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 September 30, 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

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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 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 November 10, 1999: 2,770,815 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)

	September 30, 1999	June 30, 1999
Assets		
Cash and due from banks	$ 5,375,209	$ 4,963,985
Interest bearing deposits	1,328,193	345,585
Federal Home Loan Bank overnight deposits	2,257,000	6,784,000
Available for sale securities	18,737,183	18,054,317
Federal Home Loan Bank stock	6,019,400	5,680,500
Loans held for sale	430,200	311,600
Loans	341,991,194	318,986,247
Less allowance for loan losses	3,046,000	2,924,000
Net loans	338,945,194	316,062,247
Bank premises and equipment, net	4,926,388	5,037,026
Assets acquired through foreclosure	15,790	193,850
Goodwill (net of accumulated amortization of $1,731,153 at 9/30/99 and $1,662,588 at 6/30/99)	1,393,781	1,462,346
Other assets	5,640,273	5,487,449
Total Assets	385,068,611	364,382,905
Liabilities and Shareholders' Equity		
Liabilities:		
Deposits	$ 225,272,883	$ 219,364,035
Securities Sold Under Repurchase Agreements	13,051,036	11,867,839
Advances from Federal Home Loan Bank	115,387,173	103,881,716
Note Payable	611,111	687,500
Other Liabilities	3,526,085	1,898,700
Total Liabilities	357,848,288	337,699,790
Shareholders' Equity:		
Common stock, par value $1, 2,770,446 and 2,768,624 shares issued and outstanding at 9/30/99 and 6/30/99, respectively	2,770,446	2,768,624
Additional paid in capital	10,222,068	10,208,299
Retained earnings	14,800,607	14,145,720
	27,793,121	27,122,643
Accumulated other comprehensive income (loss)	(572,798)	(439,528)
Total Shareholders' Equity	27,220,323	26,683,115

Total Liabilities and Shareholders' Equity	$ 385,068,611	$ 364,382,905

NORTHEAST BANCORP AND SUBSIDIARY
Consolidated Statements of Income
(Unaudited)

	Three Months Ended September 30, 1999	1998
Interest and Dividend Income		
Interest on FHLB overnight deposits	$ 64,791	$ 116,234
Interest on loans & loans held for sale	7,010,975	6,309,260
Interest on available for sale securities	293,123	194,387
Dividends on Federal Home Loan Bank stock	94,269	90,203
Other Interest Income	5,612	5,072
Total Interest Income	7,468,770	6,715,156
Interest Expense		
Deposits	2,335,723	2,129,744
Repurchase agreements	126,207	52,744
Other borrowings	1,516,348	1,437,078
Total Interest Expense	3,978,278	3,619,566
Net Interest Income	3,490,492	3,095,590
Provision for loan losses	295,229	204,931
Net Interest Income after Provision for Loan Losses	3,195,263	2,890,659
Other Income		
Service charges	265,183	253,385
Net securities gains	5,165	10,791
Net gain on trading securities	--	5,612
Other	356,976	236,733
Total Other Income	627,324	506,521
Other Expenses		
Salaries and employee benefits	1,303,792	1,196,731
Net occupancy expense	227,449	219,761
Equipment expense	233,177	182,003
Goodwill amortization	68,565	74,094
Other	754,562	730,068
Total Other Expenses	2,587,545	2,402,657

Income Before Income Taxes	1,235,042	994,523
Income tax expense	433,320	358,486
Net Income	$ 801,722	$ 636,037
Earnings Per Share		
Basic	$ 0.29	$ 0.24
Diluted	$ 0.29	$ 0.23

NORTHEAST BANCORP AND SUBSIDIARY
Consolidated Statements of Changes in Shareholders' Equity
Three Months Ended September 30, 1999 and 1998
(Unaudited)

