

AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON JUNE 15, 1998

REGISTRATION NO. 333-53313

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

AMENDMENT NO. 1

TO

FORM S-3
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

NORTHEAST BANCORP
(Exact name of registrant as specified in its charter)

MAINE
(State or other jurisdiction of
incorporation or organization)

01-0425066
(I.R.S. Employer
Identification No.)

232 CENTER STREET
AUBURN, MAINE 04210
(207) 777-6411
(Address, including zip code, and telephone number, including
area code, of registrant's principal executive offices)

JAMES D. DELAMATER, PRESIDENT
NORTHEAST BANCORP
232 CENTER STREET
AUBURN, MAINE 04210
(207) 777-6411
(Name, address, including zip code, and telephone number, including
area code, of agent for service)

COPIES TO:

RICHARD A. DENMON, ESQ.
CARLTON, FIELDS, WARD, EMMANUEL,
SMITH & CUTLER, P.A.
ONE HARBOUR PLACE
777 SOUTH HARBOUR ISLAND DRIVE
TAMPA, FLORIDA 33602

WILLIAM W. BOUTON, III, ESQ.
TYLER COOPER & ALCORN, LLP
CITYPLACE -- 35TH FLOOR
HARTFORD, CONNECTICUT 06103

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: As soon as practicable after this Registration Statement becomes effective.

If the only securities being registered on this form are being offered pursuant to a dividend or interest reinvestment plans, please check the following box.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box.

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If delivery of the prospectus is expected to be made pursuant to Rule 434,

please check the following box. []

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INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION OR AMENDMENT. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. THESE SECURITIES MAY NOT BE SOLD NOR MAY OFFERS TO BUY BE ACCEPTED PRIOR TO THE TIME THE REGISTRATION STATEMENT BECOMES EFFECTIVE. THIS PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THESE SECURITIES IN ANY STATE IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL PRIOR TO REGISTRATION OR QUALIFICATION UNDER THE SECURITIES LAWS OF ANY SUCH STATE.

SUBJECT TO COMPLETION

PRELIMINARY PROSPECTUS, DATED JUNE 15, 1998

PROSPECTUS

350,000 SHARES

NORTHEAST BANCORP

COMMON STOCK

This prospectus relates to 350,000 shares ("Shares") of common stock, par value \$1.00 per share (the "Common Stock"), of Northeast Bancorp ("Northeast Bancorp" or the "Company"), which may be offered from time to time by the selling shareholder named herein (the "Selling Stockholder"). The Company will receive no part of the proceeds from sales of Shares offered hereby. See "Selling Stockholder".

The Common Stock is listed on the American Stock Exchange ("AMEX") under the symbol "NBN". On June 12, 1998, the closing price of the Common Stock on the AMEX was \$15.875 per share. See "Price Range of Common Stock and Dividends".

SEE "RISK FACTORS" BEGINNING ON PAGE 8 FOR A DISCUSSION OF CERTAIN FACTORS THAT SHOULD BE CONSIDERED BY PROSPECTIVE PURCHASERS OF THE COMMON STOCK OFFERED HEREBY.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION, NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

	PRICE TO PUBLIC	UNDERWRITING DISCOUNTS AND COMMISSIONS(1)	PROCEEDS TO SELLING SHAREHOLDER(2)
Per Share.....	\$		\$
Total.....	\$		\$

- (1) The Company and the Selling Stockholder have agreed to indemnify the Underwriter against certain liabilities, including liabilities under the Securities Act of 1933, as amended. See "Underwriting."
- (2) Before deducting offering expenses payable by the Selling Stockholder estimated at \$90,000.

The Shares are offered by the Underwriter named herein, subject to prior sale, when, as, and if delivered to and accepted by the Underwriter. The Underwriter reserves the right to withdraw, cancel, or modify this offering without notice and to reject any order in whole or in part. It is expected that delivery of certificates representing the Shares will be made against payment therefor on or about June 19, 1998 at the offices of Advest, Inc., New York, New York.

ADVEST, INC.

THE DATE OF THIS PROSPECTUS IS JUNE 15, 1998.

CERTAIN PERSONS PARTICIPATING IN THIS OFFERING MAY ENGAGE IN TRANSACTIONS THAT STABILIZE, MAINTAIN OR OTHERWISE AFFECT THE PRICE OF THE COMMON STOCK OFFERED HEREBY, INCLUDING STABILIZING TRANSACTIONS, SYNDICATE SHORT COVERING TRANSACTIONS AND PENALTY BIDS. SUCH TRANSACTIONS MAY BE EFFECTED THROUGH THE AMERICAN STOCK EXCHANGE OR OTHERWISE. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. FOR A DESCRIPTION OF THESE ACTIVITIES, SEE "UNDERWRITING".

THE SECURITIES OFFERED HEREBY ARE NOT DEPOSITS OR SAVINGS ACCOUNTS AND ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENTAL AGENCY OR INSTRUMENTALITY.

AVAILABLE INFORMATION

Northeast Bancorp is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and, in accordance therewith files reports, proxy statements, and other information with the Securities and Exchange Commission (the "Commission" or the "SEC"). Such reports, proxy statements, and other information filed by the Company may be inspected and copied at the public reference facilities maintained by the Commission at Room 1024, Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549, and at the Commission's regional offices at Seven World Trade Center, Suite 1300, New York, New York 10048, and Citicorp Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661. Copies of such materials can be obtained at prescribed rates from the Public Reference Section of the Commission at Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549. The Commission also maintains an Internet Web site that contains reports, proxy statements, and other information filed electronically by the Company with the Commission which can be accessed at <http://www.sec.gov>. The Common Stock is traded on the AMEX and, as a result, reports, proxy statements, and other information concerning the Company also can be inspected at the offices of American Stock Exchange, 86 Trinity Place, New York, New York 10006.

In addition, Northeast Bancorp has filed with the Commission a Registration Statement on Form S-3 (the "Registration Statement") under the Securities Act of 1933, as amended (the "Securities Act"), with respect to the Common Stock offered hereby. This Prospectus does not contain all the information set forth in the Registration Statement and the exhibits and schedules filed as part thereof, certain portions of which have been omitted as permitted by the rules and regulations of the Commission. For further information with respect to the Company and the Common Stock, reference is hereby made to the Registration Statement, including the exhibits and schedules filed as part thereof. Statements contained in this Prospectus as to the contents of any document referred to herein are not necessarily complete and, in each instance, reference is made to the copy of such document filed with the Commission as an exhibit to the Registration Statement or otherwise, and each such statement is qualified in all respects by such reference. The Registration Statement, including exhibits and schedules filed as a part thereof, may be inspected without charge at the Public Reference Section of the Commission at Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549, and copies thereof may be obtained from the Commission at prescribed rates.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The following documents heretofore filed with the Commission by the Company (File No. 1-14588) are hereby incorporated in this Prospectus by reference:

(i) Annual Report on Form 10-K for the fiscal year ended June 30, 1997;

(ii) Quarterly Reports on Form 10-Q for the quarters ended September 30, 1997, December 31, 1997, and March 31, 1998;

(iii) Proxy Statement dated October 9, 1997 relating to the Annual Meeting of Stockholders held on November 12, 1997, filed pursuant to Section 14 of the Exchange Act;

(iv) Current Reports on Form 8-K, as filed with the Commission on December 15, 1997, January 14, 1998, and May 14, 1998; and

(v) The description of Northeast Bancorp's Common Stock contained in Item 1 of the Company's Registration Statement on Form 8-A filed with the Commission on August 12, 1987 and the Company's Registration Statement on Form 8-A filed with the Commission on February 21, 1997 pursuant to Section 12(b) of the Exchange Act, including all reports updating such description.

All documents filed by Northeast Bancorp pursuant to Sections 13(a), 13(c), 14, or 15(d) of the Exchange Act subsequent to the date of this Prospectus and prior to the termination of the offering made by this Prospectus, shall be deemed to be incorporated herein by reference and to be part hereof from the date of filing such documents.

Any statement contained herein or in a document incorporated or deemed to be incorporated by reference in this Prospectus shall be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such prior statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus. Subject to the foregoing, all information appearing in this Prospectus is qualified in its entirety by the information appearing in the documents incorporated by reference herein.

