SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10 - Q

_X_ Quarterly report pursuant to Section 13 or 15 (d) of the Securities Exchange Act of 1934

For the quarter ended March 31, 1997

or

___ Transition report pursuant to Section 13 or 15 (d) of the Securities Exchange Act of 1934

For the transition period from _______________ to _______________

Commission File Number 0 - 16123

Northeast Bancorp

(Exact name of registrant as specified in its charter)

Maine	01 - 0425066
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
232 Center Street, Auburn, Maine	04210
(Address of principal executive offices)	(Zip Code)

(207) 777 - 5950

Registrant's telephone number, including area code

Not Applicable

Former name, former address and former fiscal year,if changed since last report

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter periods that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes _X_ No__

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS
DURING THE
PRECEDING FIVE YEARS:

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13 or 15 (d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

Not Applicable

APPLICABLE ONLY TO CORPORATE ISSUERS

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Shares outstanding as of May, 12, 1997: 1,274,969 of common stock, $1.00 par value per share.

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NORTHEAST BANCORP AND SUBSIDIARIES
Consolidated Balance Sheets
(Unaudited)

	March 31, 1997	June 30, 1996
Assets		
Cash and due from banks	$ 3,700,489	$ 3,386,263
Interest bearing deposits in other banks	330,220	650,430
Federal Home Loan Bank overnight deposits	5,053,000	7,529,435
Trading account securities at market	67,951	197,621
Available for sale securities	28,363,128	29,650,319
Federal Home Loan Bank stock	3,739,800	2,656,200
Loans held for sale	143,340	448,475
Loans	198,046,580	170,140,264
Less deferred loan origination fees	168,002	289,340
Less allowance for loan losses	2,620,000	2,549,000
Net loans	195,258,578	167,301,924
Bank premises and equipment, net	3,949,915	3,576,386
Real estate held for investment	458,568	459,820
Other real estate owned	631,075	513,831
Goodwill (net of accumulated amortization of $1,162,340 at 3/31/97 and $940,059 at 6/30/96)	2,335,632	2,557,913
Other assets	3,492,858	3,360,998
Total Assets	247,524,554	222,289,615
Liabilities and Shareholders' Equity		
Liabilities		
Deposits	$ 154,672,129	$ 145,195,369
Repurchase Agreements	4,788,597	3,762,966
Advances from Federal Home Loan Bank	65,700,742	52,123,000
Notes payable	1,375,000	1,502,192
Other Liabilities	1,791,049	1,554,846
Total Liabilities	228,327,517	204,138,373
Shareholders' Equity		
Preferred stock, Series A, 45,454 shares issued and outstanding	999,988	999,988
Preferred stock, Series B, 71,428 shares issued and outstanding	999,992	999,992
Common stock, par value $1, 1,274,749 and 1,234,010 shares issued at 3/31/97 and 6/30/96, respectively. 1,274,749 and 1,229,910 shares outstanding at 3/31/97 and 6/30/96, respectively	1,274,749	1,234,010
Additional paid in capital	5,636,702	5,455,852
Retained earnings	11,112,636	10,351,031
	20,024,067	19,040,873
Net unrealized loss on available for sale securities	(827,030)	(837,354)
Treasury Stock at cost 4,100 shares at 6/30/96	--	(52,277)
Total Shareholders' Equity	19,197,037	18,151,242
Total Liabilities and Shareholders' Equity	$ 247,524,554	$ 222,289,615

NORTHEAST BANCORP AND SUBSIDIARIES
Consolidated Statements of Income
(Unaudited)

	Three Months Ended March 31, 1997	1996
Interest and Dividend Income		
Interest on FHLB overnight deposits	$ 119,816	$ 129,919
Interest on loans & loans held for sale	4,405,483	4,053,993
Interest on investment securities & available for sale securities	507,879	351,339
Dividends on Federal Home Loan Bank stock	60,658	35,868
Other Interest Income	4,247	5,220
Total Interest Income	5,098,083	4,576,339
Interest Expense		
Deposits	1,586,983	1,611,581
Repurchase agreements	50,745	42,872
Other borrowings	1,079,816	654,874
Total Interest Expense	2,717,544	2,309,327
Net Interest Income	2,380,539	2,267,012
Provision for loan losses	144,452	159,960
Net Interest Income after Provision for Loan Losses	2,236,087	2,107,052
Other Income		
Service charges	237,975	250,005
Available for sale securities gains (losses)	2,306	19,187
Gain (Loss) on trading account	73,187	16,093
Other	330,070	170,181
Total Other Income	643,538	455,466
Other Expenses		
Salaries and employee benefits	1,022,651	1,095,931
Net occupancy expense	182,365	171,886
Equipment expense	199,731	180,026
Goodwill amortization	74,094	74,335
FDIC Insurance-Assessment		--
Other	674,999	557,960
Total Other Expenses	2,153,840	2,080,138
Income Before Income Taxes	725,785	482,380
Income tax expense	274,796	180,575
Net Income	$ 450,989	$ 301,805
Earnings Per Share		
Primary	$ 0.31	$ 0.20
Fully Diluted	$ 0.29	$ 0.19

