. Additionally, we approved and initiated an additional at-the-market ("ATM") offering of up to \$75.0 million of our voting common stock, which provides the Bank with the ability to raise capital if and as needed. We are reporting earnings of \$2.74 per diluted common share, a return on average equity of 21.1%, and a return on average assets of 2.2%."

As of December 31, 2024, total assets were \$4.08 billion, an increase of \$950.9 million, or 30.4%, 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 six months ended December 31, 2024:

	Loan Portfolio Changes			
	December 31, 2024 Balance	June 30, 2024 Balance	Change (\$)	Change (%)
-	(Dollars in thousands)			
National Lending Purchased	\$ 2,392,417	\$ 1,708,551	\$ 683,866	40.03%
National Lending Originated	1,109,192	981,497	127,695	13.01%
SBA National	103,554	48,405	55,149	113.92%
Community Banking	20,857	22,704	(1,847)	(8.14%)
Total	<u>\$ 3,626,020</u>	<u>\$ 2,761,157</u>	<u>\$ 864,863</u>	<u>31.32%</u>

Loans generated by the Bank's National Lending Division for the quarter ended December 31, 2024 totaled \$260.5 million, which consisted of \$14.0 million of purchased loans at an average price of 94.8% of unpaid principal balance, and \$246.4 million of originated loans.

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

National Lending Portfolio						
Three Months Ended December 31,						
	2024			2023		
	Purchased	Originated	Total	Purchased	Originated	Total
(Dollars in thousands)						
Loans purchased or originated during the period:						
Unpaid principal balance	\$ 14,815	\$ 246,417	\$ 261,232	\$ 208,045	\$ 63,485	\$ 271,530
Initial net investment basis (1)	14,039	246,417	260,456	186,131	63,485	249,616
Loan returns during the period:						
Yield	8.84%	9.06%	8.91%	9.19%	9.81%	9.43%
Total Return on Purchased Loans (2)	8.86%	N/A	8.86%	9.21%	N/A	9.21%
Six Months Ended December 31,						
	2024			2023		
	Purchased	Originated	Total	Purchased	Originated	Total
(Dollars in thousands)						

Loans purchased or originated during the period:

Unpaid principal balance	\$	822,549	\$	373,309	\$	1,195,858	\$	271,741	\$	131,528	\$	403,269
Initial net investment basis (1)		746,932		373,309		1,120,241		238,477		131,528		370,005

Loan returns during the period:

Yield	8.84%	9.18%	8.95%	9.10%	9.92%	9.41%
Total Return on Purchased Loans (2)	8.85%	N/A	8.85%	9.13%	N/A	9.13%

Total loans as of period end:

Unpaid principal balance	\$	2,598,354	\$	1,109,192	\$	3,707,546	\$	1,831,183	\$	910,213	\$	2,741,396
Net investment basis		2,392,417		1,109,192		3,501,609		1,646,756		910,213		2,556,969

(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 \$811.9 million, or 34.7%, from June 30, 2024. The increase was primarily attributable to increases in time deposits of \$773.5 million, or 59.2%. The significant drivers in the change in time deposits were the increase in brokered time deposits, which increased by \$660.5 million, and Community Banking Division time deposits, which increased by \$90.5 million compared to June 30, 2024.

3. Federal Home Loan Bank ("FHLB") advances increased by \$62.6 million, or 18.1%, from June 30, 2024. The increase was attributable to one new short-term borrowing, partially offset by net paydowns on amortizing advances.

4. Shareholders' equity increased by \$67.5 million, or 17.9%, from June 30, 2024, primarily due to net income of \$39.5 million and \$28.1 million of net proceeds on shares issued in connection with the Bank's ATM program.

Net income increased by \$8.4 million to \$22.4 million for the quarter ended December 31, 2024, compared to net income of \$14.1 million for the quarter ended December 31, 2023.

