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, 1999

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 1 - 14588

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 - 6411

Registrant's telephone number, including area code

Not Applicable

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

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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 period 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 ___

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 13, 1999: 2,768,294 of common stock, $1.00 par value per share.

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

NORTHEAST BANCORP AND SUBSIDIARY
Consolidated Balance Sheets
(Unaudited)

	March 31, 1999	June 30, 1998
Assets		
Cash and due from bank	$ 5,340,718	$ 6,821,574
Interest bearing deposits in other banks	605,461	421,392
Federal Home Loan Bank overnight deposits	6,701,000	4,909,000
Trading account securities at market	-	50,000
Available for sale securities	18,912,995	13,608,823
Federal Home Loan Bank stock	5,680,500	5,680,500
Loans held for sale	696,243	369,500
Loans	306,779,441	282,030,950
Less allowance for loan losses	2,929,000	2,978,000
Net loans	303,850,441	279,052,950
Bank premises and equipment, net	4,914,695	4,473,885
Assets acquired through foreclosure	197,754	381,288
Goodwill (net of accumulated amortization of $1,755,089 at 03/31/99 and $1,532,808 at 6/30/98)	1,701,634	1,923,915
Other assets	5,353,845	4,839,767
Total Assets	353,955,286	322,532,594
Liabilities and Shareholders' Equity		
Liabilities		
Deposits	$ 212,710,281	$ 184,024,097
Repurchase Agreements	9,491,701	5,205,594
Advances from Federal Home Loan Bank	102,111,489	104,439,952
Notes payable	763,889	993,055
Other Liabilities	2,166,630	2,730,369
Total Liabilities	327,243,990	297,393,067
Shareholders' Equity		
Preferred stock, Series A	0	999,988
Common stock, par value $1, 2,765,983 and 2,614,285 shares issued and outstanding at 03/31/99 and 6/30/98, respectively	2,765,983	2,614,285
Additional paid in capital	10,189,906	9,258,107
Retained earnings	13,962,099	12,331,595

	26,917,988	25,203,975
Accumulated other comprehensive income (loss)	(206,692)	(64,448)
Total Shareholders' Equity	26,711,296	25,139,527
Total Liabilities and Shareholders' Equity	$ 353,955,286	$ 322,532,594

NORTHEAST BANCORP AND SUBSIDIARY
Consolidated Statements of Income
(Unaudited)

	Three Months Ended March 31, 1999	1998
Interest and Dividend Income		
Interest on FHLB overnight deposits	$ 89,478	$ 188,201
Interest on loans & loans held for sale	6,140,300	5,323,547
Interest on available for sale securities	283,269	281,251
Dividends on Federal Home Loan Bank stock	89,643	70,591
Other Interest Income	6,588	5,384
Total Interest Income	6,609,278	5,868,974
Interest Expense		
Deposits	2,143,909	1,845,499
Repurchase agreements	95,483	51,244
Other borrowings	1,340,474	1,172,303
Total Interest Expense	3,579,866	3,069,046
Net Interest Income	3,029,412	2,799,928
Provision for loan losses	120,007	156,304
Net Interest Income after Provision for Loan Losses	2,909,405	2,643,624
Other Income		
Service charges	253,507	227,757
Net securities gains	11,035	37,439
Net gain on trading securities	-	0
Other	468,666	330,163
Total Other Income	733,208	595,359
Other Expenses		
Salaries and employee benefits	1,121,727	1,069,548
Net occupancy expense	290,583	232,617
Equipment expense	213,462	198,337

Goodwill amortization	74,094	74,094
Other	788,973	549,040
Total Other Expenses	2,488,839	2,123,636
Income Before Income Taxes	1,153,774	1,115,347
Income tax expense	410,268	382,986
Net Income	$ 743,506	$ 732,361
Earnings Per Share		
Basic	$ 0.27	$ 0.31
Diluted	$ 0.27	$ 0.26

NORTHEAST BANCORP AND SUBSIDIARY
Consolidated Statements of Income
(Unaudited)

	Nine Months Ended March 31, 1999	1998
Interest and Dividend Income		
Interest on FHLB overnight deposits	$ 279,571	$ 451,878
Interest on loans & loans held for sale	18,629,287	15,752,172
Interest on available for sale securities	654,708	1,207,686
Dividends on Federal Home Loan Bank stock	271,481	212,331
Other Interest Income	17,103	14,762
Total Interest Income	19,852,150	17,638,829
Interest Expense		
Deposits	6,431,561	5,630,592
Repurchase agreements	234,758	154,300
Other borrowings	4,157,492	3,481,186
Total Interest Expense	10,823,811	9,266,078
Net Interest Income	9,028,339	8,372,751
Provision for loan losses	489,428	546,467
Net Interest Income after Provision for Loan Losses	8,538,911	7,826,284
Other Income		
Service charges	776,427	741,397
Net securities gains	69,525	245,131
Net gain on trading securities	10,732	1,797
Other	1,224,521	904,206

Total Other Income	2,081,205	1,892,531
Other Expenses		
Salaries and employee benefits	3,509,956	3,506,114
Net occupancy expense	729,749	675,151
Equipment expense	606,425	652,433
Goodwill amortization	222,280	222,281
Other	2,308,172	2,110,501
Total Other Expenses	7,376,582	7,166,480
Income Before Income Taxes	3,243,534	2,552,335
Income tax expense	1,163,423	893,343
Net Income	$ 2,080,111	$ 1,658,992
Earnings Per Share		
Basic	$ 0.76	$ 0.70
Diluted	$ 0.74	$ 0.62