	Preferred Stock	Common Stock at $1.00 Par	Additional Paid in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balance at June 30, 1998	999,988	2,614,285	9,258,107	12,331,595	(64,448)	25,139,527
Net income for three months ended September 30, 1998	--	--	--	636,037	--	636,037
Other comprehensive income, net of tax:						
Adjustment of valuation reserve for securities available for sale	--	--	--	--	53,227	53,227
Comprehensive income	--	--	--	--	--	689,264
Cash dividends declared on common stock	--	--	--	(138,573)	--	(138,573)
Cash dividends declared on preferred stock	--	--	--	(17,500)	--	(17,500)
Common stock issued in						

connection with employee benefit and stock option plans	--	4,099	32,085	--	--	36,184
Balance September 30, 1998	$ 999,988	$2,618,384	$ 9,290,192	$ 12,811,559	$ (11,221)	$ 25,708,902
Balance at June 30, 1999	--	2,768,624	10,208,299	14,145,720	(439,528)	26,683,115
Net income for three months ended September 30, 1999	--	--	--	801,722	--	801,722
Other comprehensive income, net of tax:						
Adjustment of valuation reserve for securities available for sale	--	--	--	--	(133,270)	(133,270)
Comprehensive income	--	--	--	--	--	668,452
Cash dividends declared on common stock	--	--	--	(146,835)	--	(146,835)
Common stock issued in connection with employee benefit and stock option plans	--	1,822	13,769	--	--	15,591
Balance September 30, 1999	$ 0	$ 2,770,446	$10,222,068	$ 14,800,607	$ (572,798)	$ 27,220,323

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

	Three Months Ended September 30, 1999	1998
Cash provided by (used in) operating activities	$ 992,653	$ (210,989)

Cash flows from investing activities:		
FHLB stock purchased	(338,900)	--
Available for sale securities purchased	(675,157)	(532,917)
Available for sale securities matured	758,002	1,641,994
Available for sale securities sold	48,461	49,669
New loans, net of repayments & charge offs	(22,452,960)	(7,867,188)
Net capital expenditures	(92,857)	(376,651)
Assets acquired through foreclosure sold	222,724	262,219
Real estate held for investment sold	14,997	50,000
Net cash used in investing activities	(22,515,690)	(6,772,874)
Cash flows from financing activities:		
Net change in deposits	5,908,848	11,370,876
Net change in repurchase agreements	1,183,197	326,655
Dividends paid	(146,835)	(156,073)
Proceeds from stock issuance	15,591	36,184
Net increase (decrease) in advances from Federal Home Loan Bank of Boston	11,505,457	(5,436,040)
Net change in notes payable	(76,389)	(76,389)
Net cash provided by financing activities	18,389,869	6,065,213
Net decrease in cash and cash equivalents	(3,133,168)	(918,650)
Cash and cash equivalents, beginning of period	12,093,570	12,151,966
Cash and cash equivalents, end of period	$ 8,960,402	$ 11,233,316

Cash and cash equivalents include cash on hand, amounts due from banks, interest bearing deposits and FHLB deposits

Supplemental schedule of noncash investing activities:		
Net (decrease) increase in valuation for unrealized market value adjustments on available for sale securities	(133,270)	53,227
Supplemental disclosure of cash paid during the period for:		
Income taxes paid, net of refund	--	206,000
Interest paid	3,892,105	3,615,158

NORTHEAST BANCORP AND SUBSIDIARY
Notes to Consolidated Financial Statements
September 30, 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 three month period ended September 30, 1999 are not necessarily indicative of the results that may be expected for the fiscal year ending June 30, 2000. For further information, refer to the audited consolidated financial statements and footnotes thereto for the fiscal year ended June 30, 1999 included in the Company's Annual Report on Form 10-K.