1. Net interest and dividend income before provision for credit losses increased by \$11.5 million to \$48.5 million for the quarter ended December 31, 2024, compared to \$37.0 million for the quarter ended December 31, 2023. The increase was primarily due to the following:

- An increase in interest income earned on loans of \$20.2 million, primarily due to higher average balances in the National Lending Division purchased and originated and Small Business Administration ("SBA") portfolios, partially offset by lower rates earned across the portfolio;
- An increase in interest income earned on short-term investments of \$925 thousand, due to higher average balances, partially offset by lower rates earned; and
- A decrease in FHLB borrowings interest expense of \$2.0 million, primarily due to lower average balances; partially offset by,
- An increase in deposit interest expense of \$11.6 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 December 31,					
	2024			2023		
	Average Balance (1)	Interest Income	Yield	Average Balance (1)	Interest Income	Yield
(Dollars in thousands)						
Community Banking	\$ 21,481	\$ 369	6.82%	\$ 25,559	\$ 419	6.51%
SBA National	93,831	2,751	11.63%	28,331	888	12.47%
National Lending:						
Originated	1,041,301	23,769	9.06%	939,383	23,155	9.81%
Purchased	2,407,132	53,655	8.84%	1,551,038	35,849	9.19%
Total National Lending	3,448,433	77,424	8.91%	2,490,421	59,004	9.43%
Total	\$ 3,563,745	\$ 80,544	8.97%	\$ 2,544,311	\$ 60,311	9.43%

Six Months Ended December 31,					
2024			2023		
Average Balance (1)	Interest Income	Yield	Average Balance (1)	Interest Income	Yield

(Dollars in thousands)						
Community Banking	\$	21,945	\$	738	6.67%	\$ 26,355 \$ 857 6.47%
SBA National		76,788		5,170	13.36%	27,294 1,674 12.20%
National Lending:						
Originated		1,019,347		47,176	9.18%	950,006 47,375 9.92%
Purchased		2,082,969		92,797	8.84%	1,520,215 69,519 9.10%
Total National Lending		3,102,316		139,973	8.95%	2,470,221 116,894 9.41%
Total	\$	3,201,049	\$	145,881	9.04%	\$ 2,523,870 \$ 119,425 9.41%

(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 December 31, 2023, transactional income increased by \$541 thousand for the quarter ended December 31, 2024, and regularly scheduled interest and accretion increased by \$17.3 million primarily due to the increase in average balances. The total return on purchased loans for the quarter ended December 31, 2024 was 8.9%, a decrease from 9.2% for the quarter ended December 31, 2023. The following table details the total return on purchased loans:

Total Return on Purchased Loans				
Three Months Ended December 31,				
	2024		2023	
	Income	Return (1)	Income	Return (1)
(Dollars in thousands)				
Regularly scheduled interest and accretion	\$ 50,747	8.36%	\$ 33,430	8.57%
Transactional income:				
Release of allowance for credit losses on purchased loans	97	0.02%	46	0.02%
Accelerated accretion and loan fees	2,908	0.48%	2,419	0.62%
Total transactional income	3,005	0.50%	2,465	0.64%
Total	\$ 53,752	8.86%	\$ 35,895	9.21%

  

Six Months Ended December 31,				
	2024		2023	
	Income	Return (1)	Income	Return (1)
(Dollars in thousands)				
Regularly scheduled interest and accretion	\$ 87,906	8.37%	\$ 64,460	8.44%
Transactional income:				
Release of allowance for credit losses on purchased loans	161	0.01%	226	0.03%
Accelerated accretion and loan fees	4,891	0.47%	5,059	0.66%
Total transactional income	5,052	0.48%	5,285	0.69%
Total	\$ 92,958	8.85%	\$ 69,745	9.13%

(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 \$1.5 million to \$1.9 million for the quarter ended December 31, 2024, compared to \$436 thousand in the quarter ended December 31, 2023. The increase was primarily related to loan growth and increases in specific reserves on certain loans.

3. Noninterest income increased by \$4.5 million for the quarter ended December 31, 2024, compared to the quarter ended December 31, 2023, primarily due to an increase in gain on sale of SBA loans of \$5.0 million, due to the sale of \$64.5 million in SBA loans during the quarter ended December 31, 2024 as compared to the sale of \$11.5 million during the quarter ended December 31, 2023.

