Northeast Bank Reports Third Quarter Results and Declares Dividend

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PORTLAND, Maine, April 30, 2024 (GLOBE NEWSWIRE) -- Northeast Bank (the “Bank”) (NASDAQ: NBN), a Maine-based full-service bank, today reported net income of $13.9 million, or $1.83 per diluted common share, for the quarter ended March 31, 2024, compared to net income of $12.5 million, or $1.69 per diluted common share, for the quarter ended March 31, 2023. Net income for the nine months ended March 31, 2024 was $43.1 million, or $5.67 per diluted common share, compared to $32.1 million, or $4.35 per diluted common share, for the nine months ended March 31, 2023.

The Board of Directors declared a cash dividend of $0.01 per share, payable on May 27, 2024, to shareholders of record as of May 13, 2024.

“We reported strong results in our third fiscal quarter and surpassed $3.0 billion in assets as of March 31, 2024,” said Rick Wayne, Chief Executive Officer. “Our National Lending Division portfolio increased by $39.3 million, or 1.5%, for the quarter ended March 31, 2024. For the nine months ended March 31, 2024, the National Lending Division portfolio increased by $128.3 million, or 5.2%, driven by fiscal year-to-date originations of $284.9 million and purchases of $238.5 million. Additionally, utilizing our at-the-market stock offering plan, we issued 180 thousand shares of common stock during the quarter at a weighted average net proceeds per share of $52.34.” Mr. Wayne continued, “For the quarter, we are reporting earnings of $1.83 per diluted common share, a return on average equity of 16.4%, and a return on average assets of 1.9%.”

As of March 31, 2024, total assets were $3.00 billion, an increase of $131.1 million, or 4.6%, from total assets of $2.87 billion as of June 30, 2023.

1. The following table highlights the changes in the loan portfolio for the three and nine months ended March 31, 2024:

	Loan Portfolio Changes			
	Three Months Ended March 31, 2024			
	March 31, 2024 Balance	December 31, 2023 Balance	Change ($)	Change (%)
	(Dollars in thousands)			
National Lending Purchased	$ 1,620,409	$ 1,646,756	$ (26,347)	(1.60%)
National Lending Originated	975,876	910,213	65,663	7.21%
SBA National	36,375	29,052	7,323	25.21%
Community Banking	24,121	25,038	(917)	(3.66%)
Total	$ 2,656,781	$ 2,611,059	$ 45,722	1.75%

	Nine Months Ended March 31, 2024			
	March 31, 2024 Balance	June 30, 2023 Balance	Change ($)	Change (%)
	(Dollars in thousands)			
National Lending Purchased	$ 1,620,409	$ 1,480,119	$ 140,290	9.48%
National Lending Originated	975,876	987,832	(11,956)	(1.21%)
SBA National	36,375	24,873	11,502	46.24%
Community Banking	24,121	27,536	(3,415)	(12.40%)
Total	$ 2,656,781	$ 2,520,360	$ 136,421	5.41%

Loans generated by the Bank's National Lending Division for the quarter ended March 31, 2024 totaled $153.3 million, which consisted of $153.3 million of originated loans and no purchased loans.

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

	National Lending Portfolio					
	Three Months Ended March 31,					
	2024			2023		
	Purchased	Originated	Total	Purchased	Originated	Total
	(Dollars in thousands)					
Loans purchased or originated during the period:						
Unpaid principal balance	$ -	$ 153,349	$ 153,349	$ 23,715	$ 117,108	$ 140,823
Net investment basis	-	153,349	153,349	21,493	117,108	138,601
Loan returns during the period:						
Yield	8.67%	10.09%	9.19%	7.62%	9.23%	8.26%

Total Return on Purchased Loans (1)	8.70%	N/A	8.70%	7.62%	N/A	7.62%

	Nine Months Ended March 31,					
	2024			2023		
	Purchased	Originated	Total	Purchased	Originated	Total
	(Dollars in thousands)					
Loans purchased or originated during the period:						
Unpaid principal balance	$ 271,741	$ 284,876	$ 556,617	$ 1,260,530	$ 472,820	$ 1,733,350
Net investment basis	238,477	284,876	523,353	1,095,003	472,820	1,567,823
Loan returns during the period:						
Yield	8.95%	9.97%	9.34%	7.83%	8.57%	8.20%
Total Return on Purchased Loans (1)	8.98%	N/A	8.98%	7.83%	N/A	7.83%
Total loans as of period end:						
Unpaid principal balance	$ 1,794,669	$ 975,876	$ 2,770,545	$ 1,650,072	$ 994,707	$ 2,644,779
Net investment basis	1,620,409	975,876	2,596,285	1,460,598	994,707	2,455,305