2. Securities

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

	September 30, 1999		June 30, 1999	
	Cost	Market Value	Cost	Market Value
Debt securities issued by the U.S. Treasury and other U.S. Government corporations and agencies	$ 596,064	$ 595,626	$ 596,626	$ 598,445
Corporate bonds	201,654	197,590	201,916	199,527
Mortgage-backed securities	17,401,924	16,652,644	16,653,302	16,027,028
Equity securities	1,405,417	1,291,323	1,268,424	1,229,317
	$19,605,059	$18,737,183	$18,720,268	$18,054,317

	September 30, 1999		June 30, 1999	
	Cost	Market Value	Cost	Market Value
Due in one year or less	$ 496,064	$ 496,064	$ 496,626	$ 497,820
Due after one year through five years	201,654	197,590	301,916	300,152
Due after five years through ten years	100,000	99,562	--	--
Mortgage-backed securities (including securities with interest rates ranging from 5.15% to 9.0% maturing September 2003 to October 2029)	17,401,924	16,652,644	16,653,302	16,027,028
Equity securities	1,405,417	1,291,323	1,268,424	1,229,317
	$19,605,059	$18,737,183	$18,720,268	$18,054,317

3. Allowance for Loan Losses

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

	Three Months Ended September 30, 1999	1998
Balance at beginning of year	$ 2,924,000	$ 2,978,000
Add provision charged to operations	295,229	204,931
Recoveries on loans previously charged off	58,355	25,523
	3,277,584	3,208,454
Less loans charged off	231,584	338,454
Balance at end of period	$ 3,046,000	$ 2,870,000

4. Advances from Federal Home Loan Bank

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

September 30, 1999

Principal Amounts	Interest Rates	Maturity Dates
$ 48,000,000	4.64% - 6.27%	2000
3,131,545	4.98% - 6.40%	2001
2,731,893	5.38% - 6.49%	2002
15,282,272	5.69% - 6.64%	2003
3,241,463	5.55% - 6.67%	2004
9,000,000	5.25% - 6.65%	2005
34,000,000	4.89% - 5.68%	2008
$ 115,387,173		

June 30, 1999

Principal Amounts	Interest Rates	Maturity Dates
$ 42,000,000	4.64% - 6.27%	2000
3,148,288	4.98% - 6.40%	2001
2,815,780	5.38% - 6.49%	2002
9,515,546	5.69% - 6.64%	2003
3,402,102	5.55% - 6.67%	2004

9,000,000	5.25% - 6.65%	2005
34,000,000	4.89% - 5.68%	2008
$ 103,881,716		

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

Description of Operations

Northeast Bancorp (the "Company"), is a unitary savings and loan holding company registered with the Office of Thrift Supervision ("OTS") its primary regulator. The Company has one wholly-owned banking subsidiary, Northeast Bank, FSB (the "Bank"), which has branches located in Auburn, Augusta, Bethel, Harrison, South Paris, Buckfield, Mechanic Falls, Brunswick, Richmond, Lewiston, and Lisbon Falls, Maine. The Bank also maintains a facility on Fundy Road in Falmouth, Maine, from which loan applications are accepted and investment, insurance and financial planning products services are offered. Although the Bank's deposits are primarily insured through BIF, deposits at the Brunswick branch, which represent approximately 23% of the Bank's total deposits at September 30, 1999 are SAIF-insured.

Northeast Bancorp through its subsidiary, Northeast Bank and the Bank's subsidiary Northeast Financial Services, Inc., provide a broad range of financial services to individuals and companies in western, midcoast and south-central Maine. Substantially all income and services are derived from banking products and services in Maine. Accordingly, the Company's subsidiary is considered by management to be aggregated in one reportable operating segment.

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, 1999 to September 30, 1999, and the results of operations for the quarters ended September 30, 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 consolidated financial statements and the related notes and other statistical information 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. These statements relate to expectations concerning matters that are not historical facts. 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 "believe", "expect", "estimate", "anticipate", "continue", "plan", "approximately", "intend", or other similar terms or variations on those terms, or future or conditional verbs such as "will", "may", "should", "could", and "would". 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. For a more complete discussion of such risks, please refer to the Company's Form 10-K for the year ended June 30, 1999 under the section entitled "Business-Forward-Looking Statements".

