Northeast Bank Reports Fourth Quarter Results and Declares Dividend

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PORTLAND, Maine, July 29, 2024 (GLOBE NEWSWIRE) -- Northeast Bank (the “Bank”) (NASDAQ: NBN), a Maine-based full-service bank, today reported net income of $15.1 million, or $1.91 per diluted common share, for the quarter ended June 30, 2024, compared to net income of $12.1 million, or $1.61 per diluted common share, for the quarter ended June 30, 2023. Net income for the year ended June 30, 2024 was $58.2 million, or $7.58 per diluted common share, compared to $44.2 million, or $5.96 per diluted common share, for the year ended June 30, 2023.

The Board of Directors declared a cash dividend of $0.01 per share, payable on August 23, 2024, to shareholders of record as of August 9, 2024.

“We reported strong results in our fourth fiscal quarter, supported by strong volume and yields in our National Lending Division,” said Rick Wayne, Chief Executive Officer. “Our National Lending Division portfolio earned a yield of 9.37% for the quarter ended June 30, 2024, as compared to 8.71% for the quarter ended June 30, 2023. For the year ended June 30, 2024, the National Lending Division portfolio increased by $222.1 million, or 9.0%, compared with June 30, 2023, driven by fiscal year-to-date originations of $399.1 million and purchases of $382.0 million.” Mr. Wayne continued, “For the quarter, we are reporting earnings of $1.91 per diluted common share, a return on average equity of 16.6%, and a return on average assets of 2.0%.”

As of June 30, 2024, total assets were $3.13 billion, an increase of $262.3 million, or 9.1%, 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 months and year ended June 30, 2024:

	Loan Portfolio Changes			
	Three Months Ended June 30, 2024			
	June 30, 2024 Balance	March 31, 2024 Balance	Change ($)	Change (%)
	(Dollars in thousands)			
National Lending Purchased	$ 1,708,551	$ 1,620,409	$ 88,142	5.44%
National Lending Originated	981,497	975,876	5,621	0.58%
SBA National	48,405	36,375	12,030	33.07%
Community Banking	22,704	24,121	(1,417)	(5.87%)
Total	$ 2,761,157	$ 2,656,781	$ 104,376	3.93%

	Year Ended June 30, 2024			
	June 30, 2024 Balance	June 30, 2023 Balance	Change ($)	Change (%)
	(Dollars in thousands)			
National Lending Purchased	$ 1,708,551	$ 1,480,119	$ 228,432	15.43%
National Lending Originated	981,497	987,832	(6,335)	(0.64%)
SBA National	48,405	24,873	23,532	94.61%
Community Banking	22,704	27,536	(4,832)	(17.55%)
Total	$ 2,761,157	$ 2,520,360	$ 240,797	9.55%

Loans generated by the Bank's National Lending Division for the quarter ended June 30, 2024 totaled $257.8 million, which consisted of $143.6 million of purchased loans, at an average price of 89.4% of unpaid principal balance, and $114.3 million of originated loans.

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

	National Lending Portfolio					
	Three Months Ended June 30,					
	2024			2023		
	Purchased	Originated	Total	Purchased	Originated	Total
	(Dollars in thousands)					
Loans purchased or originated during the period:						
Unpaid principal balance	$ 160,627	$ 114,272	$ 274,899	$ 54,253	$ 84,171	$ 138,424
Net investment basis	143,571	114,272	257,843	48,783	84,171	132,954
Loan returns during the period:						
Yield	9.18%	9.68%	9.37%	8.12%	9.58%	8.71%
Total Return on Purchased Loans (1)	9.47%	N/A	9.47%	8.12%	N/A	8.12%

	Year Ended June 30,					
	2024			2023		
	Purchased	Originated	Total	Purchased	Originated	Total
	(Dollars in thousands)					
Loans purchased or originated during the period:						
Unpaid principal balance	$ 432,367	$ 399,149	$ 831,516	$ 1,314,783	$ 556,991	$ 1,871,774
Net investment basis	382,047	399,149	781,196	1,143,786	556,991	1,700,777
Loan returns during the period:						
Yield	9.01%	9.90%	9.34%	7.93%	8.84%	8.36%
Total Return on Purchased Loans (1)	9.11%	N/A	9.11%	7.93%	N/A	7.93%
Total loans as of period end:						
Unpaid principal balance	$ 1,886,383	$ 981,497	$ 2,867,880	$ 1,667,947	$ 987,832	$ 2,655,779
Net investment basis	1,708,551	981,497	2,690,048	1,480,119	987,832	2,467,951