NORTHEAST BANCORP AND SUBSIDIARIES
Consolidated Statements of Income
(Unaudited)

	Nine Months Ended March 31, 1997	1996
Interest and Dividend Income		
Interest on FHLB overnight deposits	$ 289,002	$ 485,995
Interest on loans & loans held for sale	12,602,580	12,230,893
Interest on investment securities & available for sale securities	1,659,108	734,496
Dividends on Federal Home Loan Bank stock	157,450	109,605
Other Interest Income	24,167	22,697
Total Interest Income	14,732,307	13,583,686
Interest Expense		
Deposits	4,660,271	4,899,241
Repurchase agreements	143,700	125,665
Other borrowings	2,864,590	1,847,784
Total Interest Expense	7,668,561	6,872,690

Net Interest Income	7,063,746	6,710,996
Provision for loan losses	433,710	455,524
Net Interest Income after Provision for Loan Losses	6,630,036	6,255,472
Other Income		
Service charges	751,665	766,824
Available for sale securities gains (losses)	76,724	225,570
Gain (Loss) on trading account	123,311	23,098
Other	588,578	604,746
Total Other Income	1,540,278	1,620,238
Other Expenses		
Salaries and employee benefits	3,017,503	3,091,775
Net occupancy expense	449,840	420,155
Equipment expense	560,675	524,128
Goodwill amortization	222,280	223,004
FDIC Insurance-Assessment	296,860	--
Other	1,769,524	1,772,671
Total Other Expenses	6,316,682	6,031,733
Income Before Income Taxes	1,853,632	1,843,977
Income tax expense	691,221	677,099
Net Income	$ 1,162,411	$ 1,166,878
Earnings Per Share		
Primary	$ 0.80	$ 0.83
Fully Diluted	$ 0.74	$ 0.76

NORTHEAST BANCORP AND SUBSIDIARY
Consolidated Statements of Changes in Shareholders' Equity
Nine Months Ended March 31, 1997 and 1996
(Unaudited)

	Common Stock	Preferred Stock	Additional Paid-In Capital	Retained Earnings	Net Unrealized Gains(Loses) on Available for Sale Securities	Treasury Stock	Total
Balance at June 30, 1995	$ 547,502	$1,999,980	$4,643,059	$10,180,244	$ (95,507)	$ 0	$17,275,278
Net income for nine months ended March 31, 1996	--	--	--	1,166,878	--	--	1,166,878
Dividends paid on common stock	--	--	--	(187,930)	--	--	(187,930)
Dividends paid on preferred stock	--	--	--	(104,999)	--	--	(104,999)
Issuance of common stock	519	--	7,779	--	--	--	8,298
Common stock warrants exercised	50,000	--	650,000	--	--	--	700,000
Stock Split effected in the form of a dividend	597,743	--	--	(597,743)	--	--	0
Stock options exercised	8,000	--	32,000	--	--	--	40,000
Net change in unrealized losses on securities available for sale	--	--	--	--	(388,251)	--	(388,251)
Balance March 31, 1996	$ 1,203,764	$1,999,980	$5,332,838	$10,456,450	$ (483,758)	$ 0	$18,509,274
Balance at June 30, 1996	1,234,010	1,999,980	5,455,852	10,351,031	(837,354)	(52,277)	18,151,242
Net income for nine months ended March 31, 1997	--	--	--	1,162,411	--	--	1,162,411
Dividends paid on common stock	--	--	--	(295,807)	--	--	(295,807)
Dividends paid on preferred stock	--	--	--	(104,999)	--	--	(104,999)
Issuance of common stock	799	--	9,395	--	--	13,642	23,836
Common stock warrants exercised	19,940	--	88,005	--	--	67,055	175,000
Stock options exercised	20,000	--	83,450	--	--	(28,420)	75,030
Net change in unrealized losses on securities available for sale	--	--	--	--	10,324	--	10,324
Balance March 31, 1997	$ 1,274,749	$1,999,980	$5,636,702	$11,112,636	$ (827,030)	$ 0	$19,197,037

NORTHEAST BANCORP AND SUBSIDIARY
Consolidated Statements of Cash Flow
(Unaudited)