The Company will provide without charge to each person to whom a copy of this Prospectus has been delivered, on the written or oral request of any such person, a copy of any or all of the documents referred to above which have been or may be incorporated by reference in this Prospectus, other than exhibits to such documents (unless such exhibits are specifically incorporated by reference into the information that the Prospectus incorporates). Requests for copies of such documents should be directed to Ariel Gill, Northeast Bancorp, 232 Center Street, Auburn, Maine, 04210 (telephone: (207) 777-6411).

PROSPECTUS SUMMARY

The following is a brief description of Northeast Bancorp and is qualified in its entirety by, and should be read together with, the detailed information and financial statements incorporated by reference in this Prospectus. See "Incorporation of Certain Documents by Reference". Prospective investors are encouraged to refer to such incorporated documents for a more complete description of Northeast Bancorp.

This Prospectus and the documents incorporated or deemed incorporated herein by reference contains certain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, such as statements relating to the financial condition and prospects, loan loss reserve adequacy, year 2000 readiness, simulation of changes in interest rates, results of operations, plans for future business development activities, capital spending and financing sources, capital structure, the effects of regulation and competition, litigation results, and the business of Northeast Bancorp. Where used in this Prospectus, the words "anticipate", "believe", "estimate", "expect", "intend", and similar words and expressions, as they relate to the Company or the management of the Company, identify forward-looking statements. Such forward-looking statements reflect the current views of the Company and are based on information currently available to the management of the Company and upon current expectations, estimates, and projections about the Company and its industry, managements' beliefs with respect thereto, 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 which could cause actual results to differ materially from those expressed or implied by such forward-looking statements as a result of various factors. Potential risks and uncertainties include, but are not limited to: (i) competitive pressure in the banking, broker-dealer, or financial services industries increasing significantly; (ii) changes in the interest rate environment which reduce margins; (iii) changes in political conditions or changes occurring in the legislative or regulatory environment; (iv) general economic conditions, either nationally or regionally, becoming less favorable than expected resulting in, among other things, a deterioration in credit quality; (v) changes occurring in business conditions and inflation; (vi) acquisitions and integration of acquired businesses or assets; (vii) changes in technology; (viii) changes in monetary and tax policies, (ix) changes occurring in the securities markets; and (x) other risks and uncertainties detailed from time to time in the filings of the Company with the Commission.

THE COMPANY

THE COMPANY

Northeast Bancorp, a Maine corporation chartered in April 1987, is a unitary savings and loan holding company whose primary subsidiary and principal asset is Northeast Bank, F.S.B. (the "Bank"). The Company, through its ownership of the Bank, is engaged principally in the business of originating and purchasing residential and commercial real estate loans in the State of Maine and its primary source of earnings is derived from the income generated by the Bank. Although historically the Bank has been primarily a residential real estate lender, it also generates other loans and provides other services and products traditionally furnished to customers by full service banks. The overall strategy of the Company is to increase the core earnings of the Bank by developing strong interest margins, non-interest fee income, and increasing volume by expanding its market area. As of March 31, 1998, the Company, on a consolidated basis, had total assets of approximately \$311 million, total deposits of approximately \$174 million, and stockholders' equity of approximately \$24 million. Unless the context otherwise requires, references herein to the Company include the Company and the Bank on a consolidated basis.

THE BANK

The Bank (which was formerly known as Bethel Savings Bank F.S.B. ("Bethel")) is a federally-chartered savings bank which was originally organized in 1872 as a Maine-chartered mutual savings bank. In 1987, Bethel converted to a stock form of ownership and in subsequent years has engaged in a strategy of both geographic and product expansion. In 1990, the Company purchased Brunswick Federal Savings, F.A., which had its headquarters, in Brunswick, Maine, a mid-coastal community, and in 1994, the Company purchased four branch offices from Key Corp. In 1996, the Company merged its two wholly-owned subsidiaries, Bethel

and Brunswick Savings, F.A. and, pursuant to the merger, Bethel, the surviving savings bank, changed its name to Northeast Bank, F.S.B. Most recently, in October 1997, the Company completed its merger of Cushnoc Bank & Trust, a commercial bank located in Augusta, Maine ("Cushnoc"), with and into the Bank. As a result of the merger, the Bank added two branches which have expanded its market area to include Maine's capital city and surrounding communities, an area that management believes offers significant growth opportunities. With the addition of the two Augusta area branches, the Bank now has a total of eleven banking branches.

From its eleven retail banking branches located throughout western, central, and the mid-coastal regions of the State of Maine, and through the Bank's subsidiaries and other affiliations, the Bank offers its customers access to a broad range of real estate, commercial, and consumer financial products, including, but not limited to loans, deposit and investment services, trust services, credit cards, ATM access, debit cards, electronic transfer services, leasing, and other services. The Bank believes that the local character of its business and its "community bank" management philosophy allows it to compete effectively in its market area. The Bank has branch locations in Auburn, Augusta, Bethel, Brunswick, Buckfield, Harrison, Lisbon Falls, Richmond, and South Paris, Maine.

In connection with its conversion into a federal savings bank in 1984, the Bank retained its then-authorized powers as a Maine-chartered mutual savings bank. Under applicable regulations, except as otherwise determined by the Office of Thrift Supervision ("OTS"), the Bank retains the authority that it was permitted to exercise as a mutual savings bank under the state law existing at the time of the conversion. Historically, Maine-chartered savings banks have had certain lending, investment, and other powers that have only recently been granted to federal savings institutions, including commercial lending authority and the ability to offer personal checking and negotiable order of withdrawal ("NOW") accounts. Accordingly, the Bank has had broad powers to engage in non-residential lending activities. In addition, the unitary savings and loan holding company charter is widely recognized for the broad range of powers that is provided thereunder.

The Bank's corporate philosophy is to offer a wide array of financial products and services with an emphasis on a high level of personalized service, thereby enhancing its ability to generate significant income diversity. In the past, the Bank has been primarily a residential mortgage lender. As a result, the Bank's business has historically consisted of attracting deposits from the general public through its retail banking offices and applying those funds primarily to the origination, retention, servicing, investing in, and selling first mortgage loans on single and multi-family residential real estate. During the past few years, the Bank has placed additional emphasis on consumer lending and small business, home equity, and commercial loans. The Bank also lends funds to retail banking customers by means of home equity and installment loans, and originates loans secured by commercial property and multi-family dwellings. The Bank also has developed the ability to generate indirect dealer consumer loans used for the purchase of mobile homes and automobiles. Management's community banking strategy emphasizes the development of full banking relationships with the Bank's customers by providing consistent, high quality service. With the goal of providing a full range of banking services to its customers and in an effort to develop strong primary banking relationships with businesses and individuals, the Bank has expanded its commercial banking operations by selectively making commercial loans to small and medium sized companies. In this regard, the Bank's business development efforts have been directed towards full service credit packages and financial services, as well as competitively priced mortgage packages. At March 31, 1998, the Bank's loan portfolio consisted of 65% residential real estate mortgages, 18% commercial real estate mortgages, 9% commercial loans, and 8% consumer loans. At March 31, 1998, the Bank's lending limit was approximately \$3.5 million. In addition, the Bank invests in certain U.S. government and agency obligations and other investments permitted by applicable law and regulations.

Consistent with its goal of providing a full range of banking services, the Bank also offers to its customers financial planning, trust, and employee benefit services, and, through its subsidiary, Northeast Financial Services Corporation, it offers investment services and access to any and all lines of insurance products. Northeast Financial Services Corporation, which is located at the Company's headquarters in Auburn, Maine, offers the Bank's customers access to investment and annuity products. In order to make these services

available, Northeast Financial Services Corporation has affiliated with Commonwealth Equity Services, Inc., a fully licensed New York securities firm, which licenses the brokers who sell such products and services.

Trust services and products are provided to Bank customers through Northeast Trust, a division of the Bank. First New England Benefits, which is a part of the Bank's trust division, designs and administers qualified retirement plans, such as profit sharing, pension, and 401(k) plans. Northeast Trust, working with its First New England Benefits division, has made a significant investment in the development of a "turn key" employee benefit product which is designed to provide a high level of service and education to its participants at a competitive price. In view of the nationwide popularity of employment retirement programs, management anticipates growth in the revenues generated from this product.