NORTHEAST BANCORP AND SUBSIDIARY
Consolidated Statements of Changes in Shareholders' Equity
Nine Months Ended March 31, 1999 and 1998
(Unaudited)

	Preferred Stock	Common Stock at $1.00 Par	Additional Paid in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total
Balance at June 30, 1997	1,999,980	1,462,909	7,699,883	11,266,984	(334,175)	--	22,095,581
Net income for nine months ended March 31, 1998	--	--	--	1,658,992	--	--	1,658,992
Other comprehensive income, net of tax: Adjustment of valuation reserve for securities available for sale	--	--	--	--	233,422	--	233,422

Comprehensive income	--	--	--	--	--	--	1,892,414
Cash dividends declared on common stock	--	--	--	(341,003)	--	--	(341,003)
Cash dividends declared on preferred stock	--	--	--	(104,998)	--	--	(104,998)
Stock Split in the form of a dividend	--	740,807	--	(741,902)	--	--	(1,095)
Common stock issued in connection with employee benefit and stock option plans	--	32,952	171,064	--	--	(44,988)	159,028
Treasury Stock Purchased	--	--	--	--	--	44,988	44,988
Balance March 31, 1998	$ 1,999,980	$2,236,668	$7,870,947	$ 11,738,073	$ (100,753)	$ 0	$ 23,744,915
Balance at June 30, 1998	999,988	2,614,285	9,258,107	12,331,595	(64,448)	--	25,139,527
Net income for nine months ended March 31, 1999	--	--	--	2,080,111	--	--	2,080,111
Other comprehensive income, net of tax: Adjustment of valuation reserve for securities available for sale	--	--	--	--	(142,244)	--	(142,244)
Comprehensive income	--	--	--	--	--	--	1,937,867
Cash dividends declared on common stock	--	--	--	(423,940)	--	--	(423,940)
Cash dividends declared on preferred stock	--	--	--	(25,667)	--	--	(25,667)
Preferred Stock Converted to Common Stock	(999,988)	136,362	863,626	--	--	--	0
Common stock issued in connection with employee benefit and stock option plans	--	15,336	68,173	--	--	--	83,509
Balance March 31, 1999	$ 0	$2,765,983	$10,189,906	$ 13,962,099	$ (206,692)	$ 0	$ 26,711,296

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

	Nine Months Ended March 31, 1999	Nine Months Ended March 31, 1998
Cash provided by operating activities	$ 950,817	$ 1,650,521
Cash flows from investing activities:		
FHLB stock purchased	--	(1,134,700)
Available for sale securities purchased	(15,307,160)	(15,331,083)
Available for sale securities matured	3,169,943	2,265,304
Available for sale securities sold	6,618,573	26,018,323
New loans, net of repayments & charge offs	(24,476,252)	(47,512,954)
Net capital expenditures	(982,014)	(174,369)
Assets acquired through foreclosure sold	422,742	161,896
Real estate held for investment sold	50,000	68,743
Net cash used in investing activities	(30,504,168)	(35,638,840)
Cash flows from financing activities:		
Net change in deposits	28,686,185	1,049,815
Net change in repurchase agreements	4,286,107	(657,643)
Dividends paid	(449,607)	(446,001)
Proceeds from stock issuance	83,509	215,166
Net (decrease) increase in advances from Federal Home Loan Bank of Boston	(2,328,463)	24,619,182
Net change in notes payable	(229,167)	(229,167)
Net cash provided by financing activities	30,048,564	24,551,352
Net increase (decrease) in cash and cash equivalents	495,213	(9,436,967)
Cash and cash equivalents, beginning of period	12,151,966	18,774,344
Cash and cash equivalents, end of period	$ 12,647,179	$ 9,337,377

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	(142,244)	233,422
Net transfer (to) from Loans to Other Real Estate Owned	97,332	56,325
Supplemental disclosure of cash paid during the period for:		
Income taxes paid, net of refunds	1,105,000	434,000
Interest paid	10,801,119	9,209,376

NORTHEAST BANCORP AND SUBSIDIARY
Notes to Consolidated Financial Statements
March 31, 1999

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, 1999 are not necessarily indicative of the results that may be expected for the fiscal year ending June 30, 1999. For further information, refer to the audited consolidated financial statements and footnotes thereto for the fiscal year ended June 30, 1998 included in the Company's Annual Report on Form 10-K.

2. Reporting Comprehensive Income

In June 1997, the FASB issued SFAS No. 130, "Reporting Comprehensive Income." SFAS No. 130 establishes standards for reporting and displaying comprehensive income, which is defined as all changes to equity except investments by and distributions to stockholders. Net income is a component of comprehensive income, with all other components referred to in the aggregate as other comprehensive income. Such components of total comprehensive income for the Company are net income and net unrealized gains (losses) on securities available for sale, net of tax. The Company has adopted SFAS No. 130 effective for the quarter ended September 30, 1998.