	Nine Months Ended March 31, 1997	1996
Cash provided by operating activities	$ 2,270,005	$ 3,567,289
Cash flows from investing activities:		
FHLB stock purchased	(1,083,600)	(150,000)
Available for sale securities purchased	(12,412,186)	(35,381,445)
Available for sale securities principal reductions	1,669,327	524,396
Available for sale securities sold	12,114,602	16,746,027
New loans, net of repayments & charge offs	(28,457,580)	1,993,534
Net capital expenditures	(776,591)	(248,449)
Real estate owned sold	369,567	585,116
Real estate held for investment purchased	(1,965)	(56,096)
Real estate held for investment sold	--	40,000
Net cash (used in) investing activities	(28,578,426)	(15,946,917)
Cash flows from financing activities:		
Net change in deposits	9,476,760	(501,706)
Net change in repurchase agreements	1,025,631	1,196,884
Dividends paid	(400,805)	(292,929)
Proceeds from stock issuance	273,866	748,298
Net increase in advances from Federal Home Loan Bank of Boston	13,577,742	7,400,000
Net change in notes payable	(127,192)	(383,278)
Net cash provided by financing activities	23,826,002	8,167,269
Net (decrease) in cash and cash equivalents	(2,482,419)	(4,212,359)
Cash and cash equivalents, beginning of period	11,566,128	14,740,070
Cash and cash equivalents, end of period	$ 9,083,709	$ 10,527,711
Cash and cash equivalents include cash on hand, amounts due from banks, interest bearing deposits and federal funds sold		
Supplemental schedule of noncash investing activities:		
Net change in valuation for unrealized market value adjustments on available for sale securities	10,324	(388,251)
Net transfer (to) from Loans to Other Real Estate Owned	551,265	(100,174)
Supplemental disclosure of cash paid during the period for:		
Income taxes paid, net of refunds	291,000	693,700
Interest paid	7,552,308	6,904,084

NORTHEAST BANCORP AND SUBSIDIARIES
Notes to Consolidated Financial Statements
March 31, 1997

1. Basis of Presentation

The accompanying unaudited condensed and consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the nine month period ended March 31, 1997 are not necessarily indicative of the results that may be expected for the year ending June 30, 1997. For further information, refer to the audited consolidated financial statements and footnotes thereto for the fiscal year ended June 30, 1996 included in the Company's annual report on Form 10-K.

2. Securities

Securities available for sale at the carrying and approximate market values are summarized below.

	March 31, 1997 Cost	March 31, 1997 Market Value	June 30, 1996 Cost	June 30, 1996 Market Value
Debt securities issued by the U.S. Treasury and other U.S. Government corporations and agencies	$ 1,499,197	$ 1,433,584	$ 1,497,111	$ 1,424,690
Corporate bonds	149,682	139,847	149,646	139,005
Mortgage-backed securities	27,252,760	26,202,083	28,810,113	27,646,294
Equity securities	714,566	587,614	462,167	440,330
	$29,616,205	$28,363,128	$30,919,037	$29,650,319

	March 31, 1997 Cost	March 31, 1997 Market Value	June 30, 1996 Cost	June 30, 1996 Market Value
Due in one year or less	$ 249,197	$ 249,197	$ 247,111	$ 246,790
Due after one year through five years	250,000	239,075	250,000	237,900
Due after five years through ten years	149,682	139,847	149,646	139,005
Due after ten years	1,000,000	945,312	1,000,000	940,000
Mortgage-backed securities (including securities with interest rates ranging from 5.15% to 10.0% maturing September 2003 to December 2026)	27,252,760	26,202,083	28,810,113	27,646,294
Equity securities	714,566	587,614	462,167	440,330
	$29,616,205	$28,363,128	$30,919,037	$29,650,319

3. Allowance for Loan Losses

The following is an analysis of transactions in the allowance for loan losses:

	Nine Months Ended March 31, 1997	Nine Months Ended March 31, 1996
Balance at beginning of year	$ 2,549,000	$ 2,396,000
Add provision charged to operations	433,710	455,524
Recoveries on loans previously charged off	102,693	58,229
	3,085,403	2,909,753
Less loans charged off	465,403	412,753
Balance at end of period	$ 2,620,000	$ 2,497,000

4. Advances from Federal Home Loan Bank

A summary of borrowings from the Federal Home Loan Bank is as follows:

March 31, 1997

Principal Amounts	Interest Rates	Maturity Dates
$ 42,294,000	4.97% - 7.03%	1998
19,267,639	5.64% - 6.39%	1999
1,802,276	6.21% - 6.49%	2002
2,336,827	6.36% - 6.67%	2004
$ 65,700,742		

June 30, 1996

Principal Amounts	Interest Rates	Maturity Dates
$ 31,400,000	5.17% - 8.30%	1997

5,573,000	4.97% - 6.86%	1998
14,500,000	5.64% - 6.35%	1999
325,000	6.40%	2001
325,000	6.61%	2003
$ 52,123,000		

5. New Accounting Pronouncements

In June 1996, FASB issued Statement No. 125, Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities ("Statement 125"). Statement 125 provides accounting and reporting standards for transfers and servicing of financial assets and extinguishments of liabilities. Those standards are based on consistent application of a financial-components approach that focuses on control. Under that approach, after a transfer of financial asssets, an entity recognizes the financial and servicing assets it controls and the liabilities it has incurred, derecognizes financial assets when control has been surrendered, and derecognizes liabilities when extinguished. Statement 125 provides consistent standards for distinguishing transfers of financial assets that are sales from transfers that are secured borrowings. Statement 125 is effective for transfers and servicing of financial assets and extinguishments of liabilities occuring after December 31, 1996. The adoption of Statement 125 was not material to the Company's financial position, liquidity, or results of operations.