(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 $402.3 million, or 20.8%, from June 30, 2023. The increase was primarily attributable to increases in time deposits of $387.0 million, or 42.1%, and savings and interest checking deposits of $135.7 million, or 22.8%, partially offset by a decrease in money market deposits of $123.4 million, or 44.4%. The significant drivers in the change in time deposits were the increase in brokered time deposits, which increased by $240.6 million, and Community Banking Division time deposits, which increased by $187.9 million compared to June 30, 2023.

3. Federal Home Loan Bank (“FHLB”) advances decreased by $217.4 million, or 38.6%, from June 30, 2023. The decrease was attributable to the Bank’s decision to pay down advances funded with brokered and other time deposits.

4. Shareholders’ equity increased by $80.0 million, or 27.0%, from June 30, 2023, primarily due to net income of $58.2 million, the issuance of 342 thousand shares of voting common stock, which added $18.2 million to shareholders’ equity, stock-based compensation of $5.3 million, and other miscellaneous items that resulted in a net decrease of $1.8 million to shareholders’ equity.

Net income increased by $3.0 million to $15.1 million for the quarter ended June 30, 2024, compared to net income of $12.1 million for the quarter ended June 30, 2023.

1. Net interest and dividend income before provision for credit losses increased by $3.8 million to $37.9 million for the quarter ended June 30, 2024, compared to $34.1 million for the quarter ended June 30, 2023. The increase was primarily due to the following:

- An increase in interest income earned on loans of $8.1 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;
- An increase in interest income earned on short-term investments of $477 thousand, due to higher rates earned and higher average balances; and
- A decrease in FHLB borrowings interest expense of $1.6 million, primarily due to lower average balances; partially offset by,
- An increase in deposit interest expense of $6.5 million, primarily due to 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 June 30,					
	2024			2023		
	Average Balance	Interest Income	Yield	Average Balance	Interest Income	Yield
	(Dollars in thousands)					
Community Banking	$ 23,511	$ 381	6.52%	$ 28,071	$ 427	6.10%
SBA National	40,004	1,437	14.45%	25,706	705	11.00%
National Lending:						
Originated	963,946	23,204	9.68%	994,616	23,762	9.58%
Purchased	1,645,647	37,562	9.18%	1,461,164	29,584	8.12%
Total National Lending	2,609,593	60,766	9.37%	2,455,780	53,346	8.71%

Total	$ 2,673,108	$ 62,584	9.42%	$ 2,509,557	54,478	8.71%

	Year Ended June 30,					
	2024			2023		
	Average Balance	Interest Income	Yield	Average Balance	Interest Income	Yield
	(Dollars in thousands)					
Community Banking	$ 25,267	$ 1,622	6.42%	$ 30,271	$ 1,915	6.33%
SBA National	32,581	4,270	13.11%	28,138	2,896	10.29%
National Lending:						
Originated	954,316	94,488	9.90%	922,438	81,534	8.84%
Purchased	1,580,485	142,342	9.01%	1,040,940	82,549	7.93%
Total National Lending	2,534,801	236,830	9.34%	1,963,378	164,083	8.36%
Total	$ 2,592,649	$ 242,722	9.36%	$ 2,021,787	168,894	8.35%

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 June 30, 2023, transactional income decreased by $503 thousand for the quarter ended June 30, 2024, and regularly scheduled interest and accretion increased by $9.7 million primarily due to the increase in average balances. The total return on purchased loans for the quarter ended June 30, 2024 was 9.5%, an increase from 8.1% for the quarter ended June 30, 2023. The following table details the total return on purchased loans:

	Total Return on Purchased Loans			
	Three Months Ended June 30,			
	2024		2023	
	Income	Return (1)	Income	Return (1)
	(Dollars in thousands)			
Regularly scheduled interest and accretion	$ 34,504	8.43%	$ 24,821	6.81%
Transactional income:				
Release of allowance for credit losses on purchased loans	1,202	0.29%	-	0.00%
Accelerated accretion and loan fees	3,058	0.75%	4,763	1.31%
Total transactional income	4,260	1.04%	4,763	1.31%
Total	$ 38,764	9.47%	$ 29,584	8.12%

	Year Ended June 30,			
	2024		2023	
	Income	Return (1)	Income	Return (1)
	(Dollars in thousands)			
Regularly scheduled interest and accretion	$ 133,009	8.42%	$ 69,788	6.70%
Transactional income:				
Release of allowance for credit losses on purchased loans	1,558	0.10%	-	0.00%
Accelerated accretion and loan fees	9,333	0.59%	12,761	1.23%
Total transactional income	10,891	0.69%	12,761	1.23%
Total	$ 143,900	9.11%	$ 82,549	7.93%

(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 $94 thousand to a provision of $547 thousand for the quarter ended June 30, 2024, compared to a provision of $453 thousand in the quarter ended June 30, 2023. The provision for credit losses for the fourth quarter of fiscal year 2024 was reported using the Current Expected Credit Loss (“CECL”) methodology, whereas the fourth quarter of fiscal year 2023 provision for credit losses was reported using the incurred loss methodology.

3. Noninterest income increased by $980 thousand for the quarter ended June 30, 2024, compared to the quarter ended June 30, 2023, principally due to an increase in gain on sale of Small Business Administration (“SBA”) loans of $1.2 million, due to the sale of $26.8 million in SBA loans during the quarter ended June 30, 2024 as compared to the sale of $5.4 million during the quarter ended June 30, 2023.

4. Noninterest expense increased by $718 thousand for the quarter ended June 30, 2024 compared to the quarter ended June 30, 2023, primarily due to the following:

- An increase in salaries and employee benefits expense of $634 thousand, primarily due to increases in regular compensation expense and stock compensation expense; and

- An increase in loan expense of $180 thousand primarily related to increased expenses in connection with the origination of SBA 7(a) loans; partially offset by,
- A decrease of $195 thousand in deposit insurance expense.

5. Income tax expense increased by $894 thousand to $7.3 million, or an effective tax rate of 32.4%, for the quarter ended June 30, 2024, compared to $6.4 million, or an effective tax rate of 34.5%, for the quarter ended June 30, 2023. The decrease in effective tax rate is primarily due to changes to state tax apportionment which decreased tax expense during the quarter ended June 30, 2024, as compared to updates to permanent differences which increased taxable income during the quarter ended June 30, 2023.

As of June 30, 2024, nonperforming assets totaled $28.3 million, or 0.90% of total assets, compared to $15.7 million, or 0.55% of total assets, as of June 30, 2023.

As of June 30, 2024, past due loans totaled $26.3 million, or 0.95% 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 June 30, 2024, the Bank's Tier 1 leverage capital ratio was 12.3%, compared to 10.4% at June 30, 2023, and the Total risk-based capital ratio was 14.8% at June 30, 2024, compared to 12.3% at June 30, 2023. Capital ratios increased primarily due to increased earnings and the Total risk-based capital ratio 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 fourth quarter earnings and business outlook at 10:00 a.m. Eastern Time on Thursday, August 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)

