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, 1996

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

Bethel 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.)
489 Congress Street, Portland, Maine	04101
(Address of principal executive offices)	(Zip Code)

(207) 772 - 8587

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 April, 30, 1996: 1,212,010 of common stock, $1.00 par value per share.

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BETHEL BANCORP AND SUBSIDIARIES
Consolidated Balance Sheets

	March 31, 1996	June 30, 1995
Assets		
Cash and due from banks	$ 4,166,451	$ 3,855,648
Interest bearing deposits in other banks	424,968	367,423
Federal Home Loan Bank overnight deposits	5,936,292	10,517,000
Trading account securities at market	1,142,285	1,375
Available for sale securities	26,899,364	10,148,251
Federal Home Loan Bank stock	2,300,000	2,150,000
Loans held for sale	578,571	528,839
Due from broker	1,005,403	941,407
Loans	168,041,063	170,442,082
Less deferred loan origination fees	318,231	302,178
Less allowance for loan losses	2,497,000	2,396,000
Net loans	165,225,832	167,743,904
Bank premises and equipment, net	3,682,436	3,873,278
Real estate held for investment	478,607	452,479
Other real estate owned	668,638	1,068,454
Goodwill (net of accumulated amortization of $854,150 at 3/31/96 and $631,146 at 6/30/95)	2,643,822	2,866,826
Other assets	3,034,905	2,994,253
Total Assets	218,187,574	207,509,137
Liabilities and Shareholders' Equity		
Liabilities		
Deposits	$ 146,618,164	$ 147,119,870
Repurchase Agreements	3,782,271	2,585,387
Advances from Federal Home Loan Bank	43,100,000	35,700,000
Notes payable	1,626,813	2,010,091
Due to broker	3,070,348	989,062
Other Liabilities	1,480,704	1,829,449
Total Liabilities	199,678,300	190,233,859
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, issued and outstanding, 1,203,486 shares at 12/31/95 and 547,502 at 6/30/95	1,203,764	547,502
Additional paid in capital	5,332,838	4,643,059
Retained earnings	10,456,450	10,180,244
	18,993,032	17,370,785
Net unrealized loss on available for sale securities	(483,758)	(95,507)
Total Shareholders' Equity	18,509,274	17,275,278
Total Liabilities and Shareholders' Equity	$ 218,187,574	$ 207,509,137

BETHEL BANCORP AND SUBSIDIARIES
Consolidated Statements of Income

	Three Months Ended March 31, 1996	1995
Interest and Dividend Income		
Interest on FHLB overnight deposits	$ 129,919	$ 88,336

Interest on loans & loans held for sale	4,053,993	3,811,479
Interest on investment securities & available for sale securities	351,339	393,563
Dividends on Federal Home Loan Bank stock	35,868	45,271
Other Interest Income	5,220	5,321
Total Interest Income	4,576,339	4,343,970
Interest Expense		
Deposits	1,611,581	1,410,184
Repurchase agreements	42,872	25,721
Other borrowings	654,874	628,565
Total Interest Expense	2,309,327	2,064,470
Net Interest Income	2,267,012	2,279,500
Provision for loan losses	159,960	145,776
Net Interest Income after Provision for Loan Losses	2,107,052	2,133,724
Other Income		
Service charges	250,005	248,119
Available for sale securities gains (losses)	19,187	(1,848)
Gain (Loss) on trading account	16,093	151,910
Other	170,181	145,717
Total Other Income	455,466	543,898
Other Expenses		
Salaries and employee benefits	1,095,931	1,003,890
Net occupancy expense	171,886	149,483
Equipment expense	180,026	190,717
Goodwill amortization	74,335	72,294
Other	557,960	614,482
Total Other Expenses	2,080,138	2,030,866
Income Before Income Taxes	482,380	646,756
Income tax expense	180,575	238,683
Net Income	$ 301,805	$ 408,073
Earnings Per Share		
Primary	$ 0.20	$ 0.31
Fully Diluted	$ 0.19	$ 0.28

BETHEL BANCORP AND SUBSIDIARIES
Consolidated Statements of Income

	Nine Months Ended March 31, 1996	1995
Interest and Dividend Income		
Interest on FHLB overnight deposits	$ 485,995	$ 295,448
Interest on loans & loans held for sale	12,230,893	11,084,775
Interest on investment securities & available for sale securities	734,496	859,340
Dividends on Federal Home Loan Bank stock	109,605	148,188
Other Interest Income	22,697	17,980
Total Interest Income	13,583,686	12,405,731
Interest Expense		
Deposits	4,899,241	3,864,227
Repurchase agreements	125,665	47,163
Other borrowings	1,847,784	1,861,647
Total Interest Expense	6,872,690	5,773,037
Net Interest Income	6,710,996	6,632,694
Provision for loan losses	455,524	494,590
Net Interest Income after Provision for Loan Losses	6,255,472	6,138,104
Other Income		
Service charges	766,824	698,405
Available for sale securities gains (losses)	225,570	6,280
Gain (Loss) on trading account	23,098	375,732
Other	604,746	531,412
Total Other Income	1,620,238	1,611,829
Other Expenses		
Salaries and employee benefits	3,091,775	2,873,541
Net occupancy expense	420,155	382,659
Equipment expense	524,128	508,121

Goodwill amortization	223,004	162,124
Other	1,772,671	1,896,899
Total Other Expenses	6,031,733	5,823,344
Income Before Income Taxes	1,843,977	1,926,589
Income tax expense	677,099	705,691
Net Income	$ 1,166,878	$ 1,220,898
Earnings Per Share		
Primary	$ 0.83	$ 0.91
Fully Diluted	$ 0.76	$ 0.84

BETHEL BANCORP AND SUBSIDIARIES
Consolidated Statements of Changes in Shareholders' Equity
Nine Months Ended March 31, 1996 and 1995

	Common Stock	Preferred Stock	Additional Paid - In Capital	Retained Earnings	Net Unrealized Gains(Losses) on Available for Sale Securities	Total
Balance at June 30, 1994	$ 547,400	$ 1,999,980	$ 4,640,968	$ 9,006,038	$ (438,023)	$ 15,756,363
Net income for Nine months ended March 31,1995	--	--	--	1,220,898	--	1,220,898
Dividends paid on common stock	--	--	--	(131,376)	--	(131,376)
Dividends paid on preferred stock	--	--	--	(104,999)	--	(104,999)
Net change in unrealized losses on securities available for sale	--	--	--	--	4,427	4,427
Balance March 31, 1996	$ 547,400	$ 1,999,980	$ 4,640,968	$ 9,990,561	$ (433,596)	$ 16,745,313
Balance at June 30, 1995	$ 547,502	$ 1,999,980	$ 4,643,059	$ 10,180,244	$ (95,507)	$ 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)	$ 18,509,274

BETHEL BANCORP AND SUBSIDIARIES
Consolidated Statements of Cash Flow

	Nine Months Ended March 31, 1996	1995
Cash provided by operating activities	$ 3,567,289	$ 2,205,597
Cash flows from investing activities:		
FHLB stock purchased	(150,000)	(205,000)
Held to maturity securities purchased	--	(12,421,919)
Held to maturity securities matured	--	1,481,795
Available for sale securities purchased	(35,381,445)	(265,841)
Available for sale securities principal reductions	524,396	66,882
Available for sale securities sold	16,746,027	149,417
New loans, net of repayments & charge offs	1,993,534	(9,146,040)
Net capital expenditures	(248,449)	(1,325,865)
Real estate owned sold	585,116	664,621
Real estate held for investment purchased	(56,096)	(21,905)
Real estate held for investment sold	40,000	168,600
Premium paid for Key Bank acquisition	--	(1,590,228)
Net cash provided by (used in) investing activities	(15,946,917)	(22,445,483)

Cash flows from financing activities:		
Net change in deposits	(501,706)	25,161,838
Net change in repurchase agreements	1,196,884	2,425,603
Dividends paid	(292,929)	(236,375)
Proceeds from stock issuance	748,298	--
Net (decrease) increase in advances from Federal Home Loan Bank of Boston	7,400,000	(9,700,000)
Net change in notes payable	(383,278)	(382,511)
Net cash provided by financing activities	8,167,269	17,268,555
Net (decrease) increase in cash and cash equivalents	(4,212,359)	(2,971,331)
Cash and cash equivalents, beginning of period	14,740,070	11,336,505
Cash and cash equivalents, end of period	$ 10,527,711	$ 8,365,174