3. Securities

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

	March 31, 1999		June 30, 1998	
	Cost	Market Value	Cost	Market Value

Debt securities issued by the U.S. Treasury and other U.S. Government corporations and agencies	$ 597,080	$ 598,955	$ 4,696,659	$ 4,698,266
Corporate bonds	202,174	203,949	202,952	203,484
Mortgage-backed securities	17,075,798	16,924,258	7,723,843	7,714,332
Equity securities	1,351,112	1,185,833	1,083,018	992,741
	$19,226,164	$18,912,995	$13,706,472	$13,608,823

	March 31, 1999		June 30, 1998	
	Cost	Market Value	Cost	Market Value
Due in one year or less	$ 497,080	$ 497,080	$ 347,253	$ 347,253
Due after one year through five years	202,174	203,949	452,952	450,984
Due after five years through ten years	100,000	101,875	1,100,000	1,103,200
Due after ten years	-	-	2,999,406	3,000,313
Mortgage-backed securities (including securities with interest rates ranging from 5.15% to 9.0% maturing September 2003 to March 2029)	17,075,798	16,924,258	7,723,843	7,714,332
Equity securities	1,351,112	1,185,833	1,083,018	992,741
	$19,226,164	$18,912,995	$13,706,472	$13,608,823

4. Allowance for Loan Losses

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

	Nine Months Ended March 31, 1999	1998
Balance at beginning of year	$ 2,978,000	$ 2,741,809
Add provision charged to operations	489,428	546,467
Recoveries on loans previously charged off	136,296	249,202
	3,603,724	3,537,478
Less loans charged off	674,724	449,478
Balance at end of period	$ 2,929,000	$ 3,088,000

5. Advances from Federal Home Loan Bank

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

March 31, 1999

Principal Amounts	Interest Rates	Maturity Dates
$ 37,000,000	4.64% - 5.09%	2000
8,000,000	4.85% - 6.27%	2001
3,063,078	5.38% - 6.49%	2002
5,326,599	5.71% - 6.64%	2003
5,721,812	5.69% - 6.67%	2004
5,000,000	5.25%	2005
4,000,000	5.25% - 6.65%	2006
29,000,000	4.89% - 5.68%	2008
5,000,000	4.99% - 5.40%	2009
$ 102,111,489		

June 30, 1998

Principal Amounts	Interest Rates	Maturity Dates
$ 43,745,440	5.55% - 6.00%	1999
4,000,000	5.88% - 6.27%	2000
1,212,676	5.56% - 6.40%	2001
1,138,627	6.21% - 6.49%	2002
9,631,854	5.69% - 6.64%	2003
1,711,355	6.36% - 6.67%	2004
9,000,000	5.25% - 6.65%	2005
34,000,000	4.89% - 5.68%	2008
$ 104,439,952		

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

General

This Management's Discussion and Analysis of Financial Condition and Results of Operations presents a review of the material changes in the financial condition of the Company from June 30, 1998 to March 31,1999, and the results of operations for the three and nine months periods ended March 31, 1999 and 1998. This discussion and analysis is intended to assist in understanding the financial condition and results of operations of the Company. Accordingly, this section should be read in conjunction with the condensed consolidated financial statements and the related notes contained herein.

Certain statements contained herein are not based on historical facts and are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, such as statements relating to financial condition and future prospects, loan loss reserve adequacy, year 2000 readiness, simulation of changes in interest rates, prospective results of operations, capital spending and financing sources, and revenue sources. Forward-looking statements, which are based on various assumptions (some of which are beyond the Company's control), may be identified by reference to a future period or periods, or by the use of forward-looking terminology; such as "may", "will", "believe", "expect", "estimate", "anticipate", "continue", or similar terms or variations on those terms, or the negative of those terms. Such forward-looking statements reflect the current view of management and are based on information currently available to them, and upon current expectations, estimates, and projections regarding the Company and its industry, management's belief with respect there to, and certain assumptions made by management. These forward-looking statements are not guarantees of future performance and are subject to risks, uncertainties, and other factors. Accordingly, actual results could differ materially from those set forth in forward-looking statements due to a variety of factors, including, but not limited to, those related to the economic environment, particularly in the market areas in which the Company operates, competitive products and pricing, fiscal and monetary policies of the U.S. Government, changes in government regulations affecting financial institutions, including regulatory fees and capital requirements, changes in prevailing interest rates, acquisitions and the integration of acquired businesses, credit risk management, asset/liability management, changes in technology, changes in the securities markets, and the availability of and the costs associated with sources of liquidity.

Description of Operations

Northeast Bancorp (the "Company"), is a unitary savings and loan holding company and is primarily regulated by the Office of Thrift Supervision ("OTS"). The Company has one wholly-owned subsidiary, Northeast Bank, FSB (the "Bank"), which has branches located in Auburn, Lewiston, Augusta, Bethel, Harrison, South Paris, Buckfield, Mechanic Falls, Brunswick, Richmond and Lisbon Falls, Maine.

Financial Condition

Total consolidated assets were $353,955,286 on March 31, 1999, which represents an increase of $31,422,693 from June 30, 1998. Total net loans increased by $24,797,491, from June 30, 1998 to March 31, 1999. Cash equivalents and securities increased by $495,213 and $5,254,172, respectively, during the same period. Total deposits and repurchase agreements increased by $32,972,291, while Federal Home Loan Bank ("FHLB") borrowings decreased by $2,328,463 from June 30, 1998 to March 31, 1999.