(1) 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 $289.5 million, or 14.9%, from June 30, 2023. The increase was primarily attributable to increases in time deposits of $327.7 million, or 35.6%, and savings and interest checking deposits of $79.3 million, or 13.3%, partially offset by a decrease in money market deposits of $116.4 million, or 41.9%. The significant drivers in the change in time deposits were the increase in brokered time deposits, which increased by $229.6 million, and Community Banking Division time deposits, which increased by $141.7 million compared to June 30, 2023, partially offset by the intentional runoff of Bulletin Board time deposits of $40.4 million.

3. Federal Home Loan Bank (“FHLB”) advances decreased by $211.4 million, or 37.6%, from June 30, 2023. The decrease was attributable to the Bank’s decision to pay down advances funded with brokered time deposits.

4. Shareholders’ equity increased by $55.3 million, or 18.6%, from June 30, 2023, primarily due to net income of $43.1 million and the issuance of 192 thousand shares of voting common stock, which added $10.0 million to shareholders’ equity.

Net income increased by $1.4 million to $13.9 million for the quarter ended March 31, 2024, compared to net income of $12.5 million for the quarter ended March 31, 2023.

1. Net interest and dividend income before provision for credit losses increased by $4.3 million to $36.5 million for the quarter ended March 31, 2024, compared to $32.2 million for the quarter ended March 31, 2023. The increase was primarily due to the following:
- An increase in interest income earned on loans of $9.6 million, primarily due to an increase in interest income earned on the National Lending Division’s purchased and originated portfolios, due to higher rates earned on both portfolios and higher average balances in the purchased portfolio; and
- An increase in interest income earned on short-term investments of $1.3 million, due to higher rates earned and higher average balances; partially offset by,
- An increase in deposit interest expense of $6.1 million, primarily due to higher rates in interest-bearing deposits; and
- An increase in FHLB borrowings interest expense of $539 thousand, primarily due to higher average balances.

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

	Interest Income and Yield on Loans					
	Three Months Ended March 31,					
	2024			2023		
	Average Balance	Interest Income	Yield	Average Balance	Interest Income	Yield
	(Dollars in thousands)					
Community Banking	$ 24,640	$ 387	6.32%	$ 29,157	$ 436	6.06%
SBA National	35,848	1,159	13.00%	28,288	851	12.20%
National Lending:						
Originated	953,401	23,909	10.09%	981,660	22,347	9.23%
Purchased	1,635,494	35,260	8.67%	1,463,242	27,475	7.62%
Total National Lending	2,588,895	59,169	9.19%	2,444,902	49,822	8.26%
Total	$ 2,649,383	$ 60,715	9.22%	$ 2,502,347	51,109	8.28%

	Nine Months Ended March 31,					
	2024			2023		
	Average Balance	Interest Income	Yield	Average Balance	Interest Income	Yield
	(Dollars in thousands)					
Community Banking	$ 25,786	$ 1,242	6.41%	$ 31,002	$ 1,490	6.40%
SBA National	30,125	2,833	12.52%	28,945	2,191	10.08%
National Lending:						
Originated	951,129	71,284	9.97%	898,467	57,770	8.57%
Purchased	1,558,362	104,780	8.95%	901,377	52,965	7.83%
Total National Lending	2,509,491	176,064	9.34%	1,799,844	110,735	8.20%
Total	$ 2,565,402	$ 180,139	9.35%	$ 1,859,791	114,416	8.20%

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 March 31, 2023, transactional income decreased by $1.9 million for the quarter ended March 31, 2024, and regularly scheduled interest and accretion increased by $9.8 million primarily due to the increase in average balances. The total return on purchased loans for the quarter ended March 31, 2024 was 8.7%, an increase from 7.6% for the quarter ended March 31, 2023. The following table details the total return on purchased loans:

	Total Return on Purchased Loans			
	Three Months Ended March 31,			
	2024		2023	
	Income	Return (1)	Income	Return (1)
	(Dollars in thousands)			
Regularly scheduled interest and accretion	$ 34,045	8.37%	$ 24,280	6.73%
Transactional income:				
Release of allowance for credit losses on purchased loans	130	0.03%	-	0.00%
Accelerated accretion and loan fees	1,215	0.30%	3,195	0.89%
Total transactional income	1,345	0.33%	3,195	0.89%
Total	$ 35,390	8.70%	$ 27,475	7.62%