Financial Condition

Total consolidated assets were $385,068,611 on September 30, 1999, which represents an increase of $20,685,706 from June 30, 1999. The increase in assets is primarily due to loan growth. Loan volume during the quarter has been enhanced due to increased generation of consumer loans through the Bank's participation in indirect automobile loans and mobile home loans as well as increased generation of commercial loans. The increase in loans has been funded with increased deposits, excess funds from cash equivalents, and Federal Home Loan Bank ("FHLB") borrowings. In this regard, total net loans and securities increased by $22,882,947 and $682,866, respectively, from June 30, 1999 to September 30, 1999, while cash equivalents decreased by $3,133,168 during the same period. Total deposits and repurchase agreements increased by $7,092,045 from June 30, 1999 to September 30, 1999. FHLB borrowings also increased by $11,505,457 during the same period.

At September 30, 1999, the carrying value of securities available for sale by the Company was $18,737,183, which is $867,876 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 securities due to rising interest rates. The net unrealized loss on mortgage-backed securities was $749,280 at September 30, 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 $114,094 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.

FHLB stock increased by $338,900 from June 30, 1999 to September 30, 1999, due to the increase in FHLB borrowings. The FHLB requires institutions to hold a certain level of FHLB stock based on advances outstanding.

Total loans increased by $23,004,947 for the three months ended September 30, 1999. From June 30, 1999 to September 30, 1999, the loan portfolio increased by $4,486,712 in real estate mortgage loans, $17,427,483 in consumer and other loans, and by $1,090,752 in commercial loans. The increase in consumer loans was primarily due to the increased volume in indirect automobile loans and mobile home loans. 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. 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. The Bank has supplemented its loan portfolio by purchasing mortgage loans locally and from other states. 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. Also, 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 has experienced margin compression due to decreased loan rates and anticipates that the margin compression will continue for the foreseeable future until loan volume increases in the current rising interest rate environment.

At September 30, 1999, residential real estate mortgages consisting of owner-occupied residential loans made up 55% of the total loan portfolio, of which 39% of the residential loans are variable rate products, as compared to 60% and 51%, respectively, at September 30, 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 September 30, 1999, 17% of the Bank's total loan portfolio balance is commercial real estate mortgages. Commercial real estate loans have minimal interest rate risk as 87% of the portfolio consists of variable rate products. At September 30, 1998, commercial real estate mortgages also made up 17% 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 made up 10% of the total loan portfolio, of which 44% are variable rate instruments at September 30, 1999. At September 30, 1998 commercial loans also made up 10% of the total loan portfolio, of which 57% were variable rate instruments. The repayment ability of 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 made up 18% of the loan portfolio as of September 30, 1999 which compares to 13% at September 30, 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 increased volume in indirect automobile loans and mobile home loans, which together comprise approximately

83% of the total consumer loans. The consumer loan department underwrites all the indirect automobile loans and mobile home loans to mitigate credit risk. 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.

The Bank's allowance for loan losses was $3,046,000 as of September 30, 1999 as compared to $2,924,00 as of June 30, 1999, representing 0.89% and 0.92% of total loans, respectively. The Bank had non-performing loans totaling $1,039,000 and $1,144,000 at September 30, 1999 and June 30, 1999, respectively, which was 0.30% and 0.36% of total loans, respectively. The Bank's allowance for loan losses was equal to 293% and 256% of the total non-performing loans at September 30, 1999 and June 30, 1999, respectively. At September 30, 1999, the Bank had approximately $689,000 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 decreased by $52,000 when compared to the $741,000 at June 30, 1999.

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

Description	September 30, 1999	June 30, 1999
1-4 Family Mortgages	$ 586,000	$ 293,000
Commercial Mortgages	316,000	654,000
Commercial Loans	0	0
Consumer Installment	137,000	197,000
Total non-performing	$ 1,039,000	$ 1,144,000

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:

09-30-99	06-30-99	03-31-99	12-31-98
0.72%	0.76%	1.09%	1.27%

At September 30, 1999, loans classified as non-performing of $1,039,000 included approximately $149,000 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.