4. Noninterest expense increased by \$3.4 million for the quarter ended December 31, 2024 compared to the quarter ended December 31, 2023, primarily due to the following:

1. An increase in salaries and employee benefits expense of \$1.4 million, primarily due to increases in regular and stock compensation expense;
2. An increase in loan expense of \$1.1 million primarily related to increased expenses in connection with the origination of SBA 7(a) loans; and
3. An increase in FDIC insurance expense of \$669 thousand, due to the growth of the Bank's asset size and an increased assessment rate.

5. Income tax expense increased by \$2.7 million to \$11.0 million, or an effective tax rate of 32.9%, for the quarter ended December 31, 2024, compared to \$8.3 million, or an effective tax rate of 37.1%, for the quarter ended December 31, 2023. The decrease in effective tax rate is primarily

due to a write-down of the Bank's deferred tax asset of \$957 thousand in the quarter ended December 31, 2023 as a result of a change in Massachusetts income tax law.

As of December 31, 2024, nonperforming assets totaled \$31.3 million, or 0.77% of total assets, compared to \$28.3 million, or 0.90% of total assets, as of June 30, 2024.

As of December 31, 2024, past due loans totaled \$30.5 million, or 0.85% 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 December 31, 2024, the Bank's Tier 1 leverage capital ratio was 11.2%, compared to 12.3% at June 30, 2024, and the Total risk-based capital ratio was 13.9% at December 31, 2024, compared to 14.8% at June 30, 2024. Capital ratios decreased primarily due to the increase in risk-weighted assets and average assets from significant loan growth during the six months ended December 31, 2024, partially offset by increased retained earnings and additional capital raised under the Bank's ATM program.

#### **Investor Call Information**

Rick Wayne, Chief Executive Officer, Richard Cohen, Chief Financial Officer, and Pat Dignan, Chief Operating Officer and Chief Credit Officer of Northeast Bank, will host a **conference call to discuss second quarter earnings and business outlook at 10:00 a.m. Eastern Time on Friday, February 7<sup>th</sup>**. 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](http://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](http://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](http://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 interest rates and real estate values; 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; 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; changes in legislation and regulation under the new U.S. presidential administration; 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, as amended by Amendment No. 1 to the Annual Report on Form 10-K/A as updated in the Bank's 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.

NBN-F

#### **NORTHEAST BANK BALANCE SHEETS**

(Unaudited)

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

	December 31, 2024	June 30, 2024
<b>Assets</b>		
Cash and due from banks	\$ 2,538	\$ 2,711
Short-term investments	362,332	239,447
Total cash and cash equivalents	364,870	242,158
Available-for-sale debt securities, at fair value	27,616	48,978
Equity securities, at fair value	7,171	7,013
Total investment securities	34,787	55,991
SBA loans held for sale	35,234	14,506
Loans:		
Commercial real estate	2,703,938	2,028,280
Commercial and industrial	778,189	618,846
Residential real estate	108,427	99,234
Consumer	232	291
Total loans	3,590,786	2,746,651
Less: Allowance for credit losses	44,773	26,709
Loans, net	3,546,013	2,719,942
Premises and equipment, net	25,739	27,144
Real estate owned and other possessed collateral, net	1,200	-
Federal Home Loan Bank stock, at cost	17,798	15,751
Loan servicing rights, net	841	984
Bank-owned life insurance	19,078	18,830
Accrued interest receivable	16,939	15,163
Other assets	20,555	21,734
Total assets	<u>\$ 4,083,054</u>	<u>\$ 3,132,203</u>
<b>Liabilities and Shareholders' Equity</b>		
Deposits:		
Demand	\$ 159,002	\$ 146,727
Savings and interest checking	782,570	732,029
Money market	130,063	154,504
Time	2,079,703	1,306,203
Total deposits	3,151,338	2,339,463
Federal Home Loan Bank and other advances	407,824	345,190
Lease liability	19,461	20,252
Other liabilities	60,330	50,664
Total liabilities	3,638,953	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 December 31 and June 30, 2024	-	-
Voting common stock, \$1.00 par value, 25,000,000 shares authorized; 8,492,856 and 8,127,690 shares issued and outstanding at December 31 and June 30, 2024, respectively	8,493	8,128
Non-voting common stock, \$1.00 par value, 3,000,000 shares authorized; No shares issued and outstanding at December 31 and June 30, 2024	-	-
Additional paid-in capital	92,292	64,762
Retained earnings	343,302	303,927
Accumulated other comprehensive income (loss)	14	(183)
Total shareholders' equity	444,101	376,634
Total liabilities and shareholders' equity	<u>\$ 4,083,054</u>	<u>\$ 3,132,203</u>