	Nine Months Ended March 31,			
	2024		2023	
	Income	Return (1)	Income	Return (1)
	(Dollars in thousands)			
Regularly scheduled interest and accretion	$ 98,505	8.41%	$ 44,968	6.65%
Transactional income:				
Release of allowance for credit losses on purchased loans	356	0.03%	-	0.00%
Accelerated accretion and loan fees	6,275	0.54%	7,997	1.18%
Total transactional income	6,631	0.57%	7,997	1.18%
Total	$ 105,136	8.98%	$ 52,965	7.83%

(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. The provision for credit losses for the third quarter of fiscal year 2024 was reported using the CECL methodology, whereas the third quarter of fiscal year 2023 provision for credit losses was reported using the incurred loss methodology. Provision for credit losses decreased by $80 thousand to a provision of $596 thousand for the quarter ended March 31, 2024, compared to a provision of $676 thousand in the quarter ended March 31, 2023.

3. Noninterest income increased by $354 thousand for the quarter ended March 31, 2024, compared to the quarter ended March 31, 2023, principally due to the following:
- An increase in gain on sale of Small Business Administration (“SBA”) loans of $787 thousand, due to the sale of $18.9 million in SBA loans during the quarter ended March 31, 2024 as compared to the sale of $3.7 million during the quarter ended March 31, 2023; partially offset by,
- A decrease in correspondent fee income of $287 thousand from the recognition of correspondent fees and related net servicing income; and
- An increase in unrealized loss on equity securities of $135 thousand.

4. Noninterest expense increased by $2.6 million for the quarter ended March 31, 2024 compared to the quarter ended March 31, 2023, primarily due to the following:
- An increase in salaries and employee benefits expense of $2.4 million, primarily due to an additional accrual of $1.0 million in incentive compensation based on earnings for the nine months ended March 31, 2024, along with increases in regular compensation expense, and stock compensation expense;
- An increase in other noninterest expense of $412 thousand, primarily due to a $130 thousand increase in deposit expense and a $103

thousand decrease in recovery on SBA servicing asset; and
• An increase in loan expense of $362 thousand, primarily due to increased expenses in connection with the origination of SBA 7(a) loans; partially offset by,
• A decrease in professional fees of $448 thousand, primarily due to decreases in legal and other professional fees.

5. Income tax expense increased by $766 thousand to $7.2 million, or an effective tax rate of 34.1%, for the quarter ended March 31, 2024, compared to $6.4 million, or an effective tax rate of 33.8%, for the quarter ended March 31, 2023. The increase in effective tax rate is primarily due to updates to permanent differences which increase taxable income.

As of March 31, 2024, nonperforming assets totaled $27.9 million, or 0.93% of total assets, compared to $15.7 million, or 0.55% of total assets, as of June 30, 2023. The increase was primarily tied to four National Lending Division loans totaling $12.6 million which were placed on non-accrual during the nine months ended March 31, 2024.

As of March 31, 2024, past due loans totaled $30.1 million, or 1.13% of total loans, compared to past due loans totaling $13.1 million, or 0.52% of total loans, as of June 30, 2023.

As of March 31, 2024, the Bank's Tier 1 leverage capital ratio was 11.8%, compared to 10.4% at June 30, 2023, and the Total risk-based capital ratio was 14.2% at March 31, 2024, compared to 12.3% at June 30, 2023. Capital ratios increased primarily due to increased earnings and the Total risk-based capital ratio also increased due to an increase in Tier 2 capital associated with the allowance for credit losses under CECL.

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 third quarter earnings and business outlook at 10:00 a.m. Eastern Time on Wednesday, May 1st.** 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, 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 credit 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.