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 increase (decrease) in valuation for unrealized market value adjustments on available for sale securities	(388,251)	4,427
Net transfer (to) from Loans to Other Real Estate Owned	(100,174)	481,775
Supplemental disclosure of cash paid during the period for:		
Income taxes paid, net of refunds	693,700	693,500
Interest paid	6,904,084	5,743,798

BETHEL BANCORP AND SUBSIDIARIES
Notes to Consolidated Financial Statements
March 31, 1996

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, 1996 are not necessarily indicative of the results that may be expected for the year ending June 30, 1996. For further information, refer to the audited consolidated financial statements and footnotes thereto for the fiscal year ended June 30, 1995 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, 1996		June 30, 1995	
	Cost	Market Value	Cost	Market Value
Debt securities issued by the U.S. Treasury and other U.S. Government corporations and agencies	$ 1,250,000	$ 1,229,850	$ 250,000	$ 239,225
Corporate bonds	149,634	141,750	149,599	141,436
Mortgage-backed securities	25,675,509	25,052,140	9,315,419	9,297,505
Equity securities	557,187	475,624	577,939	470,085
	$27,632,330	$26,899,364	$10,292,957	$10,148,251

March 31, 1996		June 30, 1995	
Cost	Market Value	Cost	Market Value

Due in one year or less	--	--	--	--
Due after one year through five years	250,000	239,850	--	--
Due after five years through ten years	149,634	141,750	399,599	380,661
Due after ten years	1,000,000	990,000	--	--
Mortgage-backed securities (including securities with interest rates ranging from 5.15% to 8.5% maturing April 2009 to March 2026)	25,675,509	25,052,140	9,315,419	9,297,505
Equity securities	557,187	475,624	577,939	470,085
	$27,632,330	$26,899,364	$10,292,957	$10,148,251

3. Allowance for Loan Losses

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

	Nine Months Ended March 31,	
	1996	1995
Balance at beginning of year	$ 2,396,000	$ 2,463,000
Add provision charged to operations	455,524	494,590
Recoveries on loans previously charged off	58,229	36,387
	2,909,753	2,993,977
Less loans charged off	412,753	463,977
Balance at end of period	$ 2,497,000	$ 2,530,000

4. Advances from Federal Home Loan Bank

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

March 31, 1996

Principal Amounts	Interest Rates	Maturity Dates
$22,100,000	5.17% - 8.30%	1997
4,500,000	4.97% - 6.86%	1998
16,500,000	5.64% - 6.35%	1999
$43,100,000		

June 30, 1995

Principal Amounts	Interest Rates	Maturity Dates
$25,400,000	4.41% - 7.65%	1996
5,300,000	5.17% - 8.30%	1997
4,000,000	4.97% - 6.35%	1998
1,000,000	5.75%	1999
$35,700,000		

5. Stock Dividend

The Company paid a 100% stock dividend to all shareholders on December 15, 1995. Based on this dividend, the current common stock outstanding was 1,203,764 shares at March 31, 1996. The Company anticipates continuing the annual dividend of $.32 per share, resulting in an increase in yield to shareholders.

6. Reserve for Credit Losses

Effective July 1, 1995, the Company adopted Financial Accounting Standards Board (FASB) Statement No. 114,"Accounting by Creditors for Impairment of a Loan"(SFAS No. 114) as amended by SFAS No. 118, "Accounting by Creditors for Impairment of a Loan-Income Recognition and Disclosures"(SFAS No. 118). SFAS 114 and 118, taken together, require the Company to identify impaired loans and generally value them at the lower of (i) the present value of expected cash flows discounted at the loan's effective interest rate or (ii) the loan's observable market price or (iii) fair value of the loan's collateral, if the loan is collateral dependent. The two statements, in connection with recent regulatory guidance, require the Company to reclassify its in-substance foreclosures to loans and disclose them as impaired loans.

Commercial and commercial real estate loans, with balances to one borrower greater than $25,000, are considered impaired when it is probable that the Company will not collect all amounts due in accordance with the contractual terms of the loan. Except for certain restructured loans, impaired loans are loans on non-accrual status. Residential mortgage loans and consumer installment loans are considered homogenous loans that will be reserved for under the Company's general reserve analysis. The Company's policy for charging off loans to the reserve is 120 days delinquent for consumer installment loans and for all other loans when a loss has been determined. The Company policy for an insignificant delay in payments is when the contractual payment is up to 60 days delinquent and considers an immaterial shortfall in payments to be 10% or less of the contractual payment amount due. Upon adoption of SFAS 114 and 118, the Company did not change its method of recognizing interest income on impaired loans. When a loan is placed on non-accrual status, all interest previously accrued, but not collected, is reversed against interest income. Subsequent cash receipts are amortized and applied to principal and interest based on the contractual terms of the non-accrual loan. Impaired loans are returned to accrual status and are no longer considered impaired when they become current, as to principal and interest, and demonstrate a period of performance under the contractual terms, and, in management's opinion, are fully collectable. Residential and consumer installment loans are returned to accrual status when the contractual payments are less than 90 days delinquent and in management's opinion are fully collectable.

Loans which were restructured prior to the adoption of SFAS No. 114, and which are performing in accordance with the renegotiated terms are not required to be reported as impaired. Loans restructured subsequent to the adoption of SFAS No. 114 are required to be reported as impaired in the year of restructuring. Thereafter, such loans can be removed from the impaired loan disclosure if the loans were paying a market rate of interest at the time of restructuring and are performing in accordance with their renegotiated terms.

In accordance with SFAS No. 114, a loan is classified as an in-substance foreclosure when the Company has taken possession of the collateral regardless of whether formal foreclosure proceedings have taken place. Loans classified as in-substance foreclosures prior to adoption of SFAS No. 114, but for which the Company had not taken possession of the collateral was $304,232 at June 30, 1995. This balance was reclassified from real state owned to loans for the comparable periods on the consolidated balance sheets and did not have a significant effect on the financial position, liquidity or results of operations of the Company.

At March 31, 1996, the recorded investment in impaired loans was $754,095 of commercial loans and $1,019,622 of commercial real estate loans, for a total of $1,773,717, all of which were on non-accrual status. Included in this amount is $1,107,340 of impaired loans for which the related impairment reserve is $509,266, and $666,377 of impaired loans which do not require an impairment reserve. The average recorded investment in impaired loans was $1,882,061 and $1,866,132 for the quarter and nine months ended March 31, 1996, respectively. The amount of interest income recognized on impaired loans for the quarter was $26,741 and nine months ended March 31, 1996 was $60,636. The allowance for loan losses contains $1,988,000 for homogenous loans as deemed necessary to maintain reserves at levels considered adequate by management.

7. Merger of Banking Subsidiaries and Proposed Name Change

On Monday, January 8, 1996, the President of Bethel Bancorp (the "Company"), James D. Delamater, announced that the Company, intends to merge the Company's two wholly-owned banking subsidiaries, Bethel Savings Bank F.S.B. and Brunswick Federal Savings Bank, F.A. (the "Bank Subsidiaries"). The proposed merger was approved by the Boards of Directors of the two Bank Subsidiaries on January 3, 1996 and the Office of Thrift Supervision on March 19, 1996. The resulting bank will be known as Northeast Bank, F.S.B.

On the same day, Mr. Delamater announced that the Company intends to change its name to Northeast Bancorp upon the merger of its two Bank Subsidiaries and at the same time to change the symbol under which its stock trades on The NASDAQ Stock Market to NEBC.

BETHEL BANCORP AND SUBSIDIARIES

Part I.