NORTHEAST BANCORP AND SUBSIDIARY
Part I.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operation

Financial Condition

Total consolidated assets were $247,524,554 on March 31, 1997, which represents an increase of $25,234,939 from June 30, 1996. Total loans increased by $27,956,654 while loans held for sale decreased by $305,135. Federal Home Loan Bank ("FHLB") stock increased by $1,083,600, while securities and cash equivalents decreased by $1,416,861 and $2,482,419, respectively, during the same period. Total deposits, repurchase agreements and FHLB borrowings increased by $9,476,760, $1,025,631 and $13,577,742, respectively from June 30, 1996 to March 31, 1997.

The decrease in cash equivalents, FHLB overnight deposits and securities was utilized to support the increase in the loan portfolio from June 30, 1996 to March 31, 1997. FHLB stock increased due to the increased levels of FHLB advances during the same time period. The FHLB requires financial institutions to hold a certain level of FHLB stock based on advances outstanding.

Total loans increased by $27,956,654 for the nine months ended March 31, 1997, which was a $9,260,591 increase from December 31, 1996. The loan portfolio growth was in 1-4 family mortgages, commercial real estate and commercial loans. On December 4, 1996, the Company purchased approximately $10,000,000 of 1-4 family mortgages. The loans purchased were all one year adjustable rate mortgages secured by property located in the state of Maine. On January 31, 1997, the Company purchased an additional loan portfolio of approximately $10,000,000. The purchase consisted of 1-4 family adjustable rate mortgages secured by property located primarily in the state of Maine. By April 30,1997, the Company had committed to purchasing an additional $5,000,000 of 1-4 family adjustable rate mortgages secured by property located primarily in the state of Maine. The Company's local market as well as the secondary market has become, and continues to be, very competitive for loan volume. The local competitive environment and customer response to favorable secondary market rates have affected the Company's ability to increase the loan portfolio. In the effort to increase loan volume, the Company's offering rates for its loan products have been reduced to compete in the various markets. While loan volume has increased in the nine months of this fiscal year, the Company will experience some margin compression due to decreased loan rates.

The loan portfolio contains elements of credit and interest rate risk. The Company primarily lends within its local market areas, which management believes helps them to better evaluate credit risk. The Company also maintains a well collateralized position in real estate mortgages. Residential real estate mortgages make up 70% of the total loan portfolio, in which 53% of the residential loans are variable rate products. It is management's intent to increase the volume in variable rate residential loans, by selling fixed rate loans to the secondary market and maintaining portfolio variable rate loans, to reduce the interest rate risk in this area.

Sixteen percent of the Company's total loan portfolio balance is commercial real estate mortgages. Similar to residential mortgages, the Company tries to mitigate credit risk by lending in its local market area as well as maintaining a well collateralized position in real estate. Commercial real estate loans have minimal interest rate risk as 88% of the portfolio consists of variable rate products.

Commercial loans make up 8% of the total loan portfolio, of which 80% are variable rate instruments. The credit loss exposure on commercial loans is highly dependent on the cash flow of the customer's business. The Company's subsidiary, Northeast Bank, FSB (the "Bank"), attempts to mitigate losses in commercial loans through lending in accordance with the Company's credit policy guidelines established by the Bank's Board of Directors.

Consumer and other loans make up 6% of the loan portfolio. Since these loans are primarily fixed rate products, they have interest rate risk when market rates increase. These loans also have credit risk with, at times, minimal collateral security. Management attempts to mitigate these risks by keeping the products offered short-term, receiving a rate of return commensurate with the measured risks, and lending to individuals in the Company's known market areas.

The net increase in the Company's premises and equipment is primarily due to the construction of the new branch in Auburn, Maine.

Other real estate owned increased by $117,244 from June 30, 1996 to March 31, 1997. This increase was attributable to foreclosures on loan collateral.

Cash provided by operating activities on the Company's Consolidated Statements of Cash Flows decreased by $1,297,284 at March 31, 1997 compared to March 31, 1996. The decrease was primarily due to the timing of payments in other liabilities.

Total deposits were $154,672,129 and securities sold under repurchase agreements were $4,788,597 as of March 31, 1997. These amounts represent an increase of $9,476,760 and $1,025,631, respectively, compared to June 30, 1996. The increase in deposits was primarily due to the opening of the Company's new branch in Auburn, Maine. Brokered deposits represented $7,878,307 of the total deposits at March 31, 1997. The Company utilizes brokered deposits as alternative sources of funds. Brokered deposits are similar to local deposits, in that both are interest rate sensitive with respect to the Company's ability to retain the funds. Cross selling strategies are employed by the Bank to develop deposit growth. Even though deposit interest rates increased during the first nine months in fiscal 1997, the rate of return was much stronger in other financial instruments such as mutual funds and annuities. Like other companies in the banking industry, the Bank will be challenged to maintain and/or increase its core deposit base.