The funds available from the increase in deposits and repurchase agreements were utilized to support the increase in securities and total net loans as well as repay FHLB borrowings from June 30, 1998 to March 31, 1999.

At March 31, 1999, the carrying value of securities available for sale by the

Bank was $18,912,995, which is $313,169 less than the cost of the underlying securities. 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 and equity securities from the prices at the time of purchase. The Bank's available for sale securities increased by $5,304,172 from June 30, 1998 to March 31, 1999. The increase was primarily due to purchases of mortgage-backed securities as collateral for the growth in repurchase agreements. The net unrealized loss on mortgage-backed securities was $151,540 at March 31, 1999. 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 fluctuate based on changes in market interest rates from the time of purchase. Since these mortgage-backed securities are backed by the U.S. Government, there is virtually no risk of loss of principal. Management believes that the yields currently received on this portfolio are satisfactory and intends to hold these securities for the foreseeable future. Management attributes the reduction of $165,279 in the market value of equity securities to the decline on the market value of the Company's investments in small cap technology stocks. Management reviews the portfolio of investments on an ongoing basis to determine if there has been an other-than-temporary decline in value. Some of the considerations management makes in the determination are market valuations of particular securities and economic analysis of the securities' sustainable market values based on the underlying companies' profitability.

Total loans increased by $24,748,491 for the nine months ended March 31, 1999. The loan portfolio growth was in 1-4 family residential and commercial loans. The Bank sold approximately $6,700,000 and $3,000,000 of indirect auto loans in the December 1998 and March 1999 quarters, respectively. The Bank anticipates holding approximately $15,000,000 to $20,000,000 of indirect auto loans in its portfolio and currently holds approximately $12,500,000 as of March 31, 1999. As the Bank continues to grow the indirect auto portfolio, it is the Bank's intent to build relationships with other institutions for future sales of indirect auto loans. The Bank purchased approximately $5,900,000 and $22,000,000 of 1-4 family mortgages in the September 1998 and March 1999 quarters, respectively. The purchase consisted of 1-4 family fixed rate mortgages secured by property located primarily in the State of North Carolina and New York. The continued expansion into new markets diversifies the credit risk and the potential economic risks of the credits held in the Bank's purchased loan portfolio, such that the portfolio is not effected solely by the local State of Maine economy. The Bank's local market, as well as the secondary market, continues to be very competitive for loan origination volume. The local competitive environment and customer response to favorable secondary market rates have affected the Bank's ability to increase the loan portfolio. In an effort to increase loan volume, the Bank's offering rates for its loan products have been reduced to compete in the various markets. The Bank will experience some margin compression due to decreased loan rates.

The loan portfolio contains elements of credit and interest rate risk. The Bank primarily lends within its local market areas, which management believes helps them to better evaluate credit risk. As the Bank expands its purchase of loans in other states, management researches the strength of the economy in the respective state and underwrites every loan before purchase. These steps are taken to better evaluate and minimize the credit risk of out-of-state purchases. The Bank also maintains a well collateralized position in real estate mortgages.

At March 31, 1999, residential real estate mortgages made up 61% of the total loan portfolio, of which 42% of the residential loans are variable rate products, as compared to 65% and 63%, respectively, at March 31, 1998. Although the Bank has purchased fixed rate loans, it is management's intent, where market opportunities arise, to increase the volume in variable rate residential loans to reduce the interest rate risk in this area.

At March 31, 1999, 18% of the Bank's total loan portfolio balance is commercial real estate mortgages. Commercial real estate loans have minimal interest rate risk as 84% of the portfolio consists of variable rate products. At March 31, 1998, commercial real estate mortgages made up 18% of the total loan portfolio, of which 88% of the commercial real estate loans were variable rate products. The Bank tries to mitigate credit risk by lending in its local market area as well as maintaining a well collateralized position in real estate.

Commercial loans make up 10% of the total loan portfolio, of which 46% are variable rate instruments at March 31, 1999. At March 31, 1998 commercial loans made up 9% of the total loan portfolio, of which 66% were variable rate instruments. The credit loss exposure on commercial loans is highly dependent on the cash flow of the customer's business. The Bank mitigates losses by strictly adhering to the Company's underwriting and credit policies.

Consumer and other loans make up 11% of the loan portfolio as of March 31, 1999 as compared to 8% at March 31, 1998. Since these loans are primarily fixed rate products, they have interest rate risk when market rates increase. These loans also have credit risk with minimal security. The increase in consumer loans was primarily due to the volume generated from the automobile dealer finance department. This department underwrites all the automobile dealer finance loans to protect credit quality. The Bank primarily pays a nominal one time origination fee on the loans. The fees are deferred and amortized over the life of the loans as a yield adjustment. Management attempts to mitigate credit and interest rate risk by keeping the products offered short-term, receiving a rate of return commensurate with the risk, and lending to individuals in the Bank's known market areas.

As discussed above, there has been a shift in the mix of the loan portfolio where the Bank is seeing an increase in fixed rate loans. The change in mix is primarily due to market demand, products offered by local competitors and current low economic rates.

