Northeast BANCORP

February 2, 2011

Northeast Bancorp Reports Second Quarter Results

Lewiston, Maine

Northeast Bancorp (NASDAQ: NBN), a Maine-based full-service financial services company and parent of Northeast Bank (www.northeastbank.com), today reported operating results for its fiscal second quarter ended December 31, 2010. Results include the effect of the accounting treatment for the merger of Northeast Bancorp ("Northeast" or the "Company") and FHB Formation LLC ("FHB"), which was consummated on December 29, 2010. This transaction, in which FHB was merged with and into Northeast, contributed approximately $16.2 million of new capital to the Company.

"With the successful completion of the merger and integration with management between Northeast and FHB, we look forward to building upon Northeast's solid community banking franchise," said Richard Wayne, President and Chief Executive Officer of Northeast Bancorp. "In the coming months, we plan to introduce two new business lines: a Loan Acquisition and Servicing Group and an Affinity Deposit Program, which will create new jobs in Maine and offer new savings products for customers."

The Board of Directors has declared a cash dividend of $0.09 per share, payable on February 28, 2011 to shareholders of record as of February 14, 2011.

FY 2011 Second Quarter Results

Accounting Treatment

We have applied the acquisition method of accounting, as described in ASC 805 "Business Combinations" (previously SFAS 141R), to the merger of FHB with and into Northeast, a transaction that represents an acquisition by FHB of Northeast, with Northeast as the surviving company. As such, our consolidated financial statements prior to the closing of the merger reflect the historical accounting basis in our assets and liabilities and are labeled "Predecessor Company," while our records after the merger are labeled "Successor Company" and reflect the new fair values of our assets and liabilities in our financial statements, in accordance with acquisition accounting. This is presented in our consolidated financial statements by a vertical black line that appears between the columns entitled Predecessor Company and Successor Company on the statements and relevant notes. The black line indicates that the amounts shown for the periods before and after the merger are not comparable.

Management, however, continues to measure the Company's performance against comparable prior periods. In making this comparison of our FY 2011 results to prior periods, we have presented our FY 2011 results as the addition of the Predecessor Company and Successor Company periods. We have also excluded the effect of significant one-time items associated with the merger (a bargain purchase gain of $14.9 million and transaction costs totaling $3.1 million). We believe that this presentation provides the most meaningful information about our results of operations. This approach is not consistent with GAAP, may yield results that are not strictly comparable on a period-to-period basis, and may not reflect the actual results we would have achieved.

The application of acquisition accounting involves the comparison of the purchase price to the fair value of the net assets of the acquiree. In the case of the merger of FHB with and into Northeast, the estimated fair values of the net assets are greater than the purchase price. This produces a bargain purchase gain, which is reported by the Company in income. The bargain purchase gain reflected in these financial statements represents an estimate. While some of the asset and liability fair valuations as of the acquisition date are complete, others are based on our best estimates, and are subject to change once final valuations are determined.

Three Months Ended December 31, 2010

For the quarter ended December 31, 2010, excluding the effect of non-recurring merger-related items, the Company earned net income of $823,000, and net income available to common shareholders of $762,000, or $0.32 per diluted share, an increase of 29% compared to earned net income of $649,000 and net income available to common shareholders of $589,000, or $0.25 per diluted share, for the same period in FY 2010.

The principal factors contributing to the change in quarterly net income between the two periods are:

1.A $589,000, or 19.4%, increase in non-interest income:

a.Gains earned on sales of residential mortgage loans increased by $610,000 to $968,000, compared to $358,000 in the same period of FY 2010. Increased revenues resulted from growth in residential lending capacity over the last twelve months and a surge in mortgage refinance activity.

b.The Company realized a $105,000 gain in the second quarter of FY 2011 as a result of the sale of a small insurance agency in Jackman, Maine.

2.A $241,000, or 5.4%, decrease in net interest income. Although average earning assets increased by 4.1% compared to the same period in FY 2010, the mix is more heavily weighted toward lower-yielding short-term investments, which have increased by $42.4 million on average. Average loan balances for the FY 2011 second quarter declined by $14.2 million compared to the same period in FY 2010, primarily as a result of pay-downs in the Company's portfolio of indirect consumer loans. This change in asset mix, and the effect of loan yields tightening relative to funding costs, led to a narrowing of the Company's net interest margin, which declined by 29 basis points to 2.86%, when compared to the second quarter of FY 2010.

Non-performing loans (exclusive of any fair value adjustment associated with acquisition accounting) declined 11.3% over the past twelve months to $8.7 million at December 31, 2010 from $9.8 million at December 31, 2009. The quarterly provision for loan losses remained unchanged, at $453,000, when compared to the quarter ended December 31, 2009.

Total assets as of December 31, 2010 were $644.8 million, an increase of approximately 3.6%, or $22.2 million, compared to total assets of $622.6 million at the close of FY 2010. As a result of the merger with FHB, the Company's capital ratios have increased: the tier 1 leverage ratio increased to 9.6% compared to 8.4% at the close of FY 2010 and the total risk-based capital ratio increased to 15.6% from 14.1% at the close of FY 2010.

In the next several months, the Company intends to make investments in its two new business lines, the Loan Acquisition and Servicing Group and the Affinity Deposit Program, and expects that operating expenses associated with those efforts will decrease Company earnings.

About Northeast Bancorp

Northeast Bancorp (NASDAQ: NBN) is the holding company for Northeast Bank, a full service community bank headquartered in Lewiston, Maine. Northeast Bank, together with its wholly owned subsidiary Northeast Bank Insurance Group, Inc., derives its income from a combination of traditional banking services and non-traditional financial products and services, including insurance and investments. Northeast Bank operates ten traditional bank branches, ten insurance offices, three investment centers and three loan production office that serve seven counties in Maine and two in New Hampshire. Information regarding Northeast Bank can be found on its website at www.northeastbank.com or by contacting 1-800-284-5989.

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