The Bank is subject to examination and comprehensive regulation by the OTS and its deposits are insured by the Federal Deposit Insurance Corporation (the "FDIC") to the extent permitted by law. The Bank also is a member of the Federal Home Loan Bank of Boston. For a more detailed description of the business of the Company and the Bank, see the description set forth in the Company's Form 10-K for the fiscal year ended June 30, 1997, which is incorporated herein by reference.

The principal executive offices of Northeast Bancorp and the Bank are located at 232 Center Street, Auburn, Maine, 04210, and their telephone number is (207) 777-6411.

RECENT DEVELOPMENTS

On October 24, 1997, in accordance with the terms of an Agreement and Plan of Merger, dated as of May 9, 1997 (the "Merger Agreement"), by and among the Company, the Bank, and Cushnoc, the Company consummated its acquisition of Cushnoc and merged it with and into the Bank. Pursuant to the merger, stockholders of Cushnoc received 2.089 shares of the Company's Common Stock in exchange for each share of Cushnoc common stock held by them. In lieu of the issuance of fractional common stock, cash was paid for each such fraction. As a result of the merger, 187,940 shares of Common Stock were issued to former Cushnoc stockholders. The merger was accounted for under the pooling-of-interests method of accounting.

On December 15, 1997, the Company paid a 50% stock dividend on all outstanding shares of Common Stock held of record as of November 26, 1997. As a result of the stock dividend, the number of shares of outstanding Common Stock increased from 1,481,734 shares to 2,222,541 shares. In addition, the conversion rate at which Series A and Series B Preferred Stock may be converted into Common Stock and all outstanding options and warrants pursuant to which Common Stock may be purchased upon their exercise, also were automatically adjusted in accordance with their terms to eliminate any dilutive effects of the stock dividend.

On April 21, 1998, the Selling Shareholder converted all 71,428 shares of Series B Preferred Stock outstanding into shares of Common Stock on a three-for-one basis and exercised warrants to purchase 10,000 shares of Common Stock.

SELECTED FINANCIAL INFORMATION

The following table presents selected financial information for the Company. The selected financial information is based on, derived from, and should be read in conjunction with, the consolidated financial statements of the Company and the related notes incorporated herein by reference. The consolidated selected financial data have been restated to include the accounts and operations of Cushnoc for all periods. The selected financial information provided for the nine months ended March 31, 1998 and 1997 have been derived from unaudited interim financial statements of the Company, which include all adjustments, consisting of the restatement for the Cushnoc merger transaction, and other normal recurring accruals, which the Company and the Bank consider necessary for a fair presentation of the financial position and results of operations for those periods. Results for the nine months ended March 31, 1998 are not necessarily indicative of results that can be expected for any other interim period or for the entire fiscal year ending June 30, 1998.

NORTHEAST BANCORP -----	AT AND FOR THE NINE MONTHS ENDED MARCH 31,		AT OR FOR THE YEAR ENDED JUNE 30				
	1998	1997	1997	1996	1995	1994	1993
	(UNAUDITED)						
	(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)						
SELECTED OPERATIONS DATA:							
Interest income.....	\$ 17,639	\$ 16,167	\$ 21,936	\$ 20,105	\$ 18,953	\$ 15,668	\$ 15,843
Interest expense.....	9,266	8,267	11,291	10,087	8,841	7,124	7,751
Net interest income.....	8,373	7,900	10,645	10,018	10,112	8,544	8,092
Provision for loan losses.....	546	461	614	639	691	1,045	924
Other operating income(1).....	1,645	1,397	1,827	1,909	1,760	2,209	1,412
Net securities gains.....	247	200	259	279	419	347	108
Other operating expenses(2).....	7,167	7,222	9,608	9,442	9,093	8,053	6,582
Write downs on equity and debt securities.....	0	0	110	94	0	84	61
Income before income taxes.....	2,552	1,814	2,399	2,031	2,507	1,918	2,045
Income tax expense.....	893	692	909	738	878	697	788
Cumulative effect of change in accounting principles.....	0	0	0	0	0	260	0
Net Income.....	\$ 1,659	\$ 1,122	\$ 1,490	\$ 1,293	\$ 1,629	\$ 1,481	\$ 1,257
CONSOLIDATED PER SHARE DATA(3):							
Net income:							
Basic.....	\$ 0.70	\$ 0.48	\$ 0.63	\$ 0.56	\$ 0.77	\$ 0.76	\$ 0.65
Diluted.....	\$ 0.62	\$ 0.44	\$ 0.58	\$ 0.52	\$ 0.67	\$ 0.68	\$ 0.64
Cash dividends.....	\$ 0.21	\$ 0.16	\$ 0.21	\$ 0.21	\$ 0.11	\$ 0.11	\$ 0.11
Common dividend payout ratio.....	34.35%	36.36%	36.20%	40.38%	16.41%	16.17%	17.18%
SELECTED BALANCE SHEET DATA:							
Total assets.....	\$310,623	\$268,376	\$284,077	\$244,782	\$231,856	\$212,072	\$198,237
Total loans.....	270,526	214,873	222,682	187,210	187,777	175,687	164,587
Total deposits.....	173,971	172,270	172,921	164,855	168,682	142,972	139,009
Total borrowings.....	106,183	68,139	81,793	54,140	38,274	49,051	41,183
Total stockholders' equity.....	23,745	21,369	22,096	20,364	19,388	17,730	15,982
SELECTED FINANCIAL RATIOS AND OTHER DATA:							
Return on average assets(4).....	0.79%	0.58%	0.57%	0.55%	0.71%	0.73%	0.67%
Return on average equity(4).....	9.65%	7.15%	7.05%	6.31%	8.81%	8.73%	8.11%
Average equity/average assets.....	8.14%	8.16%	8.09%	8.67%	8.10%	8.34%	8.28%

(1) Includes fees for services to customers and gain on sales of loans.

(2) Includes salaries, employee benefits, and occupancy expenses.

(3) Per share data for the years prior to 1996 have been retroactively restated as a result of the 100% stock dividend in December 1995. Per share data for the years 1993 through 1997 also have been restated as a result of the 50% stock dividend in December 1997. The per share calculations for 1993-1997 have been restated to comply with FASB No. 128 "Earnings Per Share" and the dividend payout ratios have been revised to correspond with the changes resulting from adoption of FASB No. 128.

(4) Information for the interim periods ended March 31 have been annualized.

RISK FACTORS

A prospective investor should review and consider carefully the following factors, together with the other information contained, or incorporated by reference, in this Prospectus, in evaluating an investment in the Common Stock offered hereby. Any one or more of such factors may cause the Company's actual results for various financial reporting periods to differ materially from those expressed in any forward-looking statements made by or on behalf of the Company.

CONCENTRATION IN REAL ESTATE LOANS

At March 31, 1998, approximately 83% of the Company's loans were secured by real estate. Therefore, the Company's ability to conduct its mortgage lending business and the value of the Company's real estate collateral could be adversely affected by adverse changes in the real estate markets in which the Company conducts its business. At March 31, 1998, approximately 88% of the principal amount of the Company's real estate loans were secured by properties located in the State of Maine. A decline in real estate values in Maine would increase the risk that losses would be incurred should borrowers default on their loans.

At March 31, 1998, approximately 18% of the principal amount of the Company's loans was secured by commercial real estate. Commercial real estate loans generally present a higher level of risk than loans secured by one-to-four family residences due to the concentration of principal in a limited number of loans and borrowers, the effects of general economic conditions on commercial properties, and the increased difficulty of evaluating and monitoring these types of loans. In addition, the repayment of loans secured by commercial real estate is typically dependent on the successful operation of the related business activities.

EXPOSURE TO LOCAL ECONOMIC CONDITIONS

The success of the Company and the Bank are dependent to a large extent upon general economic conditions in the geographic markets served by the Bank. Since the Bank's lending activities are conducted primarily with borrowers located in south central and western Maine, the economic conditions in Maine and in the Bank's specific market area therein will have a significant impact on the repayment of credit extended by the Bank. The Bank's market area is characterized by a diverse economy and a strong emphasis on the tourist industry. The banking industry in Maine is affected by general economic conditions such as inflation, recession, unemployment, and other factors beyond the Company's control. Economic recession over a prolonged period of time in the State of Maine has in the recent past and could in the future cause significant increases in nonperforming assets, thereby causing operating losses, impairing liquidity, and eroding capital. There can be no assurance that future adverse changes in the local economy would not have a material adverse effect on the Company's consolidated financial condition, results of operations, or cash flow.