Total advances from the FHLB were $65,700,742 as of March 31, 1997, an increase of $13,577,742 compared to June 30, 1996. The cash received from FHLB advances was utilized for the increase in the loan portfolio. The Company's current advance availability, subject to the satisfaction of certain conditions, is approximately $42,500,000 greater than the March 31, 1997 advances reported. Mortgages, free of liens, pledges and encumbrances are required to be pledged to secure FHLB advances. The Company utilizes FHLB advances, as alternative sources of funds, when the interest rates of the advances are less than market deposit interest rates and to fund short-term liquidity demands for loan volume. With the borrowing capacity at the Federal Home Loan Bank, the normal growth in bank deposits and repurchase agreements and the immediate availability of the Bank's cash equivalents as well as securities available for sale, management believes that the Company's available liquidity resources are sufficient to support anticipated growth.

Total equity of the Company was $19,197,037 as of March 31, 1997 versus $18,151,242 at June 30, 1996. Book value per common share was $13.49 as of March 31, 1997 versus $13.13 at June 30, 1996. Total equity to total assets of the Company as of March 31, 1997 was 7.76%.

At March 31, 1997, the Bank's regulatory capital was in compliance with regulatory capital requirements as follows:

Northeast Bank, F.S.B.

	Actual Capital		Required Capital		Excess Capital
	Amount	Ratio	Amount	Ratio	Amount
Tangible capital	$ 17,180,000	7.00%	$ 3,683,000	1.50%	$ 13,497,000
Core capital	$ 17,180,000	7.00%	$ 7,366,000	3.00%	$ 9,814,000
Leverage capital	$ 17,180,000	7.00%	$ 9,822,000	4.00%	$ 7,358,000
Risk-based capital	$ 18,414,000	12.20%	$ 12,073,000	8.00%	$ 6,341,000

The carrying value of securities available for sale by the Company was $28,363,128, which is $1,253,077 less than the cost of the underlying securities, at March 31, 1997. The difference between the carrying value and the cost of the securities was primarily attributable to the decline in the market value of mortgage-backed securities, which was due to the change in current market prices from the prices at the time of purchase. The Company has primarily invested in mortgage-backed securities. Substantially all of the mortgage-backed securities are high grade government backed securities. As in any long term earning asset in which the earning rate is fixed, the market value of mortgage-backed securities will decline when market interest rates increase from the time of purchase. Since these mortgage-backed securities are backed by the U.S. government, there is little or no risk in loss of principal. Management believes that it would be advantageous to hold these securities until the market values recover and that the yields currently received on this portfolio are satisfactory.

The Company's allowance for loan losses was $2,620,000 as of March 31, 1997 versus $2,549,000 as of June 30, 1996, representing 1.32% and 1.50% of total loans, respectively. The Company had non-performing loans totaling $2,765,000 at March 31, 1997 compared to $2,603,000 at June 30, 1996. Non-performing loans represented 1.12% and 1.17% of total assets at March 31, 1997 and June 30, 1996, respectively. The Company's allowance for loan losses was equal to 95% and 98% of the total non-performing loans at March 31, 1997 and June 30, 1996, respectively. At March 31, 1997, the Company had approximately $558,000 of loans classified substandard, exclusive of the non-performing loans stated above, that could potentially become non-performing due to delinquencies or marginal cash flows. As of March 31, 1997, the amount of such loans had decreased from the June 30, 1996 amount by $1,983,000. This decrease was attributed to the reclassification of loans to lower risk classifications as a result of favorable changes to in the borrower's financial condition, indicating a decreased potential for these loans becoming non-performing assets. Along with non-performing and delinquent loans, management takes an aggressive posture in reviewing its loan portfolio to classify loans substandard. The following table represents the Company's non-performing loans as of March 31, 1997 and June 30, 1996, respectively:

Description	March 31, 1997	June 30, 1996
1-4 Family Mortgages	$ 1,234,000	$ 1,092,000
Commercial Mortgages	953,000	1,154,000
Commercial Installment	517,000	283,000
Consumer Installment	61,000	74,000
Total non-performing	$ 2,765,000	$ 2,603,000

The majority of the non-performing and substandard loans are seasoned loans located in the Oxford county area. This geographic area continues to have a depressed economy resulting in high unemployment and a soft real estate market. As a result, management has allocated substantial resources to collections in an effort to control the growth in non-performing, delinquent and substandard loans. The Company had an increase in its total delinquent accounts during the March 31, 1997 quarter. The increase in delinquency was largely due to the increase in non-performing loans, when compared to the December 31, 1996 quarter.