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

Financial Condition

Total consolidated assets were $218,187,574, which represents an increase of $10,678,437 for the nine months ended March 31, 1996, when compared to June 30, 1995. Total loans decreased by $2,401,019, while loans held for sale increased by $49,732. Federal Home Loan Bank (FHLB) overnight deposits decreased by $4,580,708, while cash and due from banks increased by $310,803 from June 30, 1995 to March 31,1996. Securities available for sale, trading account securities and FHLB Stock increased by $16,751,113, $1,140,910 and $150,000, respectively during the same period. Total deposits decreased by $501,706, total repurchase agreements increased by $1,196,884, and total borrowings from the FHLB increased by $7,400,000 from June 30, 1995 to March 31, 1996.

The Company increased its FHLB advances by $7,400,000. The proceeds from the increased borrowings, along with $4,580,708 from the reduction of FHLB overnight deposits, were utilized to purchase mortgage-backed securities, thereby increasing the Company s earning assets. The Company restructured its investment portfolio, during the quarter ended December 31, 1995, to improve the yield on the securities portfolio. This was accomplished by selling mortgage-backed securities with lower coupon rates and purchasing additional mortgage-backed securities with better yields. In the March 31, 1996 quarter, the Company took advantage of the fluctuating market rates and prices and purchased additional mortgage-backed securities, resulting in an increase in securities available for sale of $14,389,182 in the current quarter and $16,751,113 year to date. The additional securities will have a net earnings yield benefit of 200 basis points, when factoring in the average yield on FHLB overnight deposits and the average cost on FHLB advances. FHLB stock increased by $150,000 due the increased levels of FHLB advances. The FHLB requires institutions to hold a certain level of FHLB stock based on advances outstanding.

Total loans decreased by $2,401,019 for the nine months ended March 31, 1996. The total principal decrease was primarily due to regular principal payments on the loan portfolio as well as a principal reductions from portfolio loan pay-offs. The local competitive environment and customer's response to favorable secondary market rates has effected the Company's ability to increase the loan portfolio. Loans held for sale increased by $49,732 due to the increased volume of mortgage loans sold and still pending closure to Freddie Mac and Fannie Mae. The increased volume was due to favorable secondary market rates during the Company's March 31, 1996 quarter.

The loan portfolio contains elements of credit and interest rate risk. The Company primarily lends within its local market areas, which management believes helps it to better evaluate credit risk. The Company also maintains a well collateralized position in real estate mortgages. Residential real estate mortgages make up 69% of the total loan portfolio, in which 49% 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 marketing portfolio variable rate loans, to reduce the interest rate risk in this area. Fifteen percent of the Company's total loan portfolio balance is commercial real estate mortgages. Similar to the 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 the real estate. The commercial real estate loans have minimal interest rate risk as 86% of the portfolio consists of variable rate products. Commercial loans make up 7% of the total loan portfolio, in which 90% of its balance are variable rate instruments. The credit loss exposure on commercial loans is highly dependent on the cash flow of the customer's business. The Banks attempt to mitigate losses in commercial loans through lending in accordance to the Company's credit policies. Consumer and other loans make up 9% 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 risk by keeping the products offered short-term, receiving a rate of return equal to the measured risks, and lending to individuals in the Company's known market areas.

Other real estate owned decreased by $399,816 from June 30, 1995 to March 31, 1996 due to sales of properties. On July 1, 1995 the Company adopted FASB Statement of Financial Accounting Standards Nos. 114 and 118. The adoption resulted in the reclassification, as of June 30,1995, of in-substance foreclosure loans to impaired loans. SFAS 114 and 118, taken together, require the Company to identify impaired loans and generally value them at the lower of (i) the present value of expected future cash flows discounted at the loan's original effective interest rate or (ii) the loan's observable market price or (iii) fair value of the loan's collateral, if the loan is collateral dependent. The two statements, in connection with recent regulatory guidance, require the Company to reclassify its in-substance foreclosures to loans and disclose them as impaired loans. The effect of SFAS 114 and 118 did not have a significant effect on the financial position, liquidity or results of operations of the Company and is more fully discussed in footnote 6 to the financial statements.

Bank premises and equipment decreased by $190,842 and Goodwill decreased by $223,004 from June 30, 1995 to March 31, 1996. The reduction in these accounts were due to normal depreciation and amortization.

Total deposits were $146,618,164 and securities sold under repurchase agreements were $3,782,271 as of March 31, 1996. These amounts represent a decrease of $501,706 and an increase of $1,196,884, respectively, compared to June 30, 1995. The Company s subsidiary Banks experienced some seasonal fluctuation in balances. Brokered deposits represented $6,630,988 of the total deposits for the quarter ended March 31, 1996 and decreased by $2,156,713 when compared to June 30, 1995's $8,787,701 balance. The Company utilizes, as alternative sources of funds, brokered CD's when the national brokered CD interest rates are less than the interest rates on local market deposits. Brokered deposits are similar to local deposits, in that both are interest rate sensitive with the respect to the Company's ability to retain the funds. Based on the normal growth of local deposits and attractive FHLB advance rates, management has chosen to reduce its level of brokered deposits. Management will be reviewing an additional $2,500,000 of brokered deposits maturing in the next quarter. Total advances from the FHLB were $43,100,000 as of March 31, 1996, an increase of $7,400,000 when compared to June 30, 1995. The Company's current advance availability, subject to the satisfaction of certain conditions, is approximately $52,500,000 over and above the March 31, 1996 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 and the continued growth in bank deposits and repurchase agreements, management believes that the Company's available liquidity resources are sufficient to support future loan growth.

Notes payable decreased by $383,278, for the nine months ended March 31, 1996, due to regular principal payments. Due to broker increased by $2,081,286 due to the purchase of GNMA securities that had not settled by March 31, 1996.

Total equity of the Company was $18,509,274 as of March 31, 1996 versus $17,275,278 at June 30, 1995. On September 8, 1995 Square Lake Holding Corporation exercised 50,000 warrants at an aggregate price of $700,000. These proceeds have been utilized as general working capital. The exercise of these warrants contributed to the growth of the Company's total equity. Warrants outstanding were 133,764 as of March 31, 1996. The Company paid a 100% stock dividend to all shareholders on December 15, 1995. The current common stock outstanding was 1,203,764 shares at March 31, 1996. The Company anticipates continuing the annual dividend of $.32 per share, resulting in an increase in yield to shareholders, from prior to the stock dividend. Due to the ability of the Company to pay dividends from the subsidiaries to the holding company, the effect of increasing the dividend payout to common stock shareholders will not have a significant effect on the financial position, liquidity, or results of operations of the Company. Book value per common share was $13.71 as of March 31, 1996 and $13.95 at June 30, 1995, when restated for the 100% stock dividend. Total equity to total assets of the Company as of March 31, 1996 was 8.48%.

At March 31, 1996, the Banks' regulatory capital was in compliance with regulatory capital requirements as follows:

	Bethel Savings Bank, F.S.B.	Brunswick Federal Savings, F.A.
Capital Requirements:		
Tangible capital	$ 1,677,000	$ 1,548,000
Percent of tangible assets	1.50%	1.50%
Core capital	$ 3,354,000	$ 3,095,000
Percent of adjusted tangible assets	3.00%	3.00%
Leverage capital	$ 4,472,000	$ 4,127,000
Percent of adjusted leverage assets	4.00%	4.00%
Risk-based capital	$ 5,867,000	$ 4,398,000
Percent of risk-weighted assets	8.00%	8.00%
Actual:		
Tangible capital	$ 8,178,000	$ 7,689,000
Percent of adjusted total assets	7.32%	7.45%
Excess of requirement	$ 6,501,000	$ 6,141,000
Core capital	$ 8,178,000	$ 7,689,000
Percent of adjusted tangible assets	7.32%	7.45%
Excess of requirement	$ 4,824,000	$ 4,594,000
Leverage capital	$ 8,178,000	$ 7,689,000
Percent of adjusted leverage assets	7.32%	7.45%
Excess of requirement	$ 3,706,000	$ 3,562,000
Risk-based capital	$ 8,480,000	$ 8,377,000
Percent of risk-weighted assets	11.56%	15.24%
Excess of requirement	$ 2,613,000	$ 3,979,000

The carrying value of securities available for sale of the Company was $26,899,364, which is $732,966 less than the cost of the underlying securities, at March 31, 1996. The reduction in carrying value from the cost was primarily attributable to the decline in market value of mortgage-backed securities. The difference between cost and carrying value of the securities was primarily due to the change in current market prices from the price 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. Management believes that the yields currently received on this portfolio are satisfactory. As in any long term earning asset with a fixed earning rate, the market value of mortgage-backed securities will decline when market interest rates increase. Since these mortgage-backed securities are backed by the U.S. government, there is little or no risk in loss of principal. Therefore, management believes that during adverse market fluctuations it would be advantageous to hold these securities until the market values recover.