	June 30, 2024	June 30, 2023
Assets		
Cash and due from banks	$ 2,711	$ 2,515
Short-term investments	239,447	195,394
Total cash and cash equivalents	242,158	197,909
Available-for-sale debt securities, at fair value	48,978	53,403
Equity securities, at fair value	7,013	6,771
Total investment securities	55,991	60,174
Loans:		
Commercial real estate	2,028,280	1,940,563
Commercial and industrial	633,352	499,815
Residential real estate	99,234	79,497
Consumer	291	485
Total loans	2,761,157	2,520,360
Less: Allowance for credit losses	26,709	7,304
Loans, net	2,734,448	2,513,056
Premises and equipment, net	27,144	27,737
Federal Home Loan Bank stock, at cost	15,751	24,644
Loan servicing rights, net	984	1,530
Bank-owned life insurance	18,830	18,364
Other assets	36,897	26,524
Total assets	$ 3,132,203	$ 2,869,938
Liabilities and Shareholders' Equity		
Deposits:		
Demand	$ 146,727	$ 143,738
Savings and interest checking	732,029	596,347
Money market	154,504	277,939
Time	1,306,203	919,183
Total deposits	2,339,463	1,937,207
Federal Home Loan Bank and other advances	345,190	562,615
Lease liability	20,252	21,918
Other liabilities	50,664	51,535
Total liabilities	2,755,569	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 June 30, 2024 and June 30, 2023	-	-
Voting common stock, $1.00 par value, 25,000,000 shares authorized; 8,127,690 and 7,668,650 shares issued and outstanding at June 30, 2024 and June 30, 2023, respectively	8,128	7,669
Non-voting common stock, $1.00 par value, 3,000,000 shares authorized; No shares issued and outstanding at June 30, 2024 and June 30, 2023	-	-
Additional paid-in capital	64,762	42,840
Retained earnings	303,927	246,872
Accumulated other comprehensive loss	(183)	(718)
Total shareholders' equity	376,634	296,663
Total liabilities and shareholders' equity	$ 3,132,203	$ 2,869,938

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

	Three Months Ended June 30,		Year Ended June 30,	
	2024	2023	2024	2023
Interest and dividend income:				
Interest and fees on loans	$ 62,584	$ 54,478	$ 242,722	$ 168,894
Interest on available-for-sale securities	606	374	2,246	1,122
Other interest and dividend income	3,377	2,900	12,918	7,155
Total interest and dividend income	66,567	57,752	257,886	177,171
Interest expense:				
Deposits	24,619	18,139	88,391	48,076
Federal Home Loan Bank advances	3,785	5,430	20,032	10,225
Obligation under capital lease agreements	228	28	891	74
Total interest expense	28,632	23,597	109,314	58,375
Net interest and dividend income before provision for loan losses	37,935	34,155	148,572	118,796
Provision for credit losses	547	453	1,768	2,303
Net interest and dividend income after provision for loan losses	37,388	33,702	146,804	116,493
Noninterest income:				
Fees for other services to customers	466	448	1,684	1,589
Gain on sales of SBA loans	1,459	278	3,296	576
Net unrealized gain (loss) on equity securities	(22)	(81)	(4)	(208)
Gain (loss) on real estate owned, other repossessed collateral and premises and equipment, net	(20)	-	(29)	(73)
Correspondent fee income	39	114	222	2,534
Gain on termination of interest rate swap	-	-	-	96
Bank-owned life insurance income	118	207	466	443
Other noninterest income	52	146	245	301
Total noninterest income	2,092	1,112	5,880	5,258
Noninterest expense:				
Salaries and employee benefits	11,204	10,570	41,613	35,721
Occupancy and equipment expense	995	1,100	4,272	4,214
Professional fees	581	624	2,365	2,554
Data processing fees	1,501	1,305	5,324	4,995
Marketing expense	261	339	1,000	922
Loan acquisition and collection expense	853	673	3,255	2,514
FDIC insurance expense	345	540	1,262	1,224
Other noninterest expense	1,339	1,210	5,477	4,392
Total noninterest expense	17,079	16,361	64,568	56,536
Income before income tax expense	22,401	18,453	88,116	65,215
Income tax expense	7,261	6,367	29,885	21,028
Net income	$ 15,140	$ 12,086	$ 58,231	$ 44,187
Weighted-average shares outstanding:				
Basic	7,765,868	7,459,074	7,573,217	7,345,253
Diluted	7,910,692	7,523,508	7,679,007	7,413,932
Earnings per common share:				
Basic	$ 1.95	$ 1.62	$ 7.69	$ 6.02
Diluted	1.91	1.61	7.58	5.96
Cash dividends declared per common share	$ 0.01	$ 0.01	$ 0.04	$ 0.04