ADEQUACY OF ALLOWANCE FOR LOSSES ON LOANS

In originating loans, there is a substantial likelihood that credit losses will be experienced. The risk of loss will vary with, among other things, general economic conditions, the type of loan being made, the creditworthiness of the borrower over the term of the loan and, in the case of a collateralized loan, the quality of the collateral for the loan. The Company maintains an allowance for losses on loans at a level considered adequate by management to cover losses that are currently anticipated based on, among other things, management's experience, past loan loss experience, an evaluation of general economic conditions, information about specific loan relationships, including financial position and collateral values, regular reviews of delinquencies and loan portfolio quality, and other factors and estimates that are subject to change over time. Based upon such factors, management makes various assumptions and judgements about the ultimate collectability of the loan portfolio and provides an allowance for potential loan losses based on a percentage of outstanding loan balances and for specific loans when their ultimate collectability is considered questionable. Since certain lending activities involve greater risks, the percentage applied to specific loan types may vary. The amount of future losses is susceptible to changes in economic, operating, and other conditions beyond the Company's control, and such losses may exceed the Company's current allowance for loan losses.

At March 31, 1998, the Company had total non-performing loans of approximately \$2,926,000, which represented approximately 1.08% of total loans. As of that same date, the Company's allowance for losses on loans was \$3,038,000, or approximately 1.12% of total loans and approximately 104% of total non-performing loans. The Bank actively manages its past due and non-performing loans in an effort to minimize credit losses and monitors its asset quality to maintain an adequate allowance for losses on loans. Although management believes that its allowance for losses on loans is adequate, there can be no assurance that the allowance will be adequate to cover actual losses. Furthermore, although management uses the best information available to make determinations with respect to the allowance for losses on loans, future adjustments may be necessary if economic conditions differ substantially from the assumptions used or adverse developments arise with respect to the Bank's non-performing or performing loans. Material additions to the Bank's allowance for losses on loans would result in a decrease of the Bank's net income and capital of the Company and the Bank, and could result in the inability to pay dividends, among other adverse consequences.

COMPETITION

The banking business is highly competitive and the profitability of the Company depends principally upon its ability to compete in its market area in the State of Maine. The Company competes with other savings banks, commercial banks, credit unions, finance companies, mutual funds, insurance companies, brokerage and investment banking firms, asset-based nonbank lenders, and governmental organizations that may offer subsidized financing at lower rates than those offered by the Company. Many of those competitors have significantly greater resources (financial and other) and lending limits than the Company. Although the Company has been able to compete effectively in the past, no assurance can be given that the Company will be able to compete effectively in the future. Various legislative acts and regulatory rules and interpretations in recent years have led to increased competition among financial institutions. There can be no assurance that the United States Congress will not enact legislation that may further increase competitive pressures on the Company. Competition from both financial and non-financial institutions is expected to continue.

INTEREST RATE RISK

The consolidated net income of the Company depends to a substantial extent on its net interest income, which reflects the difference between the interest income the Bank receives from interest earning assets (such as loans and securities) and the interest expense on interest bearing liabilities (such as deposits, borrowings, and other sources of funds). Accordingly, like most financial institutions, the operations and profitability of the Bank are largely impacted by changes in interest rates and management's ability to control interest rate sensitivity of the Bank's assets and liabilities and manage its interest rate risk. Although the Bank manages other risks in the normal course of business, such as credit and liquidity risks, management considers interest rate risk to be its most significant market risk and which could potentially have the largest material effect on the Bank's financial condition and results of operations. Interest rates are highly sensitive to many factors which are beyond the Bank's control, including, general economic conditions and the policies of various governmental regulatory authorities. Interest rate risk arises from mismatches (i.e., interest rate sensitivity gap) between the dollar amount of repricing or maturing assets and liabilities, and is measured in terms of interest rate sensitivity gap to total assets. More assets repricing or maturing than liabilities over a given time frame is considered asset-sensitive and is reflected as a positive gap, and more liabilities repricing or maturing than assets over a given time frame is considered liability-sensitive and is reflected as a negative gap. An asset-sensitive position (i.e., positive gap) will generally enhance earnings in a rising interest rate environment and will negatively impact earnings in a falling interest rate environment, while a liability-sensitive position (i.e., negative gap) will generally enhance earnings in a falling interest rate environment and negatively impact earnings in a rising interest rate environment. Fluctuations in interest rates are not predictable or controllable. The Company has attempted to structure its asset and liability strategies to mitigate the impact on net income of changes in market interest rates. To accomplish this, management has increased the Bank's variable rate loans to 63% of the total loan portfolio. The Bank's adjustable-rate loans are primarily tied to published indices, such as The Wall Street Journal prime rate and one year U.S. Treasury Bills. In this regard, over the past few years, the Bank's interest rate sensitive assets and liabilities have been closely matched with respect to its one-year gap position and the Bank has only a slightly positive two-year gap position which suggests that

the Bank's net yield on interest-earning assets may decline during periods of declining interest 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. An increase in short-term interest rates will also increase deposit and other funding advance rates, increasing the Bank's interest expense. However, the actual impact on net interest income will depend on, among other things, market conditions, actual rates charged on the Bank's loan portfolio, deposit, and advance rates paid by the Bank, and loan volume, and customer reaction to interest rate volatility.

SUPERVISION AND REGULATION; PAYMENT OF DIVIDENDS

Savings and loan holding companies and banking associations operate in a highly regulated environment and are subject to the supervision of federal and state regulatory agencies. As a savings and loan holding company, the Company is subject to regulation, examination, and supervision by the OTS and by agencies of the State of Maine. The Bank is subject to regulation and examination by the OTS and the FDIC. These laws and regulations govern matters ranging from the regulation of certain debt obligations, changes of control and mergers, and the maintenance of adequate capital to the general business operations and financial condition of the Bank, including permissible types, amounts, and terms of loans and investments, the amount of reserves against deposits, restrictions on dividends, establishment of branch offices, and subsidiary investments and activities. These regulations are intended primarily for the protection of depositors, rather than the benefit of investors, and they restrict the manner by which the Company and the Bank may conduct their business and obtain financing. The Company and the Bank are subject to changes in federal and state law, as well as regulation and governmental policies, income tax laws, and accounting principles. The effects of any potential changes cannot be predicted but could adversely affect the business and operations of the Company and the Bank in the future.

The Company's principal source of funds is cash dividends from the Bank. The payment of dividends by the Bank to the Company is subject to restrictions imposed by federal banking laws, regulations, and authorities. The OTS's capital distribution regulations limit the Bank's ability to pay dividends to the Company based on the Bank's capital level and supervisory condition. Under the regulations, a savings institution that meets the OTS capital requirements is generally permitted to make capital distributions during a year up to the greater of (i) 100% of its net income during that year, plus the amount that would reduce by one-half its "surplus capital ratio" at the beginning of the calendar year (the excess capital over its capital requirements), or (ii) 75% of its net income over the most recent four-quarter period. In addition, an insured depository institution is prohibited from declaring any dividend, making any other capital distribution, or paying a management fee to its holding company if, following the distribution or payment, the institution would be classified as "undercapitalized" or lower. As of March 31, 1998, the Bank met the OTS requirements as a "well capitalized" institution. There can be no assurance that the Bank will continue to meet its capital requirements or that its net income and surplus capital in the future will be sufficient to permit the payment of dividends by the Bank to the Company. In the event that the capital of the Bank falls below its capital requirements or the OTS notifies the Bank that it is in need of more than normal supervision, the ability of the Bank to pay dividends could be further restricted or even eliminated.

DEPENDENCE ON KEY PERSONNEL

The Company and the Bank are dependent on the leadership and performance of James D. Delamater, their President and CEO, and certain other executive officers. If the services of Mr. Delamater or any of such executive officers should become unavailable for any reason, a failure to replace them promptly could have a material adverse effect on the Company. Although the Company has obtained a key man life insurance policy on Mr. Delamater in the amount of \$1.0 million with the Company named as a beneficiary, none of the key members of management has a written employment agreement.