The following table reflects the quarterly trend of total delinquencies 30 days or more past due, including non-performing loans, for the Company as a percentage of total loans:

6-30-96	9-30-96	12-31-96	3-31-97
2.77%	1.53%	1.24%	1.52%

The level of the allowance for loan losses as a percentage of total loans and as a percentage of non-performing loans at March 31, 1997 decreased from June 30,1996. Total delinquencies as a percentage of total loans increased during the quarter ended March 31,1997. Loans classified substandard decreased from June 30, 1996 to March 31, 1997. Based on reviewing the credit risk and collateral of delinquent, non-performing and classified loans, management considers the allowance for loan losses to be adequate.

On a regular and ongoing basis, Company management evaluates the adequacy of the allowance for loan losses. The process to evaluate the allowance involves a high degree of management judgement. The methods employed to evaluate the allowance for loan losses are quantitative in nature and consider such factors as the loan mix, the level of non-performing loans, delinquency trends, past charge-off history, loan reviews and classifications, collateral, and the current economic climate.

Maine's economy, in which the Bank operates, including the south central region of Cumberland, Androscoggin and Sagadahoc counties has stabilized with moderate growth, although the economy in the western region of Oxford county remains weak. Based on the different economic conditions in the Bank's market areas, management of the Company continues to carefully monitor the exposure to credit risk at the Bank.

While management uses its best judgement in recognizing loan losses in light of available information, there can be no assurance that the Company will not have to increase its provision for loan losses in the future as a result of changing economic conditions, adverse markets for real estate or other factors. In addition, various regulatory agencies, as an integral part of their examination process, periodically review the Company's allowance for loan losses. Such agencies may require the Company to recognize additions to the allowance for loan losses based on their judgements about information available to them at the time of their examination. The Company's most recent examination by the OTS was on August 19, 1996. At the time of the exam the regulators proposed no additions to the allowance for loan losses.

Results of Operations

Net income for the quarter ended March 31, 1997 was $450,989. Primary earnings per share was $.31 and fully diluted earnings per share was $.29 for the quarter ended March 31, 1997. This compares to earnings of $301,805 or a primary earnings per share of $.20 per share and a fully diluted earnings per share of $.19, for the quarter ended March 31, 1996. Net income for the nine months ended March 31, 1997 was $1,162,411 versus $1,166,878 for the period ended March 31, 1996. Primary earnings per share was $.80 and fully diluted earnings per share was $.74 for the nine month period ended March 31, 1997 versus primary earnings per share of $.83 and fully diluted earnings per share of $.76 for the period ended March 31, 1996.

In September of 1996, Congress enacted comprehensive legislation amending the FDIC BIF-SAIF deposit insurance assessment on savings and loan institution deposits. The legislation imposed a one-time assessment on institutions holding SAIF deposits on March 31, 1995, in an amount necessary for the SAIF to reach its 1.25% Designated Reserve Ratio. Institutions with SAIF deposits were required to pay an assessment rate of 65.7 cents per $100 of domestic deposits held as of March 31, 1995. The Bank held approximately $57,900,000 of SAIF deposits as of March 31, 1995. This resulted in an expense of $380,000 which was reflected in the Company's September 30, 1996 quarter end financial statements. During the December 31, 1996 quarter, Congress issued final legislation which enabled certain qualifying institutions to apply for a 20% discount on the special assessment. The Bank received a credit of $83,140 reducing the assessment expense in the December 31, 1996 quarter. The net effect of the one time assessment was $296,860 and decreased the Company's primary earnings per share by $.15 and the fully diluted earnings per share by $.13 for the nine months ended March 31, 1997. Commencing in 1997 and continuing through 1999, the Bank is required to pay an annual assessment of 1.29 cents for every $100 of domestic BIF insured deposits and 6.44 cents for every $100 of domestic SAIF insured deposits. At the Bank's current deposit level, the 1997 annual assessment would be approximately $64,000. Commencing in 2000 and continuing through 2017, banks would be required to pay a flat annual assessment of 2.43 cents for every $100 of domestic deposits. If there are no additional deposit assessments in the future, it is anticipated that the Company will save approximately $82,000 annually commencing in fiscal 1998.

The Company's net interest income was $2,380,539 for the quarter ended March 31, 1997 versus $2,267,012 for the quarter ended March 31, 1996, for an increase of $113,527. This increase was due to an increase of $521,744 in total interest income offset by an increase in total interest expense of $408,217.

The Company's net interest income was $7,063,746 for the nine months ended March 31, 1997, versus $6,710,996 for the nine months ended March 31, 1996, an increase of $352,750. Total interest income increased $1,148,621 during the nine months ended March 31, 1997 compared to the nine months ended March 31, 1996, resulting from the following items: (I) interest income on loans and loans held for sale increased by $371,687 for the nine months ended March 31, 1997 resulting from a $812,644 increase due to an increase in the volume of loans, which was offset by a decrease of $440,957 due to decreased rates on loans; (II) interest income on investment securities increased by $926,564 resulting from a $908,600 increase due to an increase in volume as well as an increase of $17,964 due to increased rates on investments; and (III) interest income on short term liquid funds decreased by $149,630 resulting from a $112,968 decrease due to a decrease in volume as well as a decrease of $36,662 due to decreased rates on FHLB overnight deposits.