The Company's allowance for loan losses was $2,497,000 as of March 31, 1996 versus $2,396,000 as of June 30, 1995, representing 1.49% and 1.41% of total loans, respectively. The Company had non-performing loans totaling $3,070,000 at March 31, 1996 as compared to $2,266,000 at June 30, 1995.

Non-performing loans represented 1.41% and 1.09% of total assets at March 31, 1996 and June 30, 1995, respectively. The Company's allowance for loan losses was equal to 81% and 106% of the total non-performing loans at March 31, 1996 and June 30, 1995, respectively. At March 31, 1996, the Company had approximately $4,027,000 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. 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 and June 30, 1995, respectively:

Description	March 31, 1996	June 30, 1995
1-4 Family Mortgages	$ 1,354,000	637,000
Commercial Mortgages	1,250,000	1,223,000
Commercial Installment	375,000	375,000
Consumer Installment	91,000	31,000
Total non-performing	3,070,000	2,266,000

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:

6-30-95	9-30-95	12-31-95	3-31-96
2.46%	2.15%	3.51%	2.82%

The majority of the non-performing 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, while the economy in the state of Maine appears to be stable with moderate or flat growth. The weakness in the Oxford county economy is a risk to the overall credit quality of the loan portfolio of Bethel Savings Bank. Bethel Savings Bank has expanded its market beyond Oxford county with the acquisition of the Key Bank branches. Management has allocated substantial resources to the collection area in an effort to control the growth in non-performing, delinquent and substandard loans in Oxford county. In addition, the Company has historically experienced a seasonal increase in delinquent loans during the winter months, which increased total delinquencies during the second quarter, followed by an improvement in the spring and summer months. The Company will continue to monitor loans within these portfolios and increase the levels of allowance for loan losses when necessary.

Classified assets are also considered in management's analysis of the adequacy of allowance for loan losses. Based on reviewing the credit risk and collateral of delinquent loans, classified loans and non-performing loans, management has considered the risks of the loan portfolio and believes the allowance for loan losses is adequate. Management at each of the subsidiary Banks primarily lends within their local market areas, which management believes helps it to better evaluate credit risk. The Company also maintains a well collateralized position in real estate mortgage loans. 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. Management believes that the allowance for loan losses is adequate considering the level of risk in the loan portfolio. 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 May 15, 1995. 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, 1996 was $301,805. Primary earnings per share was $.20 and the fully diluted earnings per share was $.19 for the quarter ended March 31, 1996. This compares to earnings of $408,073 or a primary earnings per share of $.31 per share and a fully diluted earnings per share of $.28, for the quarter ended March 31, 1995. Net income for the nine months ended March 31, 1996 was $1,166,878 versus $1,220,898 for the period ended March 31, 1995. Primary earnings per share was $.83 and fully diluted earnings per share was $.76 for the nine month period ended March 31, 1996 versus primary earnings per share of $.91 and fully diluted earnings per share of $.84 for the period ended March 31, 1995. The 1995 earnings per share has been restated to give consideration to the 100% stock dividend.

The Company's net interest income was $2,267,012 for the quarter ended March 31, 1996 versus $2,279,500 for the quarter ended March 31, 1995, for a decrease of $12,488. This decrease was due to an increase of $232,369 in total interest income offset by an increase in total interest expense of $244,857.

The Company's net interest income was $6,710,996 for the nine months ended March 31, 1996, versus $6,632,694 for the nine months ended March 31, 1995, an increase of $78,302. Total interest income increased $1,177,955 during the nine months ended March 31, 1996 compared to the nine months ended March 31, 1995, resulting from the following items. Interest income on loans and loans held for sale increased by $1,146,118 for the nine months ended March 31, 1996 resulting from a $458,255 increase due to an increase in the volume of loans as well as an increase of $687,863 due to increased rates on loans. Interest income on investment securities decreased by $157,952 resulting from a $103,062 decrease due to a decrease in volume as well as a decrease of $54,890 due to decreased rates on investments. Interest income on short term liquid funds increased by $189,789 resulting from a $158,467 increase due to an increase in volume as well as an increase of $31,322 due to increased rates on FHLB overnight deposits. The increase in total interest expense of $1,099,653 for the nine months ended March 31, 1996 resulted from the following items. Interest expense on deposits increased by $1,035,014 for the nine months ended March 31, 1996 resulting from a $350,974 increase due to an increase in the volume of deposits as well as an increase of $684,040 due to increasing deposit rates. Interest expense on repurchase agreements increased by $78,502 due to an increase of $75,657 in the volume of repurchase agreements as well as an increase of $2,845 due to increased repurchase agreement rates. Interest expense on borrowings decreased by $13,863 for the nine months ended March 31, 1996 resulting from a decrease of $193,345 due to a decrease in the volume of borrowings offset by an increase of $179,482 due to a change in the mix of interest rates on borrowings. The information produced for the rate/volume analysis is based on average balances for the year. In utilizing average balances, the rate/volume trends are reported in a more accurate manner and could be different than the volume trends reported on the consolidated balance sheets. The changes in net interest income, as explained above, are also presented in the schedule below.

Bethel Bancorp
Rate/Volume Analysis for the nine months ended
March 31, 1996 versus March 31, 1995

	Difference Due to Volume	Rate	Total
Investments	(103,062)	(54,890)	(157,952)
Loans	458,255	687,863	1,146,118
FHLB & Other Deposits	158,467	31,322	189,789
Total	513,660	664,295	1,177,955
Deposits	350,974	684,040	1,035,014
Repurchase Agreements	75,657	2,845	78,502
Borrowings	(193,345)	179,482	(13,863)
Total	233,286	866,367	1,099,653
Net Interest Income	280,374	(202,072)	78,302

Rate/Volume amounts spread proportionately between volume and rate.

From October 1993 to late 1995, actions by the Federal Reserve Board resulted in increases in prime lending rates. In December 1995, actions by the Federal Reserve Board resulted in a decrease in prime lending rates. Approximately 20% 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 fluctuate in the same direction as the prime rate, as well as on approximately 21% of other loans in the Company's portfolio that are based on short-term rate indices such as the one-year treasury bill. A fluctuation in short-term interest rates will also effect deposit and FHLB advance rates, in the same manner. 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 $455,466 and $1,620,238 for the three and nine months ended March 31, 1996 versus $543,898 and 1,611,829 for the three and nine months ended March 31, 1995. Service fee income was $250,005 and $766,824 for the three and nine months ended March 31, 1996 versus $248,119 and $698,405 for the three and nine months ended March 31, 1995. The March 31, 1996 nine month increase of $68,419 in service fee income was primarily due to the deposit fee income generated from the acquisition of the Key Bank branches. Income from available for sale securities gains was $19,187 and $225,570 for the three and nine months ended March 31, 1996 versus $(1,848) and $6,280 for the three and nine months ended March 31, 1995. Gains from the sale of securities have increased due to the Company selling some of its available for sale securities, taking advantage of the fluctuation in market prices in the mortgage-backed security portfolio. Income from trading account securities was $16,093 and 23,098 for the three and nine months ended March 31, 1996 versus $151,910 and $375,732 for the three and nine months ended March 31, 1995. The gain on trading account, in the March 31, 1995 quarter, was due to the sale and appreciation in the market values of the securities classified as trading.

Other income was $170,181 and $604,746 for the three and nine months ended March 31, 1996, which was an increase of $24,464 and an increase of $73,334 from other income for the three and nine months ended March 31, 1995, which was $145,717 and $531,412, respectively. Gains on the sale of loans held for sale amounted to $59,218 and $182,386 for the three and nine months ended March 31, 1996 versus $24,639 and $141,399 for the three and nine months ended March 31, 1995. Gains from the sale of loans have increased as a result of increased originations due to secondary market loan demand from the Company's customers due to current low rates. Gross income for First New England Benefits was $67,766 and $222,267 for the three and nine months ended March 31, 1996 versus $85,659 and $255,349 for the three and nine months ended March 31, 1995. The amounts discussed in this paragraph are reflected in other income.