The level of the allowance for loan losses as a percentage of total loans has decreased due to the increase of loan volume, while the level of allowance for loan losses as a percentage of non-performing loans increased at September 30, 1999, when compared to June 30,1999. The Company has experienced good growth in the commercial and consumer loan portfolio during the September 30, 1999 quarter, however these type of loans have additional credit risk as compared to real estate mortgage loans. Although these types of loans have increased, the decrease in the allowance for loan losses as a percentage of total loans was supported by management's ongoing analysis of the adequacy of the allowance for loan losses and the continued historical trend of lower delinquency and non-performing loans. Classified loans are also considered in management's analysis of the adequacy of the allowance for loan losses. Based on reviewing the credit risk and collateral of classified loans, management has considered the risks of the classified portfolio and believes the allowance for loan losses is 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.

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 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.

At September 30, 1999, the Bank had a total of $15,790 in assets acquired through foreclosure as compared to $193,850 as of June 30, 1999. The reduction in assets acquired through foreclosure was due to a sale of real estate property that was acquired through foreclosure.

Other assets increased by $152,824 from June 30, 1999 to September 30, 1999. The increase was due to the increase in capitalized loan servicing rights and the purchase of non-marketable investments.

Other liabilities increased by $1,627,385 compared to June 30, 1999, due primarily to increases in accrued expenses, escrow accounts and a due to broker resulting from the settlement of a security purchase.

Capital Resources and Liquidity

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 $225,272,883 and securities sold under repurchase agreements were $13,051,036 as of September 30, 1999. These amounts represent an increase of $5,908,848 and $1,183,197, respectively, compared to June 30, 1999. The increase in deposits was primarily due to the increase in time deposits. The increase in time deposits was attributable to various special offerings as well as normal growth from the branch market areas. The Bank has devoted additional staffing to increase its balances in repurchase agreements. Repurchase agreements enhances the Bank's ability to attain additional municipal and commercial deposits, improving its overall liquidity position in a cost effective manner. Brokered deposits represented $13,623,168 of the total deposits at September 30, 1999, which increased by $164,911 compared to the $13,458,257 balance as of June 30, 1999. Cross selling strategies are employed by the Bank to enhance deposit growth. Even though deposit interest rates have remained competitive, the rates of return are potentially 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 $115,387,173 as of September 30, 1999, an increase of $11,505,457 compared to June 30, 1999. The cash received from the increase in FHLB advances were utilized to fund the Bank's loan growth. 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 $11,400,000 over and above the September 30, 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 $27,220,323 as of September 30, 1999 as compared to $26,683,115 at June 30, 1999. Book value per common share was $9.83 as of September 30, 1999 as compared to $9.64 at June 30, 1999. The total equity to total assets ratio of the Company was 7.07% as of September 30, 1999 and 7.32% at June 30, 1999.

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. Although no capital requirements are imposed on the Company, the Bank is subject to such requirements established by the OTS. The OTS has issued regulations requiring a savings institution to maintain 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 September 30, 1999, the Bank met the definition of a well capitalized institution. There are no conditions or events since that notification that management believes has changed the institution's category.

At September 30, 1999, the Bank's regulatory capital was in compliance with regulatory capital requirements as follows:

	Actual		For Capital Adequacy Purposes		To Be"Well Capitalized" Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
(Dollars in Thousands)						
As of September 30, 1999:						
Tier 1 (Core) capital (to risk weighted assets)	$ 26,297	9.53%	$ 11,041	4.00%	$ 16,562	6.00%
Tier 1 (Core) capital (to total assets)	$ 26,297	6.85%	$ 15,367	4.00%	$ 19,208	5.00%
Total Capital (to risk weighted assets)	$ 28,002	10.14%	$ 22,083	8.00%	$ 27,603	10.00%

Management believes that there are adequate funding sources to meet its future liquidity needs for the foreseeable future. Primary among these funding sources are the repayment of principal and interest on loans, the renewal of time deposits, and the growth in the deposit base. Management does not believe that the terms and conditions that will be present at the renewal of these funding sources will significantly impact the Company's operations, due to its management of the maturities of its assets and liabilities. However, in order to finance the continued growth of the Bank at current levels, additional funds may be necessary in order to provide sufficient capital to fund loan growth. In this regard, the Company has filed a registration statement with the SEC pursuant to which a wholly-owned trust subsidiary intends to issue preferred securities to investors, the net proceeds of which will be invested in junior subordinated debentures of the Company. The junior subordinated debentures will pay an interest rate equal to the dividend rate payable to the holders of the trust's preferred securities. There can be no assurance that the Company will be able to issue the trust's preferred securities or obtain any other additional financing, if needed, or, if available, that it can be obtained on terms favorable to the Company.