The increase in total interest expense of $795,871 for the nine months ended March 31, 1997 resulted from the following items: (I) interest expense on deposits decreased by $238,970 for the nine months ended March 31, 1997 resulting from a $33,041 decrease due to a decrease in the volume of deposits as well as a decrease of $205,929 due to decreasing deposit rates; (II) interest expense on repurchase agreements increased by $18,035 due to an increase of $31,450 in the volume of repurchase agreements offset by a decrease of $13,415 due to a decrease in rates; and (III) interest expense on borrowings increased by $1,016,806 for the nine months ended March 31, 1997 resulting from an increase of $1,136,176 due to an increase in the volume of borrowings offset by a decrease of $119,370 due to a change in the mix of interest rates on borrowings. The changes in net interest income, as explained above, are also presented in the schedule below.

Northeast Bancorp
Rate/Volume Analysis for the nine months ended
March 31, 1997 versus March 31, 1996

	Difference Due to Volume	Rate	Total
Investments	$ 908,600	$ 17,964	$ 926,564
Loans	812,644	(440,957)	371,687
FHLB & Other Deposits	(112,968)	(36,662)	(149,630)
Total	1,608,276	(459,655)	1,148,621

Deposits	(33,041)	(205,929)	(238,970)
Repurchase Agreements	31,450	(13,415)	18,035
Borrowings	1,136,176	(119,370)	1,016,806
Total	1,134,585	(338,714)	795,871
Net Interest Income	$ 473,691	$ (120,941)	$ 352,750

Rate/Volume amounts spread proportionately between volume and rate.

The majority of the Company's income is generated from the Bank. Management believes that the Bank is slightly asset sensitive based on its own internal analysis which considers its core deposits long term liabilities that are matched to long term assets; therefore, it will generally experience a contraction in its net interest margins during a period of falling rates. Management believes that the maintenance of a slight asset sensitive position is appropriate since historically interest rates tend to rise faster than they decline. Approximately 22% of the Company's loan portfolio is comprised of floating rate loans based on a prime rate index. Interest income on these existing loans will increase as the prime rate increases, as well as on approximately 36% of other loans in the Company's portfolio that are based on short-term rate indices such as the one-year treasury bill. An increase in short-term interest rates will also increase deposit and FHLB advance rates, increasing the Company's interest expense. The Company is experiencing and anticipates additional net interest margin compression due to fluctuating rates. The impact on net interest income will depend on, among other things, actual rates charged on the Company's loan portfolio, deposit and advance rates paid by the Company and loan volume.

Total non-interest income was $643,538 and $1,540,278 for the three and nine months ended March 31, 1997 versus $455,466 and $1,620,238 for the three and nine months ended March 31, 1996. Service fee income was $237,975 and $751,665 for the three and nine months ended March 31, 1997 versus $250,005 and $766,824 for the three and nine months ended March 31, 1996. The $15,159 service fee decrease for the nine months ended March 31, 1997 was primarily due to a reduction in loan fee income. Income from available for sale securities gains was $2,306 and $76,724 for the three and nine months ended March 31, 1997 versus $19,187 and $225,570 for the three and nine months ended March 31, 1996. Gains from the sale of securities decreased in the nine months ended March 31, 1997 by $148,846 compared to the nine months ended March 31, 1996. The Company sold some of its available for sale securities during the nine month period ended March 31, 1996, taking advantage of the fluctuation in market prices in the mortgage-backed security portfolio. Income from trading account securities was $73,187 and $123,311 for the three and nine month periods ended March 31, 1997 versus $16,093 and $23,098 for the three and nine month periods ended March 31, 1996. The increase in the gain on trading account, in the three and nine month period ended March 31, 1997, was due to the sale and appreciation in the market values of the securities classified as trading.

Other income was $330,070 and $588,578 for the three and nine months ended March 31, 1997, which was an increase of $159,889 and a decrease of $16,168 from other income of $170,181 and $604,746 for the three and nine months ended March 31, 1996. The increase in other income in the three months ended March 31,1997, was primarily due to the following items: (I) gains on the sale of loans held for sale amounted to $118,836 for the three months ended March 31, 1997 versus $67,968 for the three months ended March 31, 1996, the increase was due to the sale of SBA guarenteed loans; (II) other income increased from rental income and gains on the sale of other real estate owned, which were $45,275 and $29,839 for the three months ended March 31, 1997 versus $13,602 and $3,541 for the three months ended March 31, 1996, respectively.

Total operating expense, or non-interest expense, for the Company was $2,153,840 and $6,316,682 for the three and nine months ended March 31, 1997 versus $2,080,138 and $6,031,733 for the three and nine months ended March 31, 1996. The increase in occupancy and equipment expense for the three and nine months ended March 31, 1997 was due to costs associated with the new branch opened in Auburn, Maine as well as normal growth and maintenance. Other expenses increased by $117,039 for the three months ended March 31, 1997, compared to March 31, 1996. The increase in other expenses was primarily due to professional services, advertising expenses and loan expenses. As previously discussed above, the Company's operating expenses, for the nine months ended March 31, 1997, increased primarily due to the FDIC-SAIF deposit insurance assessment of $296,860. Excluding the deposit assessment, the Company's operating expenses were $6,019,822 for the nine months ended March 31, 1997, which was a decrease of $11,911 when compared to the nine months ended March 31, 1996.