The Bank's allowance for loan losses was $2,929,000 as of March 31, 1999 versus $2,978,000 as of June 30, 1998, representing 0.95% and 1.06% of total loans, respectively. The Bank had non-performing loans totaling $1,659,000 at March 31, 1999 compared to $2,248,000 at June 30, 1998. Non-performing loans represented 0.47% and 0.70% of total assets at March 31, 1999 and June 30, 1998, respectively. The Bank's allowance for loan losses was equal to 177% and 132% of the total non-performing loans at March 31, 1999 and June 30, 1998, respectively. At March 31, 1999, the Bank had approximately $646,000 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. These substandard loans increased by $546,000 when compared to the $100,000 at June 30, 1998. The increase was attributed to management downgrading certain loans during its internal review process.

The following table represents the Bank's non-performing loans as of March 31, 1999 and June 30, 1998, respectively:

Description	March 31, 1999	June 30, 1998
1-4 Family Mortgages	$ 464,000	$ 783,000
Commercial Mortgages	1,033,000	956,000
Commercial Loans	0	509,000
Consumer Installment	162,000	0
Total non-performing	$ 1,659,000	$ 2,248,000

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

06-30-98	09-30-98	12-31-98	03-31-99
1.09%	0.89%	1.27%	1.09%

At March 31, 1999, loans classified as non-performing included approximately $578,000 of loan balances that are current and paying as agreed, but which the Bank maintains as non-performing until the borrower has demonstrated a sustainable period of performance. Excluding these loans, the Bank's total delinquencies 30 days or more past due, as a percentage of total loans, would be 0.90% as of March 31, 1999. 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, 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.

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 Bank's allowance for loan losses. Such agencies may require the Bank 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 Bank's most recent examination by the OTS was on November 30, 1998. At the time of the exam the regulators proposed no additions to the allowance for loan losses.

In March of 1999 the Bank opened a new branch located on Lisbon Street in Lewiston, Maine as well as a facility on Fundy Road in Falmouth, Maine, which accepts loan applications and offers investment, insurance and financial planning products.

The bank's premises and equipment increased by $440,810 from June 30, 1998 to March 31, 1999. The increase was due to the purchase and replacement of the Bank's mainframe and software as well as the opening of the new Lewiston branch and Falmouth facility.

Other assets increased by $514,078 from June 30, 1998 to March 31, 1999. The increase was primarily due to the increase in capitalized loan servicing rights, accounts receivable and non-marketable investments.

Other liabilities was $2,166,630 as of March 31, 1999, which was a decrease of $563,739 when compared to June 30, 1998. The decrease was primarily due to the reduction in the Bank's escrow account for certified checks and a payable account resulting from the settlement of a loan sale transaction in June of 1998.

Capital Resources and Liquidity

Cash provided by operating activities in the consolidated statements of cash flow decreased by $699,704 from March 31, 1998 to March 31, 1999 as a result of an increase in assets held for sale and a reduction in other liabilities due to transaction timing differences.

The Bank continues to attract new local deposit relationships. The Bank utilizes, as alternative sources of funds, brokered certificate of deposits ("C.D.s") when national deposit interest rates are less than the interest rates on local market deposits. Brokered C.D.s are also used to supplement the growth in earning assets. Brokered C.D.s carry the same risk as local deposit C.D.s, in that both are interest rate sensitive with respect to the Bank's ability to retain the funds. The Bank also utilizes FHLB advances, as alternative sources of funds, when the interest rates of the advances are less than market deposit interest rates. FHLB advances are also used to fund short-term liquidity demands.

Total deposits were $212,710,281 and securities sold under repurchase agreements were $9,491,701 as of March 31, 1999. These amounts represent an increase of $28,686,184 and $4,286,107, respectively, compared to June 30, 1998. The increase in deposits was primarily due to the $9,700,000 increase in NOW demand deposits and a $17,000,000 increase in time deposits. The increase in NOW deposits was attributable to the development of a demand account where the interest rate increases as deposit balances increase. The increase in time deposits was primarily due to the offering of rate specials in local Bank markets and increased broker deposits. Brokered deposits represented $12,468,111 of the total deposits at March 31, 1999, which increased by $4,893,401 compared to the $7,574,710 balance as of June 30, 1998. Cross selling strategies are employed by the Bank to develop deposit growth. Even though deposit interest rates have remained competitive, the rates of return are much higher with 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 deposits.

Total advances from the FHLB were $102,111,489 as of March 31, 1999, a decrease of $2,328,463 compared to June 30, 1998. The cash received from the increase in the Bank's deposits was utilized to repay FHLB advances. The Bank has unused borrowing capacity from the FHLB through its advances program. The Bank's current advance availability, subject to the satisfaction of certain conditions, is approximately $32,000,000 over and above the March 31, 1999 advances. Mortgages, free of liens, pledges and encumbrances are required to be pledged to secure FHLB advances. The Bank's ability to access principal sources of funds is immediate and 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 the Company's needs.

Total equity of the Company was $26,711,296 as of March 31, 1999 versus $25,139,527 at June 30, 1998. Book value per common share was $9.66 as of March 31, 1999 versus $9.23 at June 30, 1998. The total equity to total assets ratio of the Company was 7.55% as of March 31, 1999 and 7.79% as of June 30, 1998.