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

	Three Months Ended June 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	$ 59,752	$ 606	4.08%	$ 60,584	$ 374	2.48%
Loans (1) (2)	2,673,108	62,584	9.42%	2,509,557	54,478	8.71%
Federal Home Loan Bank stock	15,756	369	9.42%	20,483	260	5.09%
Short-term investments (3)	224,498	3,008	5.39%	201,493	2,640	5.26%
Total interest-earning assets	2,973,114	66,567	9.01%	2,792,117	57,752	8.30%
Cash and due from banks	2,524			2,508		
Other non-interest earning assets	84,461			64,580		
Total assets	$ 3,060,099			$ 2,859,205		
Liabilities & Shareholders' Equity:						
Interest-bearing liabilities:						
NOW accounts	$ 545,965	$ 6,105	4.50%	$ 567,746	$ 5,594	3.95%
Money market accounts	157,729	1,279	3.26%	252,560	1,785	2.83%
Savings accounts	163,940	1,395	3.42%	83,782	330	1.58%
Time deposits	1,267,122	15,840	5.03%	973,216	10,430	4.30%
Total interest-bearing deposits	2,134,756	24,619	4.64%	1,877,304	18,139	3.88%
Federal Home Loan Bank advances	347,726	3,785	4.38%	472,440	5,430	4.61%
Lease liability	20,533	228	4.47%	21,972	28	0.51%
Total interest-bearing liabilities	2,503,015	28,632	4.60%	2,371,716	23,597	3.99%
Non-interest bearing liabilities:						
Demand deposits and escrow accounts	162,251			173,668		
Other liabilities	27,230			23,095		
Total liabilities	2,692,496			2,568,479		
Shareholders' equity	367,603			290,726		
Total liabilities and shareholders' equity	$ 3,060,099			$ 2,859,205		
Net interest income		$ 37,935			$ 34,155	
Interest rate spread			4.41%			4.31%
Net interest margin (4)			5.13%			4.91%
Cost of funds (5)			4.32%			3.72%

(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)

	Year Ended June 30,					
	2024			2023		
	Average	Interest Income/	Average Yield/	Average	Interest Income/	Average Yield/

	Balance	Expense	Rate	Balance	Expense	Rate
Assets:						
Interest-earning assets:						
Investment securities	$ 59,983	$ 2,246	3.74%	$ 60,760	$ 1,122	1.85%
Loans (1) (2)	2,592,649	242,722	9.36%	2,021,787	168,894	8.35%
Federal Home Loan Bank stock	19,257	1,700	8.83%	10,600	397	3.75%
Short-term investments (3)	209,285	11,218	5.36%	171,949	6,758	3.93%
Total interest-earning assets	2,881,174	257,886	8.95%	2,265,096	177,171	7.82%
Cash and due from banks	2,493			2,525		
Other non-interest earning assets	64,570			78,986		
Total assets	$ 2,948,237			$ 2,346,607		
Liabilities & Shareholders' Equity:						
Interest-bearing liabilities:						
NOW accounts	$ 517,134	$ 22,652	4.38%	$ 539,022	$ 15,584	2.89%
Money market accounts	209,080	7,039	3.37%	250,152	4,368	1.75%
Savings accounts	129,455	3,999	3.09%	113,678	1,178	1.04%
Time deposits	1,112,548	54,701	4.92%	703,591	26,946	3.83%
Total interest-bearing deposits	1,968,217	88,391	4.49%	1,606,443	48,076	2.99%
Federal Home Loan Bank advances	434,388	20,032	4.61%	234,623	10,225	4.36%
Lease liability	21,165	891	4.21%	15,859	74	0.47%
Total interest-bearing liabilities	2,423,770	109,314	4.51%	1,856,925	58,375	3.14%
Non-interest bearing liabilities:						
Demand deposits and escrow accounts	165,789			208,287		
Other liabilities	25,092			13,337		
Total liabilities	2,614,651			2,078,549		
Shareholders' equity	333,586			268,058		
Total liabilities and shareholders' equity	$ 2,948,237			$ 2,346,607		
Net interest income		$ 148,572			$ 118,796	
Interest rate spread			4.44%			4.68%
Net interest margin (4)			5.16%			5.24%
Cost of funds (5)			4.22%			2.83%