CERTAIN ARTICLES OF INCORPORATION AND BYLAW PROVISIONS

The Company's Articles of Incorporation and Bylaws contain certain provisions that could discourage potential acquisition proposals, or delay or prevent an attempted acquisition or change of control of the

Company. Among other things, these provisions (i) establish certain supermajority voting requirements for certain business combinations not approved by at least two-thirds of the directors who are not affiliated with, or stockholders of, the acquiring party and certain fair price provisions to be satisfied in connection with a business combination, (ii) establish a supermajority voting requirement as a condition to stockholder action to make certain amendments to the Company's Articles of Incorporation or Bylaws, (iii) establish certain advance notice procedures for nomination of candidates for election as directors and for stockholder proposals to be considered at an annual meeting of stockholders, (iv) restrict the ability of stockholders to act by less than unanimous written consent in lieu of a meeting, and (v) establish a supermajority voting requirement to remove a director without cause. The Company's Articles of Incorporation authorize the Board of Directors of the Company to issue shares of preferred stock without stockholder approval and upon such terms as the Board of Directors may determine. The issuance of preferred stock, while providing desirable flexibility in connection with possible acquisitions, financings, and other corporate purposes, could also have the effect of making it more difficult for a third party to acquire, or of discouraging a third party from acquiring, a controlling interest in the Company.

USE OF PROCEEDS

The Company will not receive any of the proceeds from the sale of Shares offered hereby by the Selling Stockholder. See "Selling Stockholder".

PRICE RANGE OF COMMON STOCK AND DIVIDENDS

The shares of Common Stock of Northeast Bancorp have been listed and principally traded on the AMEX under the trading symbol "NBN" since April 4, 1997 and prior thereto on the Nasdaq National Market ("Nasdaq-NNM"). The following table sets forth the high and low closing sales price for the Common Stock as reported on the Nasdaq-NNM through April 3, 1997, and thereafter on the AMEX. All information set forth in the table below has been revised to reflect a 50% stock dividend paid on December 15, 1997.

	HIGH	LOW	CASH DIVIDENDS PAID PER SHARE
	-----	-----	-----
FISCAL YEAR ENDED JUNE 30, 1996:			
First Quarter.....	\$ 7.59*	\$ 7.17*	\$0.027*
Second Quarter.....	8.00*	7.17*	0.027*
Third Quarter.....	8.83	7.33	0.053
Fourth Quarter.....	8.83	8.33	0.053
FISCAL YEAR ENDED JUNE 30, 1997:			
First Quarter.....	\$ 9.00	\$ 8.33	\$0.053
Second Quarter.....	9.33	8.67	0.053
Third Quarter.....	9.50	8.83	0.053
Fourth Quarter.....	9.83	9.17	0.053
YEAR ENDED JUNE 30, 1998:			
First Quarter.....	\$13.33	\$ 9.66	\$0.053
Second Quarter.....	18.66	18.50	0.053
Third Quarter.....	19.50	17.00	0.053
Fourth Quarter (through June 12, 1998).....	18.00	15.375	0.053

* Further adjusted to reflect a 100% stock dividend paid on December 15, 1995

On June 12, 1998, the last sales price reported for the Common Stock on the AMEX was \$15.875 per share. Prospective purchasers are urged to obtain current quotations for the market price of the Common Stock. As of close of business on June 12, 1998, there were approximately 2,461,119 shares of Common Stock outstanding held by approximately 445 stockholders of record.

The amount and timing of future dividends payable on the Common Stock will depend on, among other things, future earnings, the financial condition of the Company, regulatory considerations, and other factors, including the ability of the Bank to pay dividends to the Company, the amount of cash on hand at the Company, and its obligations to pay dividends to holders of its preferred stock.

Northeast Bancorp has 45,454 shares of Series A Preferred Stock outstanding. The Series A Preferred Stock is convertible into Common Stock on a three-for-one basis and carries a dividend rate of two percent below the prime rate of the First National Bank of Boston, but in no event shall such rate be less than 7% per annum. There is only one holder of the Series A Preferred Stock, the Selling Stockholder, and there is no trading market for the Series A Preferred Stock. Although convertible into three shares of Common Stock, each share of Series A Preferred Stock is entitled only to one vote on all matters submitted to a vote of the Company's stockholders.

SELLING STOCKHOLDER

The following table sets forth the name of the Selling Stockholder, the number of shares of Common Stock beneficially owned as of the date of this Prospectus, the number of shares of Common Stock being offered hereby by the Selling Stockholder, and the number of shares of Common Stock to be beneficially owned by the Selling Stockholder after the consummation of the offering. All information with respect to beneficial ownership has been furnished by the Selling Stockholder.

NAME OF SELLING STOCKHOLDER	BENEFICIAL OWNERSHIP AT MAY , 1998		TOTAL NUMBER OF SHARES TO BE SOLD IN THE OFFERING	BENEFICIAL OWNERSHIP AFTER THE OFFERING	
	NUMBER OF SHARES(1)	PERCENTAGE OF CLASS(2)		NUMBER OF SHARES(1)	PERCENTAGE OF CLASS(2)
Square Lake Holding Corporation(3).....	693,813(4)	25.2%	350,000	343,813(5)	12.5%

-
- (1) In accordance with Rule 13d-3 promulgated pursuant to the Securities Exchange Act of 1934, a person is deemed to be the beneficial owner of a security for purposes of the rule if he or she has or shares voting power or dispositive power with respect to such security or has the right to acquire such ownership within sixty days. As used herein, "voting power" is the power to vote or direct the voting of shares, and "dispositive power" is the power to dispose or direct the disposition of shares, irrespective of any economic interest therein. Accordingly, since the Series A Preferred Stock held by Square Lake (defined below) are presently convertible into Common Stock and its warrants are currently exercisable, the number of shares of Common Stock disclosed hereunder include those shares of Common Stock that Square Lake may acquire upon conversion of the Series A Preferred Stock and upon exercise of its warrants.
- (2) In calculating the percentage ownership for a given individual or group, the number of shares of Common Stock outstanding includes unissued shares subject to options, warrants, rights or conversion privileges exercisable within sixty days held by such individual or group, but are not deemed outstanding for any other person or group. Accordingly, these percentages assume the conversion of the Series A Preferred Stock by Square Lake and the exercise of its warrants. Prior to conversion of the preferred stock, each share of preferred stock has only one vote (regardless of the applicable conversion rate) on each matter presented to a vote of the Company's stockholders.
- (3) Square Lake Holding Corporation ("Square Lake"), a Maine corporation, is a wholly-owned subsidiary of a New Brunswick corporation which, in turn, is wholly-owned by Ronald J. Goguen. Mr. Goguen has been a director of Northeast Bancorp since 1990.
- (4) Represents the beneficial ownership of Mr. Goguen. Includes Square Lake's beneficial ownership of (i) 401,980 shares of Common Stock, (ii) 136,362 shares of Common Stock issuable upon conversion of 45,454 shares of Series A Preferred Stock, and (iii) 153,146 shares of Common Stock issuable upon the exercise of warrants to purchase shares at a price of \$4.667 per share; and 2,325 shares of Common Stock held by Blue Chip Investments, Inc., a New Brunswick corporation ("Blue Chip"), of which Mr. Goguen holds 100% of its voting securities. Shares of the Series A Preferred Stock are convertible into shares of Common Stock without further consideration at a ratio of three-for-one.
- (5) Consisting of Square Lake's beneficial ownership of (i) 51,980 shares of Common Stock, (ii) 136,362 shares of Common Stock issuable upon conversion of 45,454 shares of Series A Preferred Stock, and (iii) 153,146 shares of Common Stock issuable upon exercise of warrants; and 2,325 shares of Common Stock held by Blue Chip.

UNDERWRITING

Under the terms and conditions set forth in the purchase agreement (the "Underwriting Agreement") among the Company, the Selling Stockholder, and the Underwriter named below (the "Underwriter"), the Underwriter has agreed to purchase from the Selling Stockholder, and the Selling Stockholder has agreed to sell to the Underwriter, the number of shares of Common Stock set forth below:

UNDERWRITERS -----	NUMBER OF SHARES -----
Advest, Inc.....	350,000

Total.....	350,000
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The Underwriting Agreement provides that the obligations of the Underwriter are subject to approval of certain matters by its counsel and to various other conditions. The Underwriter is committed to purchase and pay for all such shares of Common Stock being sold pursuant to the Underwriting Agreement, if any shares of Common Stock are purchased.