Total operating expense, or non-interest expense, for the Company was $2,080,138 and $6,031,733 for the three and nine months ended March 31, 1996 versus $2,030,866 and $5,823,344 for the three and nine months ended March 31, 1995.

Compensation expense increased by $92,041 and $218,234 for the three and nine months ended March 31, 1996 as a result of the addition of the four new branches, annual salary increases and the increase in the number of individual employees qualifying for the Company's profit sharing and 401(k) program. Net occupancy expenses increased by $22,403 and $37,496 for the three and nine months ended March 31, 1996. The quarter and nine month increase in occupancy expense was primarily due to seasonal factors and the four new branches acquired from Key Bank, respectively. Equipment expense decreased by $10,691 and increased by $16,007 for the three and nine months ended March 31, 1996 due to the expenses associated with the new acquisitions as well as the general needs at the subsidiaries. Goodwill expense increased by $2,041 and $60,880 for the three and nine months ended March 31, 1996 due to the amortization of the premium paid for the four Key Bank branches. Other expenses have decreased by $56,522 and $124,228 for the three and nine months ended March 31, 1996 as compared to the three and nine months ended March 31, 1995, primarily due to the Company decreasing its computer services, loan expenses, telephone, supplies and deposit insurance expenses . In September 1995, the Company received a rebate from the FDIC for its BIF insured deposits. This rebate reduced other expenses by approximately $56,000.

The FDIC has proposed a one time assessment on all SAIF insured deposits in a range of $.85 to $.90 per $100 of domestic deposits held as of March 31, 1995. This one time assessment is intended to recapitalize the SAIF to the required level of 1.25% of insured deposits and could be payable in early 1996. If the assessment is made at the proposed rates, the effect on the Company would be an after tax charge of approximately $320,000 (assuming an income tax rate of 36%). The one time charge assumes a .85% charge on Brunswick Federal Savings, F.A. deposits of approximately $60,000,000 at March 31, 1995, which does not include the BIF insured deposits of the newly acquired Key Bank branches. Subsequent to the proposed payment of the one time assessment, the ongoing risk based assessment schedule for the newly capitalized SAIF would be similar to the schedule of BIF (the current FDIC board proposal has rates ranging from 4 to 31 basis points). The Company anticipates that it would be assessed at the lowest BIF rate as it currently is assessed at the lowest SAIF rate due to its regulatory standing. If the Company's premium is reduced to 4 basis points, the Company would have future after tax annual savings of approximately $180,000 (assuming an income tax rate of 36%). The annual savings assumes a .04% insurance premium charge compared to the current .23% insurance premium paid on the Company's total deposit base of $149,000,000.

The Company announced its intention to merge the Company's two wholly-owned banking subsidiaries, Bethel Savings Bank, F.S.B. and Brunswick Federal Savings, F.A.. The merged banking subsidiaries would operate under the new name Northeast Bank, F.S. B.. The Company also intends to relocate its corporate headquarters and open a new retail banking facility in the Lewiston/Auburn area. The subsidiary merger received regulatory approval on March 19, 1996 and is expected to be completed by July 1, 1996. Due to the corporate plans mentioned above, the Company will incur additional expenses that will have a negative impact on earnings in the following quarters. The additional merger expenses are one time in nature and are estimated to be at a minimum of approximately $200,000. The Company anticipates, over the long term, these moves will lead to an increase in efficiency and performance.

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 many 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.

Part II - Other Information

Item 1. Legal Proceedings

Not Applicable.

Item 2. Changes in Securities

Not Applicable.

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

Not Applicable.

Item 6. Exhibits and Reports on Form 8 - K

(a) Exhibits

3.2 Restated by-laws of Bethel Bancorp as amended February 23, 1996

11 Statement regarding computation of per share.

27 Financial data schedule

(b) Reports on Form 8 - K

On January 12, 1996, the Company filed a report on Form 8-K announcing that it intends to merge the Company's two wholly-owned banking subsidiaries, Bethel Savings Bank F.S.B. and Brunswick Federal Savings Bank, F.A. (the "Bank Subsidiaries"). The proposed merger was approved by the Boards of Directors of the two Bank Subsidiaries on January 3, 1996. The resulting bank, which will be known as Northeast Bank, F.S.B. will have assets of over $200,000,000 and will operate eight branches in four Maine counties. On March 19, 1996, the Bank Subsidiaries received approval from the Office of Thrift Supervision for the proposed merger.

Included in the report on Form 8-K filed on January 12, 1996, the Company announced that it intends to change its name to Northeast Bancorp upon the merger of its two Bank Subsidiaries and at the same time will change the symbol under which its stock trades on the NASDAQ Stock Market to NEBC.

BETHEL 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.

BETHEL BANCORP
(Registrant)

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

/s/ Richard Wyman
Richard Wyman
Chief Financial Officer

Date: May 13, 1996

BETHEL BANCORP AND SUBSIDIARIES
Index to Exhibits

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

BY-LAWS OF BETHEL BANCORP

APPROVED BY THE BOARD OF DIRECTORS
AS AMENDED THROUGH FEBRUARY 23, 1996

ARTICLE I

MEETINGS OF SHAREHOLDERS

Section 1. Place of Meeting. All meetings of the shareholders of the Corporation shall be held at the principal office of the Corporation in the State of Maine, or at such other place, within or without the State of Maine, as may, from time to time, be fixed by the Board of Directors or as shall be specified or fixed in the respective notices or waivers of notice thereof.

Section 2. Annual Meetings. The annual meeting of the shareholders shall be held not more than one hundred, thirty-five (135) days after the close of the fiscal year of the Corporation, on such date and at such hour as may be fixed by the Board of Directors and stated in the notice of such meeting or on such other date and at such time as shall be stated in the notice of the meeting or otherwise specified by the President. The Clerk shall serve personally or by mail a written notice not less than ten (10) days nor more than fifty (50) days before such meeting, addressed to each shareholder at his address as it appears on the stock book; but at any meeting at which all shareholders not present shall have waived notice in writing, the giving of notice as above required, may be foregone.

Section 3. Special Meetings. A special meeting of the shareholders for any purpose or purposes, unless otherwise prescribed by statue, may be called at any time by the Chairman of the Board, if any, the President, or a Vice-President, or by a majority of the Board of Directors, or upon written application therefore to the Clerk by the holders of not less than ten percent (10%) of the shares entitled to vote at the meeting. Written notice of such meeting, stating the purpose for which it is called, shall be served personally, or by mail, not less than ten (10) nor more than fifty (50) days before the date set for such meeting. If mailed, it shall be directed to every shareholder at his address as it appears on the stock book, but, at any meeting at which all shareholders shall be present, or of which all shareholders not present have waived notice in writing, the giving of notice as above required may be foregone. No business other than that specified in the call for the meeting shall be transacted at any special meeting of the shareholders.

Section 4. Quorum. At each meeting of the shareholders, the presence, in person or by proxy, of the holders of a majority of the issued and outstanding stock of the corporation entitled to vote at such meeting, shall constitute a quorum for the transaction of business except where otherwise provided by law or by the Articles of Incorporation of the Corporation or any amendment thereto. In the absence of a quorum at any meeting or any adjournment thereof, the shareholders of the Corporation present in person or by proxy and entitled to vote shall have the power to adjourn the meeting, from time to time, until shareholders holding the requisite amount of stock shall be present or represented. At any such adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted at the meeting as originally called. Notice of any adjourned meeting of the shareholders shall not be required to be given, except when expressly required by law.

Section 5. Organization. The Chairman of the Board, if any, or in the absence of the Chairman of the Board, the President or a Vice-President, or a Chairman designated by the Board of Directors or by the shareholders shall preside at every meeting of the shareholders. In the absence of the Secretary, the presiding officer shall appoint a secretary pro tempore.