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

(Unaudited)

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

	Three Months Ended December 31,		Six Months Ended December 31,	
	2024	2023	2024	2023
Interest and dividend income:				
Interest and fees on loans	\$ 80,544	\$ 60,311	\$ 145,881	\$ 119,425
Interest on available-for-sale securities	436	560	1,031	1,043
Other interest and dividend income	4,186	3,261	8,108	6,361
Total interest and dividend income	85,166	64,132	155,020	126,829
Interest expense:				
Deposits	32,777	21,175	59,367	40,433
Federal Home Loan Bank advances	3,666	5,701	7,696	11,847
Obligation under capital lease agreements	233	256	467	425
Total interest expense	36,676	27,132	67,530	52,705
Net interest and dividend income before provision for credit losses	48,490	37,000	87,490	74,124
Provision for credit losses	1,944	436	2,366	625
Net interest and dividend income after provision for credit losses	46,546	36,564	85,124	73,499
Noninterest income:				
Fees for other services to customers	391	492	834	899
Gain on sales of SBA loans	5,570	570	8,901	822
Net unrealized gain (loss) on equity securities	(163)	230	27	72
Loss on real estate owned, other repossessed collateral and premises and equipment, net	-	(9)	-	(9)
Bank-owned life insurance income	125	116	248	231
Correspondent fee income	23	52	54	143
Other noninterest income	3	15	5	87
Total noninterest income	5,949	1,466	10,069	2,245
Noninterest expense:				
Salaries and employee benefits	11,287	9,905	22,470	19,625
Occupancy and equipment expense	1,103	1,101	2,182	2,206
Professional fees	562	499	1,315	1,281
Data processing fees	1,622	1,347	3,109	2,447
Marketing expense	94	221	230	482
Loan acquisition and collection expense	2,063	939	3,355	1,589
FDIC insurance expense	956	287	1,288	644
Other noninterest expense	1,379	1,370	2,802	2,784
Total noninterest expense	19,066	15,669	36,751	31,058
Income before income tax expense	33,429	22,361	58,442	44,686
Income tax expense	10,989	8,307	18,896	15,460
Net income	\$ 22,440	\$ 14,054	\$ 39,546	\$ 29,226
Weighted-average shares outstanding:				
Basic	8,044,345	7,505,109	7,965,486	7,492,310
Diluted	8,197,568	7,590,913	8,153,368	7,572,450
Earnings per common share:				
Basic	\$ 2.79	\$ 1.87	\$ 4.96	\$ 3.90
Diluted	2.74	1.85	4.85	3.86
Cash dividends declared per common share	\$ 0.01	\$ 0.01	\$ 0.02	\$ 0.02

**NORTHEAST BANK****AVERAGE BALANCE SHEETS AND ANNUALIZED YIELDS**

(Unaudited)

(Dollars in thousands)