In November of 1998 Square Lake Holding Corporation converted its Series A preferred stock into 136,362 shares of common stock. Square Lake Holding Corporation is a Maine corporation and a subsidiary of a Canadian corporation of which Ronald Goguen is a 95% shareholder and director. Mr. Goguen, also is a director, and, through the ownership of his affiliates, a principal shareholder of the Company.

The Federal Deposit Insurance Corporation Improvement Act of 1991 ("FDICIA"), contains various provisions intended to capitalize the Bank Insurance Fund ("BIF") and also affects a number of regulatory reforms that impact all insured depository institutions, regardless of the insurance fund in which they participate. Among other things, FDICIA grants the OTS broader regulatory authority to take prompt corrective action against insured institutions that do not meet capital requirements, including placing undercapitalized institutions into conservatorship or receivership. FDICIA also grants the OTS broader regulatory authority to take corrective action against insured institutions that are otherwise operating in an unsafe and unsound manner.

FDICIA defines specific capital categories based on an institution's capital ratios. The OTS has issued regulations requiring a minimum regulatory tangible capital equal to 1.5% of adjusted total assets, core capital of 3.0%, leverage capital of 4.0% and a risk-based capital standard of 8.0%. The prompt corrective action regulations define specific capital categories based on an institution's capital ratios. The capital categories, in declining order, are "well capitalized", "adequately capitalized", "undercapitalized", "significantly undercapitalized", and "critically undercapitalized". As of March 31, 1999, the most recent notification from the OTS categorized the Bank as well capitalized. There are no conditions or events since that notification that management believes has changed the institution's category.

At March 31, 1999, the Bank's regulatory capital was in compliance with regulatory capital requirements as follows:

To Be "Well

	Actual Amount	Actual Ratio	For Capital Adequacy Purposes Amount	For Capital Adequacy Purposes Ratio	Capitalized" Under Prompt Corrective Action Provisions Amount	Capitalized" Under Prompt Corrective Action Provisions Ratio
(Dollars in Thousands)						
As of March 31, 1999:						
Tier 1 (Core) capital (to risk weighted assets)	$ 25,037	10.60%	$ 9,447	4.00%	$ 14,170	6.00%
Tier 1 (Core) capital (to total assets)	$ 25,037	7.11%	$ 14,094	4.00%	$ 17,617	5.00%
Total Capital (to risk weighted assets)	$ 26,803	11.35%	$ 18,893	8.00%	$ 23,616	10.00%

Results of Operations

Net income for the quarter ended March 31, 1999 was $743,506 or basic earnings per share and diluted earnings per share of $0.27. This compares to earnings of $732,361 or basic earnings per share of $0.31 and diluted earnings per share of $0.26 for the quarter ended March 31, 1998. Net income for the nine months ended March 31, 1999 was $2,080,111 versus $1,658,992 for the period ended March 31, 1998. Basic earnings per share were $.76 and diluted earnings per share were $.74 for the nine months ended March 31, 1999 versus basic earnings per share of $.70 and diluted earnings per share of $.62 for the period ended March 31, 1998.

The Company completed the acquisition of Cushnoc during the nine months ended March 31, 1998. The one-time costs associated with the acquisition totaled approximately $283,000 after tax during the nine months ended March 31, 1998. The Company's net operating income, before the aforementioned one-time charge, was $1,941,469, basic earnings per share were $.82 and diluted earnings per share were $.72, for the nine months ended March 31, 1998.

On September 30, 1998, the Company adopted FASB Statement No. 130, "Reporting Comprehensive Income". Comparative financial information in the Statements of Changes in Shareholders' Equity for earlier periods have been reclassified in accordance with the requirement of Statement No. 130.

The Company's net interest income was $9,028,339 for the nine months ended March 31, 1999, versus $8,372,751 for the nine months ended March 31, 1998, an increase of $655,588. Total interest income increased $2,213,321 during the nine months ended March 31, 1999 compared to the nine months ended March 31, 1998, resulting primarily from an increase in the volume of loans offset in part by a decrease in rates. The increase in total interest expense of $1,557,733 for the nine months ended March 31, 1999 resulted primarily from the increased volume of deposits and borrowings.

The changes in net interest income are presented in the schedule below.

Northeast Bancorp
Rate/Volume Analysis for the Nine months ended
March 31, 1999 versus March 31, 1998

	Difference Due to Volume	Rate	Total
Investments	$ (382,918)	$ (110,425)	$ (493,343)
Loans	4,124,310	(1,247,195)	2,877,115
FHLB & Other Deposits	(145,220)	(25,231)	(170,451)
Total	3,596,172	(1,382,851)	2,213,321
Deposits	725,835	75,134	800,969
Repurchase Agreements	81,851	(1,393)	80,458
Borrowings	844,249	(167,943)	676,306
Total	1,651,935	(94,202)	1,557,733
Net Interest Income	$ 1,944,237	$ (1,288,649)	$ 655,588

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 categorizes its core deposits as long term liabilities which are then matched to long term assets. As a result, the Bank 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 20% of the Bank'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 26% of other loans in the Bank'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 Bank's interest expense. Although the Bank has experienced some net interest margin compression, the impact on net interest income will depend on, among other things, actual rates charged on the Bank's loan portfolio, deposit and advance rates paid by the Bank and loan volume. The net interest margin compression at the Bank has been primarily due to the decrease in loan rates. Loan yields have decreased due to the effect of the Federal Reserve easing the prime lending rate in September and October of 1998 as well as loans within the Bank refinancing to lower current market rates. As of March 31, 1999 the Bank's net loan yields have decreased by 24 basis points when compared to net loan yields at September 30,1998.

