

FOR IMMEDIATE RELEASE



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Northeast Bank Announces Sale of Paycheck Protection Program Loans

Portland, ME (June 25, 2020) – Northeast Bank (the “Bank”) (NASDAQ: NBN), a Maine-based full-service bank, announced today that it has entered into a Loan Purchase and Sale Agreement (the “Loan Sale Agreement”) with The Loan Source, Inc. (“Loan Source”) and agreed to sell to Loan Source \$457.6 million of loans originated by the Bank in connection with the Small Business Administration’s Paycheck Protection Program (“PPP”). After amortizing previously unamortized PPP loan origination fees, the Bank will realize a pre-tax gain of approximately \$9.8 million in the current fiscal quarter as a result of the sale. In addition, the Bank will receive fee income on the loans sold until such time as the loans are forgiven or repaid.

The sale reflects originations of PPP loans by the Bank through June 11, 2020. The Bank intends to continue to originate and sell PPP loans to Loan Source under the terms of the Loan Sale Agreement until the PPP is closed; however, the Bank expects PPP loan originations to continue at lower volumes going forward.

The Bank also announced that, through June 24, 2020, Loan Source is in the closing process of purchasing approximately \$1.27 billion in outstanding principal amount of PPP loans, including \$457.6 million of PPP loans from the Bank and approximately \$815.3 million of PPP loans from lenders other than the Bank. Pursuant to the Bank’s previously disclosed Correspondent Agreement with Loan Source and ACAP SME, LLC (“ACAP”), the Bank will act as correspondent for Loan Source in connection with Loan Source’s pledge of PPP loans to the Federal Reserve Bank of Minneapolis under the Paycheck Protection Program Liquidity Facility (the “PPPLF”) and ACAP will act as servicer for the PPP loans pledged by Loan Source. With respect to the approximately \$815.3 million of PPP loans purchased by Loan Source from lenders other than the Bank, the Bank will receive correspondent fees of approximately \$2.9 million, which will be recognized over a period of approximately two years, and will receive 50% of the net servicing income earned over time on such loans. Loan Source has informed the Bank that it intends to continue to purchase PPP loans and pledge them under the PPPLF as long as the PPPLF remains operational. The Bank expects to earn additional correspondent fees and servicing income on pledged loans.

“Our team is proud to work closely with so many small business owners across the nation, many of whom were in dire need of PPP funds in order to keep their employees, and their businesses, afloat,” said Rick Wayne, President and Chief Executive Officer. “Our employees worked around the clock to ensure small businesses across the country received critical relief during the global COVID-19 pandemic. This collective effort resulted in over 4,100 loans and helped to save tens of thousands of associated jobs.” Mr. Wayne continued, “The loan sale will result in a significant gain in the current quarter and provide additional liquidity for the Bank to originate and purchase loans. We expect that the loan sale and correspondent relationship will generate significant income going forward and are excited to partner with Loan Source and ACAP in connection with these initiatives.”

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 nine branches. Our Loan Acquisition and Servicing Group 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.

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. 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, the negative impacts and disruptions of the COVID-19 pandemic and measures taken to contain its spread on our employees, customers, business operations, credit quality, financial position, liquidity and results of operations; the length and extent of the economic contraction resulting from the COVID-19 pandemic; continued deterioration 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 our loans; changes in customer behavior due to changing business and economic conditions or legislative or regulatory initiatives; continued turbulence in the capital and debt markets; changes in interest rates and real estate values; increases in loan defaults and charge-off rates; decreases in the value of securities and other assets, adequacy of loan loss reserves, or deposit levels necessitating increased borrowing to fund loans and investments; changing government regulation; competitive pressures from other financial institutions; operational risks including, but not limited to, 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 Federal Deposit Insurance Corporation. 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.