Results of Operations

Net income for the quarter ended September 30, 1999 was $801,722 or basic and diluted earnings per share of $0.29, respectively. This compares to earnings of $636,037 or basic earnings per share of $0.24 and diluted earnings per share of $0.23 for the quarter ended September 30, 1998. The Company's net interest income was $3,490,492 for the three months ended September 30, 1999, as compared to $3,095,590 for the three months ended September 30, 1998, an increase of $394,902. Total interest income increased $753,614 during the three months ended September 30, 1999 compared to the three months ended September 30, 1998. The increase in interest income was due primarily from an increase in the volume of loans offset in part by a decrease in rates. The increase in total interest expense of $358,712 for the three months ended September 30, 1999 was due primarily from the increased volume of deposits and borrowings offset in part by the decrease in rates.

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

Northeast Bancorp
Rate/Volume Analysis for the three months ended
September 30, 1999 versus September 30, 1998

	Difference Due to Volume	Rate	Total
Investments	$ 103,655	$ (1,339)	$ 102,316
Loans	986,869	(285,154)	701,715
FHLB & Other Deposits	(40,764)	(9,653)	(50,417)
Total	1,049,760	(296,146)	753,614
Deposits	398,975	(192,996)	205,979
Repurchase Agreements	74,628	(1,165)	73,463
Borrowings	118,686	(39,416)	79,270
Total	592,289	(233,577)	358,712
Net Interest Income	$ 457,471	$ (62,569)	$ 394,902

Rate/Volume amounts spread proportionately between volume and rate.

The Company's business primarily consists of the savings and loan activities of the Bank. Accordingly, the success of the Company is largely dependent on its ability to manage interest rate risk. This is the risk that changes in interest rates may adversely affect net interest income. Generally, interest rate risk results from differences in repricing intervals or maturities between interest-earning assets and interest-bearing liabilities, the components of which comprise the interest rate spread. When such differences exist, a change in the level of interest rates will most likely result in an increase or decrease in net interest income. 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 21% 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 Company's interest expense. Although the Company 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 provision for loan losses for the three months ended September 30, 1999 increased by $90,298 when compared to September 30, 1998. Management believes the increase in the provision for loan losses was prudent to mitigate potential credit risk, based on the growth in the loan portfolio.

Total non-interest income was $627,324 for the three months ended September 30, 1999 as compared to $506,521 for the three months ended September 30, 1998. Service fee income was $265,183 for the three months ended September 30, 1999 as compared to $253,385 for the three months ended September 30, 1998. The $11,798 service fee increase for the three months ended September 30, 1999 was primarily due to an increase in deposit fee income due to increased deposit accounts. Net gains from securities decreased by $11,238 for the three months ended September 30, 1999 as compared to the three ended September 30, 1998. The Company sold a larger volume of its securities during the three month period ended September 30, 1998, taking advantage of the fluctuation in market prices.

Other income was $356,976 for the three month period ended September 30, 1999, which was an increase of $120,243 when compared to other income of $236,733 for the three months ended September 30, 1998. The increase in other income in the three months ended September 30,1999, was primarily due to increased fee income from trust and investment services.