The Underwriter has advised the Company and the Selling Stockholder that the Underwriter proposes to offer the shares of Common Stock directly to the public initially at the offering price set forth on the cover page of this Prospectus and to certain selected dealers at such price less a concession not to exceed \$ per share. The Underwriter may allow, and such selected dealers may reallow, a concession not in excess of \$ per share to certain other dealers. After the public offering of the shares, the public offering price, concession and reallowance to dealers may be changed by the Underwriter. The Common Stock is offered and subject to receipt and acceptance by the Underwriter, and to certain other conditions, including the right to reject orders in whole or in part.

The Selling Stockholder, the Company, and the executive officers and directors of the Company and the Bank have agreed that they will not publicly sell, contract to publicly sell, or otherwise publicly dispose of, any shares of Common Stock for a period of 40 days from the date of this Prospectus, without the written consent of the Underwriter; provided, however, that the Company may issue and sell Common Stock pursuant to any employee stock option plan, stock ownership plan, or dividend reinvestment plan of the Company in effect on the date the Underwriting Agreement is executed, and the Company may issue Common Stock upon the conversion of securities or the exercise of warrants outstanding on the date the Underwriting Agreement is executed.

Subject to certain limitations, the Company, the Selling Stockholder, and the Underwriter have agreed to indemnify each other against certain liabilities including liabilities under the Securities Act, or to contribute to payments that the Company, the Selling Stockholder, or the Underwriter may be required to make in respect thereof.

The foregoing is a summary of the principal terms of the Purchase Agreement and does not purport to be complete. Reference is made to a copy of the Underwriting Agreement which is on file as an exhibit to the Registration Statement.

The Underwriter has been engaged in the ordinary course of business, and may in the future be engaged, to perform investment banking and other advisory-related services to the Company, its affiliates, and certain stockholders of the Company. The Underwriter is currently under retainer with the Company to provide such services.

In connection with the offering of the Common Stock, the Underwriter and any selling group members and their respective affiliates may engage in transactions effected in accordance with Rule 104 of the Securities and Exchange Commission's Regulation M that are intended to stabilize, maintain, or otherwise affect the market price of the Common Stock. Such transactions may include stabilizing transactions in which they bid for, and purchase, shares of the Common Stock at a level above that which might otherwise prevail in the open market for the purpose of preventing or retarding a decline in the market price of the Common Stock. The Underwriter also may bid for, and purchase, shares of Common Stock to reduce a short position

incurred by the Underwriter to reclaim any selling concessions otherwise accruing or allowed to a selling group member in connection with the offering if the Common Stock originally sold by such selling group member is repurchased by the Underwriter and therefore has not been effectively placed by such selling group member. Any of the foregoing transactions may result in the maintenance of a price for the Common Stock at a level above that which might otherwise prevail in the open market. Neither the Company nor the Underwriter makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Common Stock. The Underwriter is not required to engage in any of the foregoing transactions and, if commenced, such transactions may be discontinued at any time without notice.

LEGAL MATTERS

The validity of the shares of Common Stock offered hereby has been passed upon for Northeast Bancorp by Carlton, Fields, Ward, Emmanuel, Smith & Cutler, P.A., Tampa, Florida. Certain legal matters in connection with the Shares will be passed upon for the Underwriter by Tyler Cooper & Alcorn, LLP, Hartford, Connecticut. Certain legal matters will be passed upon for the Selling Stockholder by Carlton, Fields, Ward, Emmanuel, Smith & Cutler, P.A., Tampa, Florida.

EXPERTS

The consolidated financial statements of the Company and its subsidiary as of June 30, 1997 and 1996, and for each of the years ended June 30, 1997, 1996, and 1995 which appear in the Company's Form 10-K for the fiscal year ended June 30, 1997 and the supplemental consolidated financial statements of the Company and its subsidiary as of June 30, 1997 and 1996, and for each of the years ended June 30, 1997, 1996, and 1995 which appear in the Company's Form 8-K filed on May 14, 1998, have been audited by Baker Newman & Noyes, Limited Liability Company, independent auditors, as set forth in their reports thereon incorporated by reference elsewhere herein and in the Registration Statement which, with respect to the supplemental consolidated financial statements is based in part on the reports of Schatz Fletcher & Associates, Augusta, Maine, independent auditors. The financial statements referred to above are included in reliance upon such reports given upon the authority of said firms as experts in accounting and auditing.

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NO DEALER, SALESPERSON, OR ANY OTHER PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION NOT CONTAINED IN THIS PROSPECTUS AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY OR THE SELLING STOCKHOLDER. THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF ANY OFFER TO BUY ANY SECURITIES OTHER THAN THE SHARES OF COMMON STOCK OFFERED HEREBY, NOR DOES IT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION TO ANY PERSON IN ANY JURISDICTION OR UNDER ANY CIRCUMSTANCES IN WHICH SUCH OFFERING WOULD BE UNLAWFUL. NEITHER THE DELIVERY OF THIS PROSPECTUS NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO THE DATE HEREOF.

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350,000 SHARES

NORTHEAST BANCORP

COMMON STOCK

PROSPECTUS

ADVEST, INC.

June 15, 1998

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PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 14. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.

The following table sets forth the expenses expected to be incurred in connection with this offering of the shares of Common Stock being registered hereby, other than underwriting discounts and commissions, all of which expenses will be paid by the Selling Stockholder. All amounts, except the SEC registration fee, are estimated.

SEC Registration Fee.....	\$ 1,826
Accounting Fees and Expenses.....	20,000
Legal Fees and Expenses.....	47,000
Blue Sky Fees and Expenses.....	5,000
Printing and Expenses.....	15,000
Mailing and Handling Fees.....	1,000
Miscellaneous Expenses.....	1,174

Total.....	\$90,000
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ITEM 15. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Section 719 of the Maine Business Corporation Act provides as follows:

1. A corporation shall have power to indemnify or, if so provided in the bylaws, shall 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 such person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, trustee, partner, fiduciary, employee or agent of another corporation, partnership, joint venture, trust, pension or other employee benefit plan or other enterprise, against expenses, including attorneys' fees, judgments, fines and amounts paid in settlement actually and reasonably incurred by that person in connection with such action, suit or proceeding; provided that no indemnification may be provided for any person with respect to any matter as to which that person shall have been finally adjudicated:

A. Not to have acted honestly or in the reasonable belief that such person's action was not in or not opposed to the best interests of the corporation or its shareholders or, in the case of a person serving as a fiduciary of an employee benefit plan or trust, in or not opposed to the best interest of that plan or trust, or its participants or beneficiaries; or

B. With respect to any criminal action or proceeding, to have had reasonable cause to believe that person's conduct was unlawful.

The termination of any action, suit or proceeding by judgment, order or conviction adverse to that person, or by settlement or plea of nolo contendere or its equivalent, shall not of itself create a presumption that a person did not act honestly or in the reasonable belief that such person's action was in or not opposed to the best interest of the corporation or its shareholders or, in the case of a person serving as a fiduciary of an employee benefit plan or trust, in or not opposed to the best interests of that plan or trust or its participants or beneficiaries and, with respect to any criminal action or proceeding, had reasonable cause to believe that person's conduct was unlawful.

1.A. Notwithstanding any provision of subsection 1, a corporation shall not have the power to indemnify any person with respect to any claim, issue or matter asserted by or in the right of the corporation as to which that person is finally adjudicated to be liable to the corporation unless the court in which the action, suit or proceeding was brought shall determine that, in view of all the circumstances of

the case, that person is fairly or reasonably entitled to indemnity for such amounts as the court shall deem reasonable.

2. Any provision of subsection 1, 1-A or 3 to the contrary notwithstanding, to the extent that a director, officer, employee or agent of a corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in subsection 1 or 1-A, or in defense of any claim, issue or matter therein, that director, officer, employee or agent shall be indemnified against expenses, including attorneys' fees, actually and reasonably incurred by that director, officer, employee or agent in connection therewith. The right to indemnification granted by this subsection may be enforced by a separate action against the corporation, if an order for indemnification is not entered by a court in the action, suit or proceeding wherein that director, officer, employee or agent was successful on the merits or otherwise.

3. Any indemnification under subsection 1, unless ordered by a court or required by the bylaws, shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of the director, officer, employee or agent is proper in the circumstances and in the best interest of the corporation. That determination shall be made by the board of directors by a majority vote of a quorum consisting of directors who were not parties to that action, suit or proceeding, or if such a quorum is not obtainable, or even if obtainable, if a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or by the shareholders. Such a determination once made may not be revoked and, upon the making of that determination, the director, officer, employee or agent may enforce the indemnification against the corporation by a separate action notwithstanding any attempted or actual subsequent action by the board of directors.