Total non-interest income was $733,208 and $2,081,205 for the three and nine months ended March 31, 1999 versus $595,359 and $1,892,531 for the three and nine months ended March 31, 1998. Service fee income was $253,507 and $776,427 for the three and nine months ended March 31, 1999 versus $227,757 and $741,397 for the three and nine months ended March 31, 1998. The $25,750 and $35,030 service fee increase for the three and nine months ended March 31, 1999, respectively, was primarily due to an increase in loan servicing and deposit fee income. Gains from available for sale securities were $11,035 and $69,525 for the three and nine months ended March 31, 1999 versus $37,439 and $245,131 for the three and nine months ended March 31, 1998. The Bank sold a larger volume of its available for sale securities during the three and six month period ended March 31, 1998, taking advantage of the fluctuation in market prices in the mortgage-backed security portfolio.

Other income was $468,666 and $1,224,521 for the three and nine months ended March 31, 1999, which was an increase of $138,503 and $320,315 when compared to other income of $330,163 and $904,206 for the three and nine months ended March 31, 1998, respectively. The increase in other income in the three and nine months ended March 31, 1999, was primarily due to gains from 1-4 family mortgage and indirect auto loan sales.

Total non-interest expense for the Company was $2,488,839 and $7,376,582 for the three and nine months ended March 31, 1999, which was an increase of $365,203 and $210,102, respectively, when compared to total non-interest expense of $2,123,636 and $7,166,480 for the three and nine months ended March 31, 1998. The increase in compensation expense for the three month period ended March 31, 1999 was primarily due to the additional staffing for the new branch opened in Lewiston, Maine and increased costs associated with the Company's health insurance plan. The increase in occupancy expense for the three and nine months ended March 31, 1999 was due to the additional lease expense in opening the new Lewiston branch as well as the Company relocating its benefit administration department and in doing so paid a one time lease penalty to terminate the existing lease contract for that location.

Other expenses increased by $239,933 and $197,671 for the three and nine months ended March 31, 1999, respectively when compared to the three and nine months ended March 31, 1998. The increase in the March 31, 1999 quarter was primarily due to the following: an increase in advertising of $19,000 and an increase in supplies expense of $12,000 due to the opening of the new Lewiston branch; an increase in loan servicing fees of $26,000 due to the fees paid for servicing loans purchased; an increase in professional fees of $90,000 due to increased legal services, courier services, trust consulting services and data operations services; an increase in check item and data processing of $49,000 due to the Company's growth; and an increase of $36,000 in postage, education and other general expenses.

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.

Year 2000

The Company is currently addressing the Year 2000 issue. Many existing computer programs and hardware configurations use only two digits to identify a year in the date field. Since these programs did not take into consideration the upcoming change in the century, many computer applications could create erroneous results by the year 2000 if not corrected. The Year 2000 issue will affect this Company and it will affect virtually all companies and organizations, including the Company's borrowers. The Company has organized a Year 2000 committee to research, develop and implement a plan that will correct this issue before the year 2000. The OTS, which primarily regulates thrifts, savings and loan associations, and savings and loan holding companies, has issued a formal regulation and comprehensive plan concerning the Year 2000 issue for such financial institutions. The Company has adopted the regulatory comprehensive plan which has the following phases:

Awareness Phase
- ---------------
This phase consists of defining the Year 2000 problem; developing the resources necessary to perform compliance work, establishing a Year 2000 program committee and developing an overall strategy that encompasses in-house systems, service bureaus for systems that are outsourced, vendors, auditors, customers, and suppliers (including correspondents). This phase has been completed by the Company's committee.

Assessment Phase
- ----------------
This phase consists of assessing the size and complexity of the problem and detailing the magnitude of the effort necessary to address the Year 2000 issue. This phase must identify all hardware, software, networks, automated teller machines, other various processing platforms, and customer and vendor interdependencies affected by the Year 2000 date change. The assessment must go beyond information systems and include environmental systems that are dependent on embedded microchips, such as security systems, elevators and vaults. During this phase management also must evaluate the Year 2000 effect on other strategic business initiatives. The assessment should consider the potential effect that mergers and acquisitions, major system development, corporate alliances, and system interdependencies will have on existing systems and/or the potential Year 2000 issues that may arise from acquired systems. The financial institution or vendor should also identify resource needs, establish time frames and sequencing of Year 2000 efforts. Resource needs include appropriately skilled personnel, contractors, vendor support, budget allocations, and hardware capacity. This phase should clearly identify corporate accountability throughout the project, and policies should define reporting, monitoring, and notification requirements. Finally, contingency plans should be developed to cover unforeseen obstacles during the renovation and validation phases and include plans to deal with lesser priority systems that would be fixed later in the renovation phase.