Total non-interest expense, for the Company was $2,587,545 for the three months ended September 30, 1999 as compared to $2,402,657 for the three months ended September 30, 1998. The increase in non-interest expense of $184,888 for the three months ended September 30, 1999 as compared to the three months ended September 30, 1998 was due, in part, to the following items: (I) compensation expense increased by $107,061 primarily due to the additional staffing for the new branch opened in Lewiston, Maine, the increased commission paid to brokers in the investment sales division due to growth in sales revenue and increased costs associated with the Company's health insurance and benefit plans, (II) occupancy expense increased by $7,688 due to the additional lease expense in opening the new Lewiston branch, (III) equipment expense increased by $51,174 due to the expenses associated with opening the new Lewiston branch as well as the conversion of the mainframe hardware and software and tele-communication system.

Other expenses increased by $24,494 for the three months ended September 30, 1999 compared to the three months ended September 30, 1998. The increase was primarily due to the following: an increase in professional fees of $50,000 due to increased legal and audit services, courier services and data operations services; an increase of $24,000 due to the Company's growth in tele-communication lines; and an increase $24,000 in loan expenses due to the costs associated with the increased loan volume other general expenses. These increases were offset by the reduction of the Company's other general expenses.

The Company's income tax expense increased by $74,834 for the three months ended September 30, 1999, when compared to the three months ended September 30, 1998. The increase in income tax expense is due to increased earnings before tax.

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 has addressed 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 consisted 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 involved an assessment of the size and complexity of the problem and determination of the magnitude of the effort necessary to address the Year 2000 issue. As part of this valuation, the Company evaluated 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 was not limited to a review of information systems, it also encompassed environmental systems that are dependent on embedded microchips, such as security systems, elevators and vaults. Management also evaluated the Year 2000 effect on other strategic business initiatives, including 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 and established time frames for their Year 2000 efforts. The resource needs responding to this issue include appropriately skilled personnel, contractors, vendor support, budget allocations, and hardware capacity. Finally, contingency plans have been 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 completed, but is considered an ongoing phase for the Company. The Company has developed its contingency plan and will continue to test the plan in the upcoming quarter. 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 currently estimated the following costs associated with the Year 2000 issue, (1) computer hardware replacement $40,000, (2) software replacement $42,000, (3) testing and administrative costs $94,000, and (4) potential contingency costs $15,000. As of September 30, 1999, the Company has incurred approximately $37,333 of capitalized purchases and $98,500 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. During fiscal 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 will be prioritized based on information gathered during the assessment phase. Each of the Company's service providers and vendors have 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 service providers 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 of its critical systems and has completed this phase.

Implementation Phase

In this phase, systems should be validated 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 noncompliant 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 has completed the validation of its systems and has completed this phase.

Risks Associated with Year 2000 and Contingency Plan

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, the inability of third party vendors to complete their year 2000 remediation process in a timely fashion could result in delays in processing daily transactions and could result in a material and adverse effect on the Company's results of operations and financial condition. The Company has developed a contingency plan to address potential failures in these systems. However, there can be no assurance that these plans will adequately protect the Bank from adverse consequences of such failures.

Item 3. Quantitative and Qualitative Disclosure about Market Risk

There have been no material changes in the Company's market risk from June 30, 1999. For information regarding the Company's market risk, refer to the Company's Annual Report on Form 10-K dated as of June 30, 1999.

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 September 30, 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: November 10, 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 September 30, 1999	Three Months Ended September 30, 1998
EQUIVALENT SHARES:		
Weighted Average Shares Outstanding	2,770,439	2,615,515
Total Diluted Shares	2,787,785	2,791,569
Net Income	$ 801,722	$ 636,037
Less Preferred Stock Dividend	--	17,500
Income Available to Common Stockholders	$ 801,722	$ 618,537
Basic Earnings Per Share	$ 0.29	$ 0.24
Diluted Earnings Per Share	$ 0.29	$ 0.23

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3-MOS
JUN-30-2000
SEP-30-1999
5,375,209
3,585,193
0
0
18,737,183
0
0
341,991,194
3,046,000
385,068,611
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385,068,611
7,010,975
293,123
164,672
7,468,770
2,335,723
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3,490,492
295,229
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2,587,545
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1,235,042
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689,000
2,924,000
231,584
58,355
3,046,000
77,200
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2,968,800