4. Expenses incurred in defending a civil, criminal, administrative or investigative action, suit or proceeding may be authorized and paid by the corporation in advance of the final disposition of that action, suit or proceeding made in accordance with the procedure established in subsection 3 that, based solely on the facts then known to those making the determination and without further investigation, the person seeking indemnification satisfied the standard of conduct prescribed by subsection 1, or if so provided by the bylaws, these expenses shall in all cases be authorized and paid by the corporation in advance of the final disposition of that action, suit or proceeding upon receipt by the corporation of:

A. A written undertaking by or on behalf of the officer, director, employee or agent to repay that amount if that person is finally adjudicated:

(1) Not to have acted honestly or in the reasonable belief that such person's action was in or not opposed to the best interests of the corporation or its shareholders or, in the case of a person serving as a fiduciary of an employee benefit plan or trust, in or not opposed to the best interests of such plan or trust or its participants or beneficiaries;

(2) With respect to any criminal action or proceeding, to have had reasonable cause to believe that the person's conduct was unlawful; or

(3) With respect to any claim, issue or matter asserted in any action, suit or proceeding brought by or in the right of the corporation, to be liable to the corporation, unless the court in which that action, suit or proceeding was brought permits indemnification in accordance with subsection 2; and

B. A written affirmation by the officer, director, employee or agent that the person has met the standard of conduct necessary for indemnification by the corporation as authorized in this section.

The undertaking required under paragraph A shall be an unlimited general obligation of the person seeking the advance, but need not be secured and may be accepted without reference to financial ability to make the repayment.

5. The indemnification and entitlement to advances of expenses provided by this section shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any bylaw, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in that person's

official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee, agent, trustee, partner or fiduciary and shall inure to the benefit of the heirs, executors and administrators of such a person. A right to indemnification required by the bylaws may be enforced by a separate action against the corporation, if an order for indemnification has not been entered by a court in any action, suit or proceeding in respect to which indemnification is sought.

6. A corporation shall have power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, trustee, partner, fiduciary, employee or agent of another corporation, partnership, joint venture, trust, pension or other employee benefit plan or other enterprise against any liability asserted against that person and incurred by that person in any such capacity, or arising out of that person's status as such, whether or not the corporation would have the power to indemnify that person against such liability under this section.

7. For purposes of this section, references to the "corporation" shall include, in addition to the surviving corporation or new corporation, any participating corporation in a consolidation or merger.

The Company's Bylaws provide for the indemnification of directors and officers. The general effect of the Bylaw provisions is to indemnify any director or officer against any liability arising from any action or suit to the full extent permitted by Maine law as referenced above. Advances against expenses may be made under the Bylaws and any other indemnification agreement that may be entered into by the Company, and the indemnity coverage provided thereunder may include liabilities under the federal securities laws as well as in other contexts. Reference is made to Article X of the Company's Bylaws filed as Exhibit 3.2 hereto.

The Company has purchased and maintains insurance on behalf of any person who is or was a director or officer against any loss arising from any claim asserted against any such person and incurred by such person in any such capacity, subject to certain exclusions.

Pursuant to the Purchase Agreement, the Company, the Selling Stockholder and the Underwriter shall agree to indemnify each other under certain circumstances and conditions against and from certain liabilities, including liabilities under the Securities Act of 1933, as amended.

ITEM 16. EXHIBITS.

EXHIBIT NUMBER	DESCRIPTION OF EXHIBIT
1.1	-- Form of Underwriting Agreement.*
3.1	-- Articles of Incorporation of Northeast Bancorp, as amended November 12, 1997, incorporated herein by reference to Exhibit 3.1 to Northeast Bancorp's Quarterly Report on Form 10-Q for the fiscal quarter ended December 31, 1997 previously filed with the Commission.
3.2	-- Bylaws of Northeast Bancorp, incorporated herein by reference to Exhibit 3.2 to Amendment No. 1 to Northeast Bancorp's Registration Statement on Form S-4 (No. 333-31797) previously filed with the Commission.
4.1	-- See Exhibits 3.1 and 3.2 for provisions of the Articles of Incorporation and the Bylaws of the Company defining the rights of holders of the Company's Common Stock.
5.1	-- Opinion of Carlton, Fields, Ward, Emmanuel, Smith & Cutler, P.A., with respect to legality of the Shares.
23.1	-- Consent of Baker Newman & Noyes, Limited Liability Company.*
23.2	-- Consent of Schatz Fletcher & Associates.*
23.3	-- Consent of Carlton, Fields, Ward, Emmanuel, Smith & Cutler, P.A., (contained in Exhibit 5.1 to the Registration Statement).
24.1	-- Power of Attorney (contained in the Signature section of the Registration Statement).

* Filed herewith.

ITEM 17. UNDERTAKINGS.

The undersigned registrant hereby undertakes that, for the purposes of determining liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (and where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers, and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer, or controlling person of the registrant in the successful defense of any action, suit, or proceeding) is asserted by such director, officer, or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes that:

(1) For purposes of determining liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of the registration statement in reliance on Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For purposes of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Auburn, and State of Maine, on the 15th day of June, 1998.

NORTHEAST BANCORP

By: /s/ JAMES D. DELAMATER

 James D. Delamater
 President and Chief Executive
 Officer

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed below by the following persons in the capacities and on the date(s) indicated.

SIGNATURE -----	TITLE -----	DATE ----
/s/ JAMES D. DELAMATER ----- James D. Delamater	Director, President, and Chief Executive Officer (Principal Executive Officer)	June 15, 1998
* ----- John W. Trinward, D.M.D.	Director and Chairman of the Board	June 15, 1998
* ----- Richard E. Wyman, Jr.	Chief Financial Officer (Principal Financial and Accounting Officer)	June 15, 1998
* ----- John B. Bouchard	Director	June 15, 1998
* ----- A. William Cannan	Director and Executive Vice President	June 15, 1998
* ----- Ronald J. Goguen	Director	June 15, 1998
* ----- Judith W. Hayes	Director	June 15, 1998
* ----- Philip C. Jackson	Director and Vice President	June 15, 1998
* ----- Ronald C. Kendall	Director	June 15, 1998
* ----- John Rosmarin	Director	June 15, 1998
* ----- John Schiavi	Director	June 15, 1998

SIGNATURE

TITLE

DATE

*

Director

June 15, 1998

Stephen W. Wight

*

Director

June 15, 1998

Dennis A. Wilson

* Signed by James D. Delamater pursuant to power of attorney filed with this Registration Statement on May 21, 1998.

INDEX TO EXHIBITS

EXHIBIT NUMBER -----	DESCRIPTION OF EXHIBITS -----	SEQUENTIALLY NUMBERED PAGES -----
1.1	-- Form of Underwriting Agreement.*	
3.1	-- Articles of Incorporation of Northeast Bancorp, as amended November 12, 1997, incorporated herein by reference to Exhibit 3.1 to Northeast Bancorp's Quarterly Report on Form 10-Q for the fiscal quarter ended December 31, 1997 previously filed with the Commission.	
3.2	-- Bylaws of Northeast Bancorp, incorporated herein by reference to Exhibit 3.2 to Amendment No. 1 to Northeast Bancorp's Registration Statement on Form S-4 (No. 333-31797) previously filed with the Commission.	
4.1	-- See Exhibits 3.1 and 3.2 for provisions of the Articles of Incorporation and the Bylaws of the Company defining the rights of holders of the Company's Common Stock.	
5.1	-- Opinion of Carlton, Fields, Ward, Emmanuel, Smith & Cutler, P.A., with respect to legality of the Shares.	
23.1	-- Consent of Baker Newman & Noyes, Limited Liability Company.*	
23.2	-- Consent of Schatz Fletcher & Associates.*	
23.3	-- Consent of Carlton, Fields, Ward, Emmanuel, Smith & Cutler, P.A., (contained in Exhibit 5.1 to the Registration Statement).	
24.1	-- Power of Attorney (contained in the Signature section of the Registration Statement).	

* Filed herewith.