The assessment phase has been materially completed, but is considered an ongoing phase for the Company. The Company is in the process of developing its contingency plan and anticipates its completion by June 30, 1999. The Company has instituted a comprehensive plan to communicate with all its borrowers that the Company considers to be at risk concerning the Year 2000 issue. The Company considers this plan necessary to mitigate the risk associated with borrowers not having the ability to make loan payments due to a Year 2000 issue. The company has estimated the following costs associated with the Year 2000 issue, (i) computer hardware replacement $40,000, (ii) software replacement $42,000, (iii) testing and administrative costs $94,000, and (iv) potential contingency costs $15,000. As of March 31, 1999, the Company has incurred approximately $37,333 of capitalized purchases and $88,200 of cumulative Year 2000 expenses. These costs are under continuous review and will be revised as needed. There can be no assurance that actual costs will not exceed the Company's estimates. As of March 31, 1999, the Company has replaced its computer mainframe, software and data communication systems as planned to accommodate the growth of the Company through merger and acquisitions. The previous mainframe and software had been fully depreciated through the normal course of its depreciable life and the costs associated with the replacement of these items was in the Company's general business plan for fiscal 1999. The anticipated Year 2000 hardware and software costs indicated above are in addition to the Company's costs associated with the replacement of the mainframe, software and data communication system.

Renovation Phase

This phase includes code enhancements, hardware and software upgrades, system replacements, vendor certification, and other associated changes. Work should be prioritized based on information gathered during the assessment phase. For institutions relying on outside services or third-party software providers, ongoing discussions and monitoring of vendor progress are necessary. The Company has limited out-side services and vendors. Each servicer and vendor has been contacted and has or will provide information to the Company concerning their efforts to comply with the Year 2000 issue. The Company has completed this phase. However, there can be no assurance that these services or vendors will become Year 2000 compliant in a timely manner.

Validation Phase

Testing is a multifaceted process that is critical to the Year 2000 project and inherent in each phase of the project management plan. This process includes the testing of incremental changes to hardware and software components. In addition to testing upgraded components, connections with other systems must be verified, and all changes should be accepted by internal and external users. Management will establish controls to assure the effective and timely completion of all hardware and software testing prior to final implementation. As with the renovation phase, the Company will be in ongoing discussions with their vendors on the success of their validation efforts. The Company has completed the testing all of its critical systems and has completed this phase.

Implementation Phase

In this phase, systems should be certified as Year 2000 compliant and be accepted by the business users. For any system failing certification, the business effect must be assessed clearly and the organization's Year 2000 contingency plans should be implemented. Any potentially non-compliant mission-critical system should be brought to the attention of executive management immediately for resolution. In addition, this phase must ensure that any new systems or subsequent changes to verified systems are compliant with Year 2000 requirements. The Company anticipates completion of this phase by June 30, 1999.

In summary, the Company recognizes the Year 2000 as a global issue with potentially catastrophic results if not addressed. The Company has and will continue to undertake all the necessary steps to protect itself and its customers concerning the Year 2000 issue. Management is confident that all the instituted phases will be completed and in place prior to the year 2000. However, failure to meet the Year 2000 deadlines could have a material adverse effect on the Company.

Item 3. Quantitative and Qualitative Disclosure about Market Risk

There have been no material changes in the Company's market risk from June 30, 1998. For information regarding the Company's market risk, refer to the Company's Annual Report on Form 10-K dated as of June 30, 1998.

Part II - OTHER INFORMATION

Item 1. Legal Proceedings

None.

Item 2. Changes in Securities

None.

Item 3. Defaults Upon Senior Securities

None.

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

None.

Item 5. Other Information

None.

Item 6. Exhibits and Reports on Form 8 - K

(a) Exhibits

11 Statement regarding computation of per share earnings.

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, 1999.

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.

Date: May 13, 1999 NORTHEAST BANCORP

By: /s/ James D. Delamater

James D. Delamater

President and CEO

By : /s/ Richard Wyman

Richard Wyman
Chief Financial Officer

NORTHEAST BANCORP
Index to Exhibits

EXHIBIT NUMBER	DESCRIPTION
11	Statement regarding computation of per share earnings
27	Financial data schedule

NORTHEAST BANCORP
Exhibit 11. Statement Regarding Computation of Per Share Earnings

	Three Months Ended March 31, 1999	Three Months Ended March 31, 1998
EQUIVALENT SHARES:		
Weighted Average Shares Outstanding	2,764,421	2,232,162
Total Diluted Shares	2,792,552	2,743,406
Net Income	$ 743,506	$ 732,361
Less Preferred Stock Dividend	-	35,000
Income Available to Common Stockholders	$ 743,506	$ 697,361
Basic Earnings Per Share	$ 0.27	$ 0.31
Diluted Earnings Per Share	$ 0.27	$ 0.26

	Nine Months Ended March 31, 1999	Nine Months Ended March 31, 1998
EQUIVALENT SHARES:		
Weighted Average Shares Outstanding	2,690,872	2,224,194
Total Diluted Shares	2,794,034	2,683,732
Net Income	$ 2,080,111	$ 1,658,992
Less Preferred Stock Dividend	25,667	104,998
Income Available to Common Stockholders	$ 2,054,444	$ 1,553,994
Basic Earnings Per Share	$ 0.76	$ 0.70
Diluted Earnings Per Share	$ 0.74	$ 0.62

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9-MOS
JUN-30-1999
MAR-31-1999
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7,306,461
0
0
18,912,995
0
0
306,779,441
2,929,000
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212,710,281
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2,905,000