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NORTHEAST BANK
BALANCE SHEETS

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

	March 31, 2024	June 30, 2023
Assets		
Cash and due from banks	$ 2,324	$ 2,515
Short-term investments	202,828	195,394
Total cash and cash equivalents	205,152	197,909
Available-for-sale debt securities, at fair value	53,029	53,403
Equity securities, at fair value	6,970	6,771
Total investment securities	59,999	60,174
Loans:		
Commercial real estate	2,003,987	1,940,563
Commercial and industrial	585,033	499,815
Residential real estate	67,429	79,497
Consumer	332	485
Total loans	2,656,781	2,520,360
Less: Allowance for credit losses	25,942	7,304
Loans, net	2,630,839	2,513,056
Premises and equipment, net	27,575	27,737
Federal Home Loan Bank stock, at cost	15,915	24,644
Loan servicing rights, net	1,062	1,530
Bank-owned life insurance	18,712	18,364
Other assets	41,761	26,524
Total assets	$ 3,001,015	$ 2,869,938
Liabilities and Shareholders' Equity		
Deposits:		
Demand	$ 142,682	$ 143,738
Savings and interest checking	675,628	596,347
Money market	161,552	277,939
Time	1,246,848	919,183
Total deposits	2,226,710	1,937,207
Federal Home Loan Bank and other advances	351,173	562,615
Lease liability	20,860	21,918
Other liabilities	50,359	51,535
Total liabilities	2,649,102	2,573,275
Commitments and contingencies	-	-
Shareholders' equity		
Preferred stock, $1.00 par value, 1,000,000 shares authorized; no shares issued and outstanding at March 31, 2024 and June 30, 2023	-	-
Voting common stock, $1.00 par value, 25,000,000 shares authorized; 7,977,690 and 7,668,650 shares issued and outstanding at March 31, 2024 and June 30, 2023, respectively	7,978	7,669
Non-voting common stock, $1.00 par value, 3,000,000 shares authorized; No shares issued and outstanding at March 31, 2024 and June 30, 2023	-	-
Additional paid-in capital	55,325	42,840
Retained earnings	288,864	246,872
Accumulated other comprehensive loss	(254)	(718)
Total shareholders' equity	351,913	296,663
Total liabilities and shareholders' equity	$ 3,001,015	$ 2,869,938

NORTHEAST BANK
STATEMENTS OF INCOME
(Unaudited)
(Dollars in thousands, except share and per share data)

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2024	2023	2024	2023
Interest and dividend income:				
Interest and fees on loans	$ 60,715	$ 51,109	$ 180,139	$ 114,416
Interest on available-for-sale securities	596	329	1,639	748
Other interest and dividend income	3,179	1,916	9,541	4,255
Total interest and dividend income	64,490	53,354	191,319	119,419
Interest expense:				
Deposits	23,340	17,240	63,772	29,937
Federal Home Loan Bank advances	4,401	3,862	16,247	4,795
Obligation under capital lease agreements	237	13	664	46
Total interest expense	27,978	21,115	80,683	34,778
Net interest and dividend income before provision for loan losses	36,512	32,239	110,636	84,641
Provision for credit losses	596	676	1,221	1,851
Net interest and dividend income after provision for loan losses	35,916	31,563	109,415	82,790
Noninterest income:				
Fees for other services to customers	320	372	1,218	1,142
Gain on sales of SBA loans	1,015	228	1,837	299
Net unrealized gain (loss) on equity securities	(55)	80	17	(127)
Gain (loss) on real estate owned, other repossessed collateral and premises and equipment, net	-	-	(9)	(73)
Correspondent fee income	40	327	183	2,327
Gain on termination of interest rate swap	-	-	-	96
Bank-owned life insurance income	116	110	348	329
Other noninterest income	106	71	194	154
Total noninterest income	1,542	1,188	3,788	4,147
Noninterest expense:				
Salaries and employee benefits	10,784	8,434	30,409	25,149
Occupancy and equipment expense	1,072	1,061	3,277	3,113
Professional fees	503	951	1,784	1,931
Data processing fees	1,376	1,369	3,823	3,690
Marketing expense	256	187	738	583
Loan acquisition and collection expense	813	451	2,402	1,841
FDIC insurance expense	273	443	917	684
Other noninterest expense	1,352	940	4,138	3,183
Total noninterest expense	16,429	13,836	47,488	40,174
Income before income tax expense	21,029	18,915	65,715	46,763
Income tax expense	7,164	6,398	22,624	14,661
Net income	$ 13,865	$ 12,517	$ 43,091	$ 32,102
Weighted-average shares outstanding:				
Basic	7,509,320	7,352,447	7,510,065	7,307,142
Diluted	7,595,124	7,413,812	7,602,844	7,377,236
Earnings per common share:				
Basic	$ 1.85	$ 1.70	$ 5.74	$ 4.39
Diluted	1.83	1.69	5.67	4.35