Section 6. Voting. (a) Each shareholder of the corporation having voting rights shall, except as otherwise provided by law or by the Articles of Incorporation of the Corporation, at every meeting of the shareholders be entitled to one vote in person or by proxy for each share of the stock of the Corporation registered in his name on the books of the Corporation

(1) on the date fixed pursuant to Section 2 of Article VI of the By-laws as the record date for the determination of shareholders entitled to vote at such meeting, notwithstanding the sale, or other disposal or transfer on the books of the Corporation of such share on or after the date so fixed, or

(2) if no such record date shall have been fixed, then at the date on which notice of such meeting is mailed.

(b) At any meeting of shareholders at which a quorum is present, the holders of a majority in interest of the stock having voting rights represented thereat in person or by proxy shall decide any question brought before such meeting unless a larger or different vote or proportion is required by law or by the Articles of Incorporation of the Corporation or by these By-laws.

(c) When so requested by a majority of the holders of outstanding shares present at the meeting, a written ballot shall be used for any vote of the shareholders. If a written ballot shall be used, each ballot shall state the name of the shareholder voting, the number of shares owned by him, and if such ballot be cast by proxy, the name of the proxy.

Section 7. Shareholders' Action Without Meeting. Any action which, under any provision of the Maine Business Corporation Act, may be taken at a meeting of shareholders, may be taken without such a meeting, if consent in writing, setting forth the action so taken or to be taken, is signed severally or collectively by the holders of all the issued and outstanding shares of stock entitled to vote upon such action. The Secretary shall file such consent or consents with the minutes of the meetings of the Shareholders.

ARTICLE II

BOARD OF DIRECTORS

Section 1. General Powers. The property, affairs and business of the Corporation shall be controlled and managed by the Board of Directors. Without limiting the generality of the foregoing, such control shall include the power to: hire employees, professional, clerical and secretarial; enter into employment agreements with employees where deemed advisable; determine levels of employee compensation, including wages, salaries, bonuses and other fringe benefits; terminate the employment of an employee; determine conditions of employment, including hours of work, work responsibility, vacation time, and sick leave; authorize the purchase or rental of property and determine all policies of the Corporation with regard to the conduct of the business of the Corporation. The Board of Directors may, from time to time, delegate particular responsibilities to specified officers of the Corporation as it shall deem advisable. They may adopt such rules and regulations for the conduct of their meeting and the management of the Corporation not inconsistent with these By-laws, the Corporation's Articles of Incorporation, or the laws of the State of Maine as they may deem proper.

Section 2. Number, qualifications and Term of Office. Subject to the provisions hereof relating to the initial Board, the number of directors of the Corporation shall be no less than nine (9) and no more than fifteen (15). The exact number of Directors, within the minimum and maximum limitations specified in the preceding sentence, shall be fixed, from time to time, by the Board pursuant to a resolution adopted by a majority of the entire Board. No decrease in the number of directors constituting the Board shall shorten the term of any incumbent director. At the 1988 annual meeting of Shareholders, the Directors shall be divided into three classes as nearly equal in number as possible with the term of office of the first class to expire at the 1989 annual meeting of shareholders, the term of office of the second class to expire at the 1990 annual meeting of shareholders and the term of office of the third class to expire at the 1991 annual meeting of Shareholders. At each annual meeting of shareholders following such initial classification and election, Directors elected to succeed those Directors whose terms expire shall be elected for a three-year term of office to expire at the third succeeding annual meeting of shareholders after their election. Directors need not be shareholders or residents of the State of Maine.

Section 3. Manner of Election. At the annual meeting of shareholders, the persons receiving the largest number of votes cast, shall be Directors.

Section 4. Quorum and Manner of Acting. A majority of the total number of Directors then holding office, shall constitute a quorum for the transaction of business at any meeting except where otherwise provided by statute, the Corporation's Articles of Incorporation or these By-laws; but, less than a quorum may adjourn the meeting. At all meetings of the Board of Directors, each Director present is to have one vote. At all meetings of the Board of Directors, all questions, the manner of deciding which, is not specifically regulated by statute or the Corporation's Articles of Incorporation, shall be determined by a majority of the Directors present at the meeting.

Section 5. Place of Meeting, etc. The Board of Directors may hold its meetings and have one or more offices at such places within or without the State of Maine as the Board, from time to time, may determine or, in the case of meetings, as shall be specified or fixed in the respective notices or waivers of notice thereof.

Section 6. Books and Records. The correct and complete books and records of account and minutes of the proceedings of Shareholders and the Board of Directors shall be kept at the registered office of the Corporation.

Section 7. First Meeting. The Board of Directors shall meet for the purpose of organization, the election of officers and the Clerk, and the transaction of other business as soon as practicable after each annual election of Directors, on the same day and at the same place at which regular meetings of the Board are held, or as may be otherwise provided by resolution of the Board. Notice of such meeting need not be given. Such meeting may be held at any other time or place which shall be specified in a notice given as hereinafter provided for special meetings of the Board of Directors or in a consent and waiver of notice, thereof, signed by all the Directors.

Section 8. Regular Meetings. Regular meetings of the Board of Directors shall be held at such place and at such time as the Board shall, from time to time, by resolution, determine. Notice of regular meetings need not be given.

Section 9. Special Meetings; Notice. Special meetings of the Board of Directors shall be held whenever called by the Chairman of the Board, if any, or by the President, or by the Clerk at the request of any two Directors at the time being in office. Notice of each such meeting shall be mailed to each Director, addressed to him at his residence or usual place of business, at least two (2) days before the day on which the meeting is to be held, or shall be sent to him at such place by telegraph, cable, radio or wireless, or be given personally or by telephone, not later than the day before the day on which the meeting is to be held. Every such notice shall state the time and place of the meeting, but, need not state the purpose thereof. Notice of any meeting of the Board need not be given to any Directors, however, if waived by him in writing or by telegraph, cable, radio or wireless, whether before or after such meeting be held, or if he shall be present at such meeting unless his attendance at the meeting is expressly for the purpose of objecting to the transaction of any business because the meeting is not lawfully convened; and any meeting of the Board shall be a legal meeting without any notice thereof having been given, if all of the Directors shall be present thereat.

Section 10. Resignations. Any Director of the Corporation may resign at any time by giving written notice to the President or to the Clerk of the Corporation. Such resignation shall take effect at the time specified therein; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 11. Removal of Directors. At any meeting of Shareholders called expressly for the purpose, any Director may be removed form office by the affirmative vote of the holders of seventy-five percent (75%) of the shares entitled to vote or if removal is for cause, then by a majority of the shares then entitled to vote. For "cause" shall mean a final adjudication by a court of competent jurisdiction that the Director (i) is liable for negligence or misconduct in the performance of his duty, (ii) guilty of a felony conviction, (iii) has failed to act or has acted in a manner which is in derogation of the Director's duties.

Section 12. Vacancies. Any vacancy in the Board caused by death, resignation, retirement, disqualification, removal, or other cause, shall be filled by a majority vote of the remaining Directors, though less than a quorum. A Director so chosen shall hold office for the unexpired term of their predecessors in office. Any Directorship to be filled by reason of an increase in the authorized number of Directors may be filled by the Board for a term of office continuing only until the next election of Directors by the Shareholders.

Section 13. Compensation. Directors shall receive such compensation for attendance at regular or special meetings as the Board of Directors shall, from time to time, determine.

Section 14. Directors' Participation in Meeting by Telephone. A Director may participate in a meeting of the Board of Directors by means of conference telephone or similar communication equipment enabling all Directors participating in the meeting to hear one another. Participation in a meeting pursuant to this section shall constitute presence in person at such meeting.

Section 15. Director's Action Without Meeting. If all the Directors then holding office severally or collectively consent in writing to any action taken or to be taken by the Corporation, such action shall be valid as though it had been authorized at a meeting of the Board of Directors. The Clerk shall file such consent or consents with the minutes of the meetings of the Board of Directors.

ARTICLE III

COMMITTEES

Section 1. Designation; Vacancies. The Board of Directors, by a resolution passed by a majority of the whole Board, may designate such number of their members not less than two (2), including the President of the Corporation, as it may, from time to time, determine to constitute an Executive Committee, each member of which, unless otherwise determined by the Board, shall continue to be member thereof until the expiration of his term of office as a Director.