(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				
	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023
Net interest income	$ 37,935	$ 36,512	$ 37,000	$ 37,124	$ 34,155
Provision for credit losses	547	596	436	190	453
Noninterest income	2,092	1,542	1,466	779	1,112
Noninterest expense	17,079	16,429	15,669	15,389	16,361
Net income	15,140	13,865	14,054	15,172	12,086

Weighted-average common shares outstanding:					
Basic	7,765,868	7,509,320	7,505,109	7,479,837	7,459,074
Diluted	7,910,692	7,595,124	7,590,913	7,554,315	7,523,508
Earnings per common share:					
Basic	$ 1.95	$ 1.85	$ 1.87	$ 2.03	$ 1.62
Diluted	1.91	1.83	1.85	2.01	1.61
Dividends declared per common share	$ 0.01	$ 0.01	$ 0.01	$ 0.01	$ 0.01
Return on average assets	1.99%	1.87%	1.93%	2.12%	1.70%
Return on average equity	16.56%	16.45%	17.35%	19.73%	16.67%
Net interest rate spread (1)	4.41%	4.27%	4.49%	4.61%	4.31%
Net interest margin (2)	5.13%	5.01%	5.20%	5.30%	4.91%
Efficiency ratio (non-GAAP) (3)	42.67%	43.17%	40.73%	40.60%	46.39%
Noninterest expense to average total assets	2.24%	2.21%	2.15%	2.15%	2.30%
Average interest-earning assets to average interest-bearing liabilities	118.78%	119.28%	118.52%	118.82%	117.73%

	As of:				
	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023
Nonperforming loans:					
Originated portfolio:					
Residential real estate	$ 2,502	$ 2,573	$ 2,582	$ 289	$ 280
Commercial real estate	1,407	2,075	2,075	1,973	3,548
Commercial and industrial	6,520	6,928	6,950	584	520
Consumer	-	-	-	-	-
Total originated portfolio	10,429	11,576	11,607	2,846	4,348
Total purchased portfolio	17,832	16,370	19,165	14,603	11,335
Total nonperforming loans	28,261	27,946	30,772	17,449	15,683
Real estate owned and other repossessed collateral, net	-	-	-	-	-
Total nonperforming assets	$ 28,261	$ 27,946	$ 30,772	$ 17,449	$ 15,683
Past due loans to total loans	0.95%	1.13%	1.22%	1.01%	0.52%
Nonperforming loans to total loans	1.02%	1.05%	1.18%	0.69%	0.62%
Nonperforming assets to total assets	0.90%	0.93%	1.04%	0.61%	0.55%
Allowance for credit losses to total loans	0.97%	0.98%	1.06%	1.00%	0.29%
Allowance for credit losses to nonperforming loans	94.51%	92.83%	89.67%	145.01%	46.57%
Net charge-offs (recoveries)	$ 1,347	$ 2,225	$ 995	$ 1,536	$ 240
Commercial real estate loans to total capital (4)	482.13%	509.08%	544.34%	546.91%	595.38%
Net loans to deposits	116.88%	118.15%	121.31%	127.24%	129.73%
Purchased loans to total loans	61.88%	60.99%	63.07%	59.98%	58.73%
Equity to total assets	12.02%	11.73%	11.03%	10.83%	10.34%
Common equity tier 1 capital ratio	13.84%	13.24%	12.63%	12.45%	12.03%
Total risk-based capital ratio	14.82%	14.22%	13.71%	13.46%	12.33%
Tier 1 leverage capital ratio	12.30%	11.79%	11.28%	10.95%	10.38%
Total shareholders' equity	$ 376,634	$ 351,913	$ 327,540	$ 311,569	$ 296,663
Less: Preferred stock	-	-	-	-	-
Common shareholders' equity	376,634	351,913	327,540	311,569	296,663
Less: Intangible assets (5)	-	-	-	-	-
Tangible common shareholders' equity (non-GAAP)	$ 376,634	$ 351,913	$ 327,540	$ 311,569	$ 296,663
Common shares outstanding	8,127,690	7,977,690	7,804,052	7,796,691	7,668,650
Book value per common share	$ 46.34	$ 44.11	$ 41.97	$ 39.96	$ 38.69

Tangible book value per share (non-GAAP) (6)	46.34	44.11	41.97	39.96	38.69

(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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