Cash dividends declared per common share	$ 0.01	$ 0.01	$ 0.03	$ 0.03

NORTHEAST BANK
AVERAGE BALANCE SHEETS AND ANNUALIZED YIELDS
(Unaudited)
(Dollars in thousands)

	Three Months Ended March 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	$ 60,211	$ 596	3.98%	$ 60,315	$ 329	2.16%
Loans (1) (2)	2,649,383	60,715	9.22%	2,502,347	51,109	8.10%
Federal Home Loan Bank stock	17,636	449	10.24%	13,958	76	2.16%
Short-term investments (3)	204,869	2,730	5.36%	174,431	1,840	4.19%
Total interest-earning assets	2,932,099	64,490	8.85%	2,751,051	53,354	7.69%
Cash and due from banks	2,446			2,565		
Other non-interest earning assets	50,227			67,861		
Total assets	$ 2,984,772			$ 2,821,477		
Liabilities & Shareholders' Equity:						
Interest-bearing liabilities:						
NOW accounts	$ 524,301	$ 5,767	4.42%	$ 543,050	$ 4,820	3.52%
Money market accounts	190,379	1,619	3.42%	253,542	1,372	2.15%
Savings accounts	140,737	1,126	3.22%	108,102	281	1.03%
Time deposits	1,185,558	14,828	5.03%	1,077,242	10,767	3.97%
Total interest-bearing deposits	2,040,975	23,340	4.60%	1,981,936	17,240	3.45%
Federal Home Loan Bank advances	396,130	4,401	4.47%	324,696	3,862	4.72%
Lease liability	20,981	237	4.54%	20,789	13	0.25%
Total interest-bearing liabilities	2,458,086	27,978	4.58%	2,327,421	21,115	3.60%
Non-interest bearing liabilities:						
Demand deposits and escrow accounts	163,042			201,354		
Other liabilities	24,571			18,786		
Total liabilities	2,645,699			2,547,561		
Shareholders' equity	339,073			273,916		
Total liabilities and shareholders' equity	$ 2,984,772			$ 2,821,477		
Net interest income		$ 36,512			$ 32,239	
Interest rate spread			4.27%			4.19%
Net interest margin (4)			5.01%			4.75%
Cost of funds (5)			4.29%			3.39%

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

	Nine Months Ended March 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	$ 60,060	$ 1,639	3.63%	$ 60,818	$ 748	1.64%
Loans (1) (2)	2,565,402	180,139	9.35%	1,859,791	114,416	8.20%
Federal Home Loan Bank stock	20,415	1,331	8.68%	7,317	137	2.49%
Short-term investments (3)	204,252	8,210	5.35%	162,136	4,118	3.38%
Total interest-earning assets	2,850,129	191,319	8.93%	2,090,062	119,419	7.61%
Cash and due from banks	2,482			2,531		
Other non-interest earning assets	58,609			85,970		
Total assets	$ 2,911,220			$ 2,178,563		
Liabilities & Shareholders' Equity:						
Interest-bearing liabilities:						
NOW accounts	$ 507,594	$ 16,548	4.34%	$ 529,482	$ 9,990	2.51%
Money market accounts	226,072	5,760	3.39%	249,353	2,583	1.38%
Savings accounts	118,044	2,603	2.93%	123,607	848	0.91%
Time deposits	1,061,399	38,861	4.87%	614,044	16,516	3.58%
Total interest-bearing deposits	1,913,109	63,772	4.44%	1,516,486	29,937	2.63%
Federal Home Loan Bank advances	463,065	16,247	4.67%	155,639	4,795	4.10%
Lease liability	21,373	664	4.13%	13,829	46	0.44%
Total interest-bearing liabilities	2,397,547	80,683	4.48%	1,685,954	34,778	2.75%
Non-interest bearing liabilities:						
Demand deposits and escrow accounts	166,955			219,785		
Other liabilities	24,388			12,294		
Total liabilities	2,588,890			1,918,033		
Shareholders' equity	322,330			260,530		
Total liabilities and shareholders' equity	$ 2,911,220			$ 2,178,563		
Net interest income		$ 110,636			$ 84,641	
Interest rate spread			4.45%			4.86%
Net interest margin (4)			5.17%			5.39%
Cost of funds (5)			4.19%			2.43%