Section 2. Powers. During the intervals between the meetings of the Board of Directors, the Executive Committee shall have all of the powers of the Board of Directors in the management of the business and affairs of the Corporation, except those prescribed by applicable Maine law, and may exercise such powers in such manner as the Executive Committee shall deem best for the interests of the Corporation in all cases in which specific directions shall not have been given by the Board of Directors.

Section 3. Procedure; Meetings; Quorum. The Executive Committee shall make its own rules of procedure and shall meet at such times and at such place or places as may be provided by such rules or by resolution of the Executive Committee. A majority of the whole number of the members of the Executive Committee shall constitute a quorum at any meeting thereof, and the act of a majority of those present at a meeting at which a quorum is present shall be the act of the Executive Committee. The Board of Directors shall have power at any time to change the members of the Executive Committee, to fill vacancies, and to discharge the Executive Committee.

Section 4. Other Committees. The Board of Directors, by resolution passed by a majority of the whole Board, may designate members of the board to constitute other committees, which shall in each case consist of such number of Directors and shall have and may exercise such powers as the Board may determine and specify in the respective resolutions appointing them. Such committees shall have such name or names as may be determined, from time to time, by resolution adopted by the Board of Directors. The Board of Directors shall have power at any time to change the members of any such committee, to fill vacancies, and to discharge any such committee.

Section 5. Compensation. Members of the Executive Committee or of other committees of the Board of Directors shall receive such compensation for their services as members of such committees as the Board of Directors shall, from time to time, determine.

ARTICLE IV

OFFICERS

Section 1. Number. The officers of the Corporation may include a Chairman of the Board and shall include a President, Treasurer, Secretary and such other officers as the Board of Directors may, from time to time, deem appropriate. One person may hold the office and perform the duties of more than one of said officers. The Corporation shall also have a Clerk, who shall not be an officer.

Section 2. Election, Term of Office and Qualifications. The officers, and the Clerk, shall be elected annually by the Board of Directors. Each officer shall hold office, and the Clerk shall remain Clerk of the Corporation, until his successor shall have been elected and shall have qualified, or until his death or until he shall have resigned or shall have been removed in the manner hereinafter provided.

Section 3. Removal. Any officer, or the Clerk, may be removed by the Board of Directors whenever, in its judgement, the best interests of the Corporation will be served by such action.

Section 4. Resignations. Any officer, or the Clerk, may resign at any time by giving written notice to the Board of Directors or to the President or to the Clerk. Such resignation shall take effect at the time specified therein; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make if effective.

Section 5. Vacancies. A vacancy in any office, or in the position of Clerk, because of death, resignation, removal or any other cause shall be filled for the unexpired portion of the term in the manner prescribed in these By-laws for election or appointment to such office or position of Clerk.

Section 6. The Chairman of the Board. The Chairman of the Board, if there shall be one, shall be elected from among the Directors and shall, if present, preside at all meetings of the shareholders and of the Board of Directors. Except where, by law, the signature of the President is required, he shall possess the same power as the President to sign all certificates, contracts and other instruments of the Corporation which may be authorized by the Board of Directors or by the Executive Committee. He shall, in general, perform all duties incident to the office of the Chairman of the Board, subject, however, to the direction and control of the Board of Directors and of the Executive Committee, and such other duties as, from time to time, may be assigned to him by the Board of Directors or by the Executive Committee.

Section 7. The President. The President shall be the chief executive and administrative officer of the Corporation and shall have general and active supervision and direction over the day-to-day business and affairs of the Corporation and over its several officers, subject, however, to the direction and control of the Board of Directors and of the Executive Committee. At the request of the Chairman of the Board, or in case of his absence or inability to act, the President may act in his place. He shall sign or countersign all certificates, contracts and other instruments of the Corporation as authorized by the Board of Directors, and shall perform all such other duties as, from time to time, may be assigned to him by the Board of

Directors or the Executive Committee.

Section 8. The Vice-Presidents. Each Vice-President shall have such powers and perform such duties as the Board of Directors may, from time to time, prescribe. At the request of the President, or in case of his absence or inability to act, any Vice President may act in his place, and when so acting shall have all the powers and be subject to all the restrictions of the President.

Section 9. The Clerk. The Clerk, who shall be an inhabitant of the State of Maine and shall keep his office therein, shall perform the functions provided in the Maine Business Corporation Act, as it may be amended. The Clerk shall keep, or cause to be kept in books provided for the purpose the minutes of the meetings of the shareholders and of the Board of Directors; shall see that all notices are duly given in accordance with the provisions of these By-laws and as required by law; shall be the custodian of the records, stock certificates records and of the seal of the corporation and see that the seal is affixed to all documents the execution of which on behalf of the Corporation under its seal is duly authorized in accordance with the provisions of these By-laws.

Section 10. The Secretary. The Secretary shall perform such duties and have such powers as are required or permitted by law and as the Board of Directors shall, from time to time, designate. In his absence, an Assistant Secretary or a secretary pro tempore shall perform his duties, and the Assistant Secretary shall have such other powers and duties as the Board of Directors shall, from time to time, designate. In the absence of the Clerk, the Secretary shall keep or cause to be kept, in books provided for the purpose, the minutes of the meetings of the shareholders and of the Board of Directors and shall perform such other functions as are provided to be performed by the Clerk.

Section 11. The Treasurer. The Treasurer shall be the financial officer of the Corporation; shall have charge and custody of, and be responsible for, all funds of the Corporation, and deposit all such funds in the name of the Corporation in such banks, trust companies or other depositories as shall be selected by the Board of Directors; shall receive, and give receipts for, moneys due and payable to the Corporation from any source whatsoever; and in general, shall perform all the duties incident to the office of Treasurer and such other duties as, from time to time, may be assigned to him by the Board of Directors or by the President.

Section 12. Salaries. The salaries of the Chairman of the Board, President, Treasurer, Secretary, other officers and the Clerk, shall be fixed, from time to time, by the Board of Directors. No officer or the Clerk shall be prevented from receiving such salary by reason of the fact that he is also a Director of the Corporation.

ARTICLE V

CONTRACTS, CHECKS, NOTES, ETC.

Section 1. Execution of Contracts. All contracts and agreements authorized by the Board of Directors, and all checks, drafts, notes, bonds, bills of exchange and orders for the payment of money shall, unless otherwise directed by the Board of Directors, or unless otherwise required by law, be signed by any two of the following officers: The Chairman of the Board, President, Vice-President, Treasurer, or Secretary. The Board of Directors may, however, authorize any one of said officers to sign checks, drafts and orders for the payment of money singly and without necessity of counter signature, and may designate officers and employees of the Corporation other than those named above, or different combinations of such officers and employees, who may, in the name of the Corporation, execute checks, drafts, and orders for the payment of money on its behalf.

Section 2. Loans. No loans, to the Corporation, shall be contracted on behalf of the Corporation and no negotiable paper shall be signed in its name unless authorized by resolution of the Board of Directors. When authorized by the Board of Directors to do so, any officer or agent of the Corporation thereunto authorized may effect loans and advances at any time for the Corporation from any bank, trust company or other institution, or from any firm, corporation or individual, and for such loans and advances may make, execute and deliver promissory notes, bonds or other certificates or evidences of indebtedness of the Corporation and, when authorized so to do, may pledge, hypothecate or transfer any securities or advances. Such authority may be general or confined to specific instances.

ARTICLE VI

STOCK AND DIVIDENDS

Section 1. Certificate of Stock. Every stockholder shall be entitled to have a certificate certifying the number of shares owned by him in the Corporation. The certificates of stock shall be numbered and registered in the order in which they are issued, indicating the name of the person owning the shares therein represented with the number of shares and the date thereof. The certificates shall exhibit the holder's name and number of shares represented thereby. They shall be signed by the President and countersigned by the Secretary and may be sealed with the seal of the Corporation or a facsimile thereof. Such certificates shall be transferable on the stock books of the Corporation in person or by attorney, but, except as hereinafter provided in the case of loss, destruction or mutilation of certificates, no transfer of stock shall be entered until the previous certificate, if any, given for the same shall have been surrendered and cancelled.