Three Months Ended December 31,						
	2024			2023		
	Average Balance	Interest Income/ Expense	Average Yield/ Rate	Average Balance	Interest Income/ Expense	Average Yield/ Rate
<b>Assets:</b>						
Interest-earning assets:						
Investment securities	\$ 40,004	\$ 436	4.32%	\$ 59,797	\$ 560	3.73%
Loans (1) (2) (3)	3,563,745	80,544	8.97%	2,544,311	60,311	9.43%
Federal Home Loan Bank stock	15,458	346	8.88%	21,222	468	8.77%
Short-term investments (4)	325,118	3,840	4.69%	206,090	2,793	5.39%
Total interest-earning assets	3,944,325	85,166	8.57%	2,831,420	64,132	9.01%
Cash and due from banks	2,216			2,508		
Other non-interest earning assets	30,982			69,245		
Total assets	<u>\$ 3,977,523</u>			<u>\$ 2,903,173</u>		
<b>Liabilities &amp; Shareholders' Equity:</b>						
Interest-bearing liabilities:						
NOW accounts	\$ 581,969	\$ 5,932	4.04%	\$ 511,217	\$ 5,636	4.39%
Money market accounts	128,787	953	2.94%	229,154	2,009	3.49%
Savings accounts	187,701	1,653	3.49%	122,643	917	2.97%
Time deposits	2,080,911	24,239	4.62%	1,022,767	12,613	4.91%
Total interest-bearing deposits	2,979,368	32,777	4.36%	1,885,781	21,175	4.47%
Federal Home Loan Bank advances	336,762	3,666	4.32%	481,824	5,701	4.71%
Lease liability	19,599	233	4.72%	21,361	256	4.77%
Total interest-bearing liabilities	3,335,729	36,676	4.36%	2,388,966	27,132	4.52%
Non-interest bearing liabilities:						
Demand deposits and escrow accounts	190,135			167,358		
Other liabilities	30,501			24,616		
Total liabilities	3,556,365			2,580,940		
Shareholders' equity	421,158			322,233		
Total liabilities and shareholders' equity	<u>\$ 3,977,523</u>			<u>\$ 2,903,173</u>		
Net interest income		<u>\$ 48,490</u>			<u>\$ 37,000</u>	
Interest rate spread			4.21%			4.49%
Net interest margin (5)			4.88%			5.20%
Cost of funds (6)			4.13%			4.22%

(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****AVERAGE BALANCE SHEETS AND ANNUALIZED YIELDS**

(Unaudited)

(Dollars in thousands)

Six Months Ended December 31,

	2024			2023		
	Average Balance	Interest Income/Expense	Average Yield/Rate	Average Balance	Interest Income/Expense	Average Yield/Rate
Assets:						
Interest-earning assets:						
Investment securities	\$ 47,708	\$ 1,031	4.29%	\$ 59,986	\$ 1,043	3.46%
Loans (1) (2) (3)	3,201,049	145,881	9.04%	2,523,870	119,425	9.41%
Federal Home Loan Bank stock	15,961	676	8.40%	21,790	881	8.04%
Short-term investments (4)	285,330	7,432	5.17%	203,946	5,480	5.34%
Total interest-earning assets	3,550,048	155,020	8.66%	2,809,592	126,829	8.98%
Cash and due from banks	2,164			2,500		
Other non-interest earning assets	62,527			62,753		
Total assets	<u>\$ 3,614,739</u>			<u>\$ 2,874,845</u>		
Liabilities & Shareholders' Equity:						
Interest-bearing liabilities:						
NOW accounts	\$ 572,849	\$ 12,312	4.26%	\$ 499,331	\$ 10,781	4.29%
Money market accounts	138,738	2,219	3.17%	243,725	4,142	3.38%
Savings accounts	183,141	3,210	3.48%	106,820	1,477	2.75%
Time deposits	1,735,372	41,626	4.76%	999,993	24,033	4.78%
Total interest-bearing deposits	2,630,100	59,367	4.48%	1,849,869	40,433	4.35%
Federal Home Loan Bank advances	349,678	7,696	4.37%	496,169	11,847	4.75%
Lease liability	19,808	467	4.68%	21,568	425	3.92%
Total interest-bearing liabilities	2,999,586	67,530	4.47%	2,367,606	52,705	4.43%
Non-interest bearing liabilities:						
Demand deposits and escrow accounts	182,648			168,348		
Other liabilities	28,337			24,842		
Total liabilities	3,210,571			2,560,796		
Shareholders' equity	404,168			314,049		
Total liabilities and shareholders' equity	<u>\$ 3,614,739</u>			<u>\$ 2,874,845</u>		
Net interest income		<u>\$ 87,490</u>			<u>\$ 74,124</u>	
Interest rate spread			4.19%			4.55%
Net interest margin (5)			4.89%			5.25%
Cost of funds (6)			4.21%			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				
	December 31, 2024	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023
Net interest income	\$ 48,490	\$ 39,000	\$ 37,935	\$ 36,512	\$ 37,000
Provision for credit losses	1,944	422	547	596	436
Noninterest income	5,949	4,119	2,092	1,542	1,466