Impact of Inflation

The consolidated financial statements and related notes herein have been presented in terms of historic dollars without considering changes in the relative purchasing power of money over time due to inflation. Unlike industrial companies, substantially all of the assets and virtually all of the liabilities of the Company are monetary in nature. As a result, interest rates have a more significant impact on the Company's performance than the general level of inflation. Over short periods of time, interest rates may not necessarily move in the same direction or in the same magnitude as inflation.

NORTHEAST BANCORP AND SUBSIDIARIES
Part II - Other Information

Item 1. Legal Proceedings

Not Applicable.

Item 2. Changes in Securities

(a) Not applicable.

(b) Not applicable.

(c) On February 18, Square Lake Holding Co, ("Square Lake") exercised warrants to purchase 25,000 common shares of the Company at a purchase price of $7.00 per share, for an aggregate purchase price of $175,000. There was no underwriting discount or commission. The warrants had been issued to Square Lake pursuant to a Stock Purchase Agreement dated as of May 14, 1992 in a transaction exempt from registration under the Securities Act of 1933 pursuant to Section 4(2) thereof. The warrants were offered and sold to a single purchaser for investment in a negotiated transaction not involving general solicitation. No underwriter was involved in the sale of the warrants.

Item 3. Defaults Upon Senior Securities

Not Applicable.

Item 4. Submission of Matters to a Vote of Security Holders

Not Applicable.

Item 5. Other Information

(a) On May 9, 1997, Northeast Bancorp signed a definitive agreement to purchase Cushnoc Bank. The acquisition will be reported on Form 8-K which will be filed by May 24, 1997.

Item 6. Exhibits and Reports on Form 8 - K

(a) Exhibits

Not Applicable.

11 Statement regarding computation of per share.

27 Financial data schedule

(b) Reports on Form 8 - K

No reports on Form 8 - K have been filed during the quarter ended March 31, 1997.

NORTHEAST BANCORP AND SUBSIDIARIES
Signatures

Pursuant to the requirements of the Securities Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

NORTHEAST BANCORP
(Registrant)

/s/ James D. Delamater
James D. Delamater
President and CEO

/s/ Richard Wyman
Richard Wyman
Chief Financial Officer

Date: May 13, 1997

NORTHEAST BANCORP AND SUBSIDIARIES

Index to Exhibits

EXHIBIT NUMBER	DESCRIPTION
11	Statement regarding computation of per share earnings
27	Financial Data Schedule

NORTHEAST BANCORP AND SUBSIDIARIES

Exhibit 11. Statement Regarding Computation of Per Share Earnings

	Three Months Ended March 31, 1997	Three Months Ended March 31, 1996
EQUIVALENT SHARES:		
Average Shares Outstanding	1,250,990	1,203,764
Total Equivalent Shares	1,250,990	1,203,764
Total Primary Shares	1,332,581	1,313,669
Total Fully Diluted Shares	1,568,067	1,558,516
Net Income	$ 450,989	$ 301,805
Less Preferred Stock Dividend	34,999	35,000
Net Income after Preferred Dividend	$ 415,990	$ 266,805
Primary Earnings Per Share	$ 0.31	$ 0.20
Fully Diluted Earnings Per Share	$ 0.29	$ 0.19

	Nine Months Ended March 31, 1997	Nine Months Ended March 31, 1996
EQUIVALENT SHARES:		
Average Shares Outstanding	1,237,848	1,173,201
Total Equivalent Shares	1,237,848	1,173,201
Total Primary Shares	1,317,902	1,273,434
Total Fully Diluted Shares	1,554,925	1,527,953
Net Income	$ 1,162,411	$ 1,166,878
Less Preferred Stock Dividend	104,999	104,999
Net Income after Preferred Dividend	$ 1,057,413	$ 1,061,879
Primary Earnings Per Share	$ 0.80	$ 0.83
Fully Diluted Earnings Per Share	$ 0.74	$ 0.76

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9-MOS
JUN-30-1997
MAR-31-1997
3,700,489
5,383,220
0
67,951
28,363,128
0
0
197,878,578
2,620,000
247,524,554
154,672,129
47,388,153
1,791,049
24,476,186
0
1,999,980
1,274,749
15,922,308
247,524,554
12,602,580
1,659,108
470,619
14,732,307
4,660,271
7,668,561
7,063,746
433,710
200,035
6,316,682
1,853,632
1,853,632
0
0
1,162,411
0.80
0.74
3.998
2,765,000
0
331,186
558,000
2,549,000
465,403
102,693
2,620,000
409,505
0
2,210,495