A record of shareholders giving the names and addresses of all shareholders and the number and class of the shares held by each, shall be kept at the Corporation's registered office or principal place of business.

The person in whose name shares of stock stand on the books of the Corporation shall be deemed the owner thereof for all purposes as regards the Corporation.

The Board of Directors may make such rules and regulations as it may deem expedient, not inconsistent with these By-laws, concerning the issue, transfer and registration of certificates for shares of the capital stock of the Corporation.

Section 2. Closing of Transfer Books or Fixing of Record Date. For the purpose of determining shareholders entitled to notice of or to vote at any meeting of shareholders or any adjournment thereof, or shareholders entitled to receive payment of any dividend, or in order to make a determination of shareholders for any other proper purpose, the Board of Directors of the Corporation may provide that the stock transfer books shall be closed for a stated period but not to exceed, in any case, fifty (50) days. If the stock transfer books shall be closed for the purpose of determining shareholders entitled to notice of or to vote at a meeting of shareholders, such books shall be closed for at least ten(10) days immediately preceding such meeting. In lieu of closing the stock transfer books, the Board of Directors may fix in advance a date as the record date for any such determination of shareholders, such date in any case to be not more than fifty (50) days and, in case of a meeting of shareholders, not less than ten (10) days prior to the date on which the particular action, requiring such determination of shareholders, is to be taken.

Section 3. Lost, Destroyed or Mutilated Certificates. In case of loss, destruction or mutilation of any certificate of stock, another may be issued in its place upon proof of such loss, destruction or mutilation and upon satisfying such other requirements as the Board of Directors shall specify, including such provision for indemnity as may seem advisable to the Board of Directors.

Section 4. Dividends. Subject to the provisions of the Articles of Incorporation of the Corporation, and to the extent permitted by law, the Board of Directors may declare dividends on the shares of stock of the Corporation at such times and in such amounts as, in its opinion, are advisable in view of the condition of the affairs of the Corporation.

ARTICLE VII

SEAL

The Board of Directors shall provide a corporate seal which shall be in the form of a circle and shall bear the name of the Corporation and words and figures indicating the year and state in which the Corporation was incorporated.

ARTICLE VIII

FISCAL YEAR

The fiscal year of the Corporation shall be fixed by the Board of Directors.

ARTICLE IX

WAIVER OF NOTICE

Whenever any notice is required to be given to any shareholder or Director by these By-laws or the Articles of Incorporation or the laws of the State of Maine, a waiver of the notice in writing, signed by the person or persons entitled to the notice, whether before or after the time stated therein, shall be deemed equivalent to giving the notice.

ARTICLE X

AMENDMENTS, ETC.

Section 1. Amendments. The By-laws of the Corporation may be amended at any time by the affirmative vote of a majority of the entire Board, subject to repeal, change or adoption of any contravening or inconsistent provision only by vote of the holders of at least two-thirds (2/3) of all the shares entitled to vote on the matter at a meeting expressly called for that purpose.

Section 2. Supplemental Resolutions. The Board of Directors by resolution, adopted by (i) two-thirds of the Directors who are not affiliated with any acquiring or offering person in the case of Sections 2 and 4 of Exhibit B to the Articles of Incorporation or (ii) a majority of the Directors in all other cases, may supplement, interpret, clarify or enforce the provisions of the Articles of Incorporation and By-laws. Such resolution shall be binding and may be relied upon for all purposes provided that the resolution is not inconsistent with law, the Articles of Incorporation or these By-laws.

ARTICLE XI

INDEMNIFICATION

Section 1. Indemnification of Officers and Directors. As provided in Section 719 of the Maine Business Corporation Act, and without limiting any rights provided therein, the Corporation may in all cases indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he is or was a Director, officer, Clerk, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a Director, officer, Clerk, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses, including attorney's fees, judgements, fines and amounts paid in settlement actually and reasonable incurred by him in connection with such action, suit or proceeding; provided that no indemnification shall be provided for any person with respect to any matter as to which he shall have been finally adjudicated in any action, suit or proceeding not to have acted in good faith in the reasonable belief that his action was in the best interests of the Corporation or, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful. The termination of any action, suit or proceeding by judgement, order or conviction adverse to such person, or by settlement or plea of nolo contendere or its equivalent, shall not of itself create a presumption that such person did not act in good faith in the reasonable belief that his action was in the best interest of the Corporation and with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

Section 2. Insurance. The Corporation shall purchase and maintain insurance on behalf of any person who is or was a Director, Officer or Clerk of the Corporation. Furthermore, the Corporation may, at its discretion, purchase and maintain insurance on behalf of any person who is or was an employee or agent of the Corporation, or is or was serving at the request of the Corporation as a Director, Officer, Clerk, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Corporation would have the power to indemnify him against such liability under this section.

BETHEL BANCORP AND SUBSIDIARIES

Part II - Other Information

Item 1. Legal Proceedings

Not Applicable.

Item 2. Changes in Securities

Not Applicable.

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

Not Applicable.

Item 6. Exhibits and Reports on Form 8 - K

(a) Exhibits

3.2 Restated by-laws of Bethel Bancorp as amended February 23, 1996

11 Statement regarding computation of per share.

27 Financial data schedule

(b) Reports on Form 8 - K

On January 12, 1996, the Company filed a report on Form 8-K announcing that it intends to merge the Company's two wholly-owned banking subsidiaries, Bethel Savings Bank F.S.B. and Brunswick Federal Savings Bank, F.A. (the "Bank Subsidiaries"). The proposed merger was approved by the Boards of Directors of the two Bank Subsidiaries on January 3, 1996. The resulting bank, which will be known as Northeast Bank, F.S.B. will have assets of over $200,000,000 and will operate eight branches in four Maine counties. On March 19, 1996, the Bank Subsidiaries received approval from the Office of Thrift Supervision for the proposed merger.

Included in the report on Form 8-K filed on January 12, 1996, the Company announced that it intends to change its name to Northeast Bancorp upon the merger of its two Bank Subsidiaries and at the same time will change the symbol under which its stock trades on the NASDAQ Stock Market to NEBC.

BETHEL 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.

BETHEL BANCORP

(Registrant)

/s/ James D. Delamater

James D. Delamater
President and CEO

/s/ Richard Wyman

Richard Wyman
Chief Financial Officer

Date: May 13, 1996

BETHEL BANCORP AND SUBSIDIARIES
Index to Exhibits

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

BETHEL BANCORP AND SUBSIDIARIES

Exhibit 11. Statement Regarding Computation of Per Share Earnings

	Three Months Ended March 31, 1996	Three Months Ended March 31, 1995*

EQUIVALENT SHARES:		
Average Shares Outstanding	1,203,764	1,094,800
Total Equivalent Shares	1,203,764	1,094,800
Total Primary Shares	1,313,669	1,222,957
Total Fully Diluted Shares	1,558,516	1,456,721
Net Income	$ 301,805	$ 408,073
Less Preferred Stock Dividend	35,000	35,000
Net Income after Preferred Dividend	$ 408,436	$ 373,073
Primary Earnings Per Share	$ 0.20	$ 0.31
Fully Diluted Earnings Per Share	$ 0.19	$ 0.28

	Nine Months Ended March 31, 1996	Nine Months Ended March 31, 1995*
EQUIVALENT SHARES:		
Average Shares Outstanding	1,173,201	1,094,800
Total Equivalent Shares	1,173,201	1,094,800
Total Primary Shares	1,273,434	1,228,539
Total Fully Diluted Shares	1,527,953	1,462,303
Net Income	$ 1,166,878	$ 1,220,898
Less Preferred Stock Dividend	104,999	104,999
Net Income after Preferred Dividend	$ 795,074	$ 1,115,899
Primary Earnings Per Share	$ 0.83	$ 0.91
Fully Diluted Earnings Per Share	$ 0.76	$ 0.84

*The 1995 earnings per share was restated due to the 100% common stock dividend.

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BETHEL BANCORP
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9-MOS
JUN-30-1996
JUL-01-1995
MAR-31-1996
4,166,451
6,361,260
0
1,142,285
26,899,364
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0
167,722,832
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26,384,084
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1,999,980
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2,497,000
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