Noninterest expense	19,066	17,685	17,079	16,429	15,669
Net income	22,440	17,106	15,140	13,865	14,054
Weighted-average common shares outstanding:					
Basic	8,044,345	7,886,148	7,765,868	7,509,320	7,505,109
Diluted	8,197,568	8,108,688	7,910,692	7,595,124	7,590,913
Earnings per common share:					
Basic	\$ 2.79	\$ 2.17	\$ 1.95	\$ 1.85	\$ 1.87
Diluted	2.74	2.11	1.91	1.83	1.85
Dividends declared per common share	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.01
Return on average assets	2.24%	2.09%	1.99%	1.87%	1.93%
Return on average equity	21.14%	17.53%	16.56%	16.45%	17.35%
Net interest rate spread (1)	4.21%	4.18%	4.41%	4.27%	4.49%
Net interest margin (2)	4.88%	4.90%	5.13%	5.01%	5.20%
Efficiency ratio (non-GAAP) (3)	35.02%	41.01%	42.67%	43.17%	40.73%
Noninterest expense to average total assets	1.90%	2.16%	2.24%	2.21%	2.15%
Average interest-earning assets to average interest-bearing liabilities	118.24%	118.48%	118.78%	119.28%	118.52%

As of:

	December 31, 2024	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023
Nonperforming loans:					
Originated portfolio:					
Residential real estate	\$ 2,446	\$ 3,976	\$ 2,502	\$ 2,573	\$ 2,582
Commercial real estate	3,662	4,682	1,407	2,075	2,075
Commercial and industrial	6,696	6,684	6,520	6,928	6,950
Consumer	5	-	-	-	-
Total originated portfolio	12,809	15,342	10,429	11,576	11,607
Total purchased portfolio	17,257	21,830	17,832	16,370	19,165
Total nonperforming loans	30,066	37,172	28,261	27,946	30,772
Real estate owned and other repossessed collateral, net	1,200	-	-	-	-
Total nonperforming assets	\$ 31,266	\$ 37,172	\$ 28,261	\$ 27,946	\$ 30,772
Past due loans to total loans	0.85%	0.89%	0.95%	1.13%	1.22%
Nonperforming loans to total loans	0.84%	1.06%	1.02%	1.05%	1.18%
Nonperforming assets to total assets	0.77%	0.94%	0.90%	0.93%	1.04%
Allowance for credit losses to total loans	1.25%	1.25%	0.97%	0.98%	1.06%
Allowance for credit losses to nonperforming loans	148.92%	117.40%	94.51%	92.83%	89.67%
Net charge-offs (recoveries)	\$ 869	\$ 1,604	\$ 1,347	\$ 2,225	\$ 995
Commercial real estate loans to total capital (4)	542.12%	604.38%	482.13%	509.08%	544.34%
Net loans to deposits	112.52%	110.70%	116.88%	118.15%	121.31%
Purchased loans to total loans	66.63%	69.11%	61.88%	60.99%	63.07%
Equity to total assets	10.88%	9.96%	12.02%	11.73%	11.03%
Common equity tier 1 capital ratio	12.66%	11.45%	13.84%	13.24%	12.63%
Total risk-based capital ratio	13.91%	12.70%	14.82%	14.22%	13.71%
Tier 1 leverage capital ratio	11.16%	12.06%	12.30%	11.79%	11.28%
Total shareholders' equity	\$ 444,101	\$ 392,557	\$ 376,634	\$ 351,913	\$ 327,540
Less: Preferred stock	-	-	-	-	-
Common shareholders' equity	444,101	392,557	376,634	351,913	327,540
Less: Intangible assets (5)	-	-	-	-	-
Tangible common shareholders' equity (non-GAAP)	\$ 444,101	\$ 392,557	\$ 376,634	\$ 351,913	\$ 327,540
Common shares outstanding	8,492,856	8,212,026	8,127,690	7,977,690	7,804,052
Book value per common share	\$ 52.29	\$ 47.80	\$ 46.34	\$ 44.11	\$ 41.97
Tangible book value per share (non-GAAP) (6)	52.29	47.80	46.34	44.11	41.97

- (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](http://www.northeastbank.com)