(1) Interest income and yield are stated on a fully tax-equivalent basis using the statutory tax rate.
(2) Nonaccrual loans are included in the computation of average, but unpaid interest has not been included for purposes of determining interest income.
(3) Short-term investments include FHLB overnight deposits and other interest-bearing deposits.
(4) Net interest margin is calculated as net interest income divided by total interest-earning assets.
(5) 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				
	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023
Net interest income	$ 36,512	$ 37,000	$ 37,124	$ 34,155	$ 32,239
Provision for credit losses	596	436	190	453	676

Noninterest income	1,542	1,466	779	1,112	1,188
Noninterest expense	16,429	15,669	15,389	16,361	13,836
Net income	13,865	14,054	15,172	12,086	12,517
Weighted-average common shares outstanding:					
Basic	7,509,320	7,505,109	7,479,837	7,459,074	7,352,447
Diluted	7,595,124	7,590,913	7,554,315	7,523,508	7,413,812
Earnings per common share:					
Basic	$ 1.85	$ 1.87	$ 2.03	$ 1.62	$ 1.70
Diluted	1.83	1.85	2.01	1.61	1.69
Dividends declared per common share	$ 0.01	$ 0.01	$ 0.01	$ 0.01	$ 0.01
Return on average assets	1.87%	1.93%	2.12%	1.70%	1.80%
Return on average equity	16.45%	17.35%	19.73%	16.67%	18.53%
Net interest rate spread (1)	4.27%	4.49%	4.61%	4.31%	4.19%
Net interest margin (2)	5.01%	5.20%	5.30%	4.91%	4.75%
Efficiency ratio (non-GAAP) (3)	43.17%	40.73%	40.60%	46.39%	41.39%
Noninterest expense to average total assets	2.21%	2.15%	2.15%	2.30%	1.99%
Average interest-earning assets to average interest-bearing liabilities	119.28%	118.52%	118.82%	117.73%	118.20%

	As of:				
	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023
Nonperforming loans:					
Originated portfolio:					
Residential real estate	$ 2,573	$ 2,582	$ 289	$ 280	$ 379
Commercial real estate	2,075	2,075	1,973	3,548	3,355
Commercial and industrial	6,928	6,950	584	520	561
Consumer	-	-	-	-	-
Total originated portfolio	11,576	11,607	2,846	4,348	4,295
Total purchased portfolio	16,370	19,165	14,603	11,335	10,227
Total nonperforming loans	27,946	30,772	17,449	15,683	14,522
Real estate owned and other repossessed collateral, net	-	-	-	-	-
Total nonperforming assets	$ 27,946	$ 30,772	$ 17,449	$ 15,683	$ 14,522
Past due loans to total loans	1.13%	1.22%	1.01%	0.52%	0.70%
Nonperforming loans to total loans	1.05%	1.18%	0.69%	0.62%	0.58%
Nonperforming assets to total assets	0.93%	1.04%	0.61%	0.55%	0.51%
Allowance for credit losses to total loans	0.98%	1.06%	1.00%	0.29%	0.28%
Allowance for credit losses to nonperforming loans	92.83%	89.67%	145.01%	46.57%	48.84%
Net charge-offs (recoveries)	$ 2,225	$ 995	$ 1,536	$ 240	$ (5)
Commercial real estate loans to total capital (4)	509.08%	544.34%	546.91%	595.38%	614.90%
Net loans to deposits	118.15%	121.31%	127.24%	129.73%	117.56%
Purchased loans to total loans	60.99%	63.07%	59.98%	58.73%	58.20%
Equity to total assets	11.73%	11.03%	10.83%	10.34%	9.90%
Common equity tier 1 capital ratio	13.24%	12.63%	12.45%	12.03%	11.59%
Total risk-based capital ratio	14.22%	13.71%	13.46%	12.33%	11.89%
Tier 1 leverage capital ratio	11.79%	11.28%	10.95%	10.38%	10.06%
Total shareholders' equity	$ 351,913	$ 327,540	$ 311,569	$ 296,663	$ 283,869

Less: Preferred stock	-	-	-	-	-
Common shareholders' equity	351,913	327,540	311,569	296,663	283,869
Less: Intangible assets (5)	-	-	-	-	-
Tangible common shareholders' equity (non-GAAP)	$ 351,913	$ 327,540	$ 311,569	$ 296,663	$ 283,869
Common shares outstanding	7,977,690	7,804,052	7,796,691	7,668,650	7,668,650
Book value per common share	$ 44.11	$ 41.97	$ 39.96	$ 38.69	$ 37.02
Tangible book value per share (non-GAAP) (6)	44.11	41.97	39.96	38.69	37.02

(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.

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