350,000 SHARES
NORTHEAST BANCORP
COMMON STOCK, \$1.00 PAR VALUE

UNDERWRITING AGREEMENT

Advest, Inc.
One Rockefeller Center, 20th Floor
New York, NY 10281-1013

Dear Sirs and Mesdames:

Square Lake Holding Corporation, a Maine corporation (the "Selling Shareholder"), proposes, subject to the terms and conditions stated herein, to sell to Advest, Inc. (the "Underwriter"), an aggregate of 350,000 shares (the "Shares") of Common Stock, \$1.00 par value (the "Common Stock"), of Northeast Bancorp (the "Company")

The Selling Shareholder, the Company, and Northeast Bank, F.S.B., a wholly-owned subsidiary of the Company (the "Bank"), intending to be legally bound, hereby confirm their agreement with the Underwriter as follows:

1. REPRESENTATIONS AND WARRANTIES OF THE SELLING SHAREHOLDER. The Selling Shareholder represents and warrants to, and agrees with, the Underwriter that:

(a) This Agreement has been duly authorized, executed and delivered by or on behalf of the Selling Shareholder, and assuming due execution by the Company, the Bank and the Underwriter, constitutes the valid and binding agreement of the Selling Shareholder, enforceable against the Selling Shareholder in accordance with its terms (except in all cases to the extent as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, receivership, moratorium, readjustment of debt, fraudulent conveyance, or similar laws relating to or affecting creditors' rights generally or general principles of equity, whether considered in a proceeding in equity or at law, and except as the enforcement of rights to indemnity and contribution under this Agreement may be limited under applicable securities laws or the public policy underlying such laws).

(b) The execution and delivery by the Selling Shareholder of, and the performance by the Selling Shareholder of its obligations under, this Agreement and the Power of Attorney appointing certain individual(s) as such Selling Shareholder's attorney(s)-in-fact to the extent set forth therein, relating to the transactions contemplated hereby and by the Registration Statement (as hereinafter defined) (the "Power of Attorney") will not (with or without the giving of notice or the passage of

time or both) (i) conflict with any term or provision of the Selling Shareholder's articles of incorporation or bylaws or other organizational documents, as amended, (ii) result in a breach or violation of any of the terms or provisions of, or constitute a default under, any indenture, mortgage, deed of trust, loan agreement, lease or other agreement or instrument to which the Selling Shareholder is a party or to which its properties or assets is subject or (iii) conflict with or violate any law, statute, rule or regulation or any order, judgment or decree of any court or governmental agency or body having jurisdiction over the Selling Shareholder or any of the Selling Shareholder's properties or assets.

(c) The Selling Shareholder will have, as of the Time of Delivery (as hereinafter defined), valid title to the Shares and the legal right and power, and all authorization and approval required by law, to enter into this Agreement and the Power of Attorney and to sell, transfer and deliver the Shares.

(d) The Power of Attorney has been duly authorized, executed and delivered by the Selling Shareholder and is a valid and binding agreement of the Selling Shareholder.

(e) Upon delivery of the certificates for the Shares properly indorsed to the Underwriter and payment of the purchase price therefor pursuant to this Agreement, assuming the Underwriter has no notice of adverse claim and is acting in good faith, title to such Shares will be passed to the Underwriter, free and clear of all liens, security interests, pledges, charges, equities, and other encumbrances, other than as created by or through the Underwriter.

(f) The Selling Shareholder does not require any consent, approval, authorization, order or declaration of or from, or registration, qualification or filing with, any court or governmental agency or body in connection with the sale of the Shares to be sold by the Selling Shareholder or the consummation of the transactions contemplated by this Agreement, except for the registration of the Shares under the Act, of the Common Stock under the Exchange Act (as hereinafter defined) and such as may be required by the NASD (as hereinafter defined) and under state securities or blue sky laws in connection with the offer, sale and distribution of the Shares by the Underwriter.

(g) The Selling Shareholder has not (i) taken, directly or indirectly, any action designed to cause or result in, or that has constituted or might reasonably be expected to constitute, the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Shares or (ii) since the filing of the Registration Statement (A) sold, bid for, purchased or paid anyone any compensation for soliciting purchases of, the Shares or (B) paid or agreed to pay to any person any compensation for soliciting another to purchase any other securities of the Company, other than pursuant to this Agreement.

(h) The Selling Shareholder has read the Registration Statement, each Preliminary Prospectus (as hereinafter defined), and the Prospectus (as hereinafter defined) and, to the extent of any statement or omission from the Registration Statement, any Preliminary Prospectus, or the Prospectus which were made or omitted in reliance upon and in conformity with information

furnished to the Company by the Selling Shareholder for use therein, to the best knowledge of the Selling Shareholder, the Registration Statement, at the effective date, each Preliminary Prospectus, at its date of issuance, and the Prospectus, from its date of issuance through the Time of Delivery, did not and will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein not misleading in light of the circumstances in which they were made.

2. REPRESENTATIONS AND WARRANTIES OF THE COMPANY AND THE BANK. Each of the Company and the Bank jointly and severally represents and warrants to the Underwriter and the Selling Shareholder as of the date hereof and as of the Time of Delivery, and agrees with, the Underwriter and the Selling Shareholder that:

(a) A registration statement on Form S-3 (File No. 333-53313) with respect to the offer and sale of the Shares, including a related preliminary prospectus subject to completion, has been filed by the Company with the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended (the "Act"), and one or more amendments to such registration statement may have been so filed. After the execution of this Agreement, the Company will file with the Commission either (i) if such registration statement, as it may have been amended, has become effective under the Act and information has been omitted therefrom in accordance with Rule 430A under the Act, a prospectus in the form most recently included in an amendment to such registration statement (or, if no such amendment shall have been filed, in such registration statement) with such changes or insertions as are required by Rule 430A or permitted by Rule 424(b) under the Act and as have been provided to and approved by the Underwriter, or (ii) if such registration statement, as it may have been amended, has not become effective under the Act, an amendment to such registration statement, including a form of prospectus, a copy of which amendment has been provided to and approved by the Underwriter prior to the execution of this Agreement. As used in this Agreement, the term "Registration Statement" means such registration statement, as amended at the time when it was or is declared effective, including (A) all financial statements, schedules and exhibits thereto, (B) all documents (or portions thereof) incorporated by reference therein, and (C) any information omitted therefrom pursuant to Rule 430A under the Act and included in the Prospectus (as hereinafter defined); the term "Preliminary Prospectus" means each prospectus subject to completion included in such registration statement or any amendment or post-effective amendment thereto (including the prospectus subject to completion, if any, included in the Registration Statement at the time it was or is declared effective), including all documents (or portions thereof) incorporated by reference therein; and the term "Prospectus" means the prospectus first filed with the Commission pursuant to Rule 424(b) under the Act or, if no prospectus is required to be so filed, such term means the prospectus included in the Registration Statement, in either case, including all documents (or portions thereof) incorporated by reference therein. As used herein, any reference to any statement or information as being "made," "included," "contained," "disclosed" or "set forth" in any Preliminary Prospectus, a Prospectus, or any amendment or supplement thereto, or the Registration Statement or any amendment thereto (or other similar references) shall refer both to information and statements actually appearing in such document as well as information and statements incorporated by reference therein.

(b) The Commission has not issued any order preventing or suspending the use of any Preliminary Prospectus and no proceeding for that purpose has been instituted or, to the knowledge of the Company or the Bank, threatened by the Commission or the securities authority of any state or other jurisdiction. If the Registration Statement has become effective under the Act, no stop order suspending the effectiveness of the Registration Statement or any part thereof has been issued and no proceeding for that purpose has been instituted or to the knowledge of the Company or the Bank, threatened or contemplated by the Commission or the securities authority of any state or other jurisdiction.

(c) When any Preliminary Prospectus was filed with the Commission, at the time it was filed, it contained all statements required to be stated therein in accordance with, and complied in all material respects with the requirements of, the Act and the rules and regulations of the Commission thereunder. Each document, if any, filed or to be filed pursuant to the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and incorporated by reference in the Prospectus, when filed with the Commission, conformed or will conform in all material respects to the requirements of the Exchange Act and the applicable rules and regulations of the Commission thereunder. When the Registration Statement or any amendment thereto was or is declared effective, and at the Time of Delivery (as hereinafter defined), it (i) contained and will contain all statements required to be stated therein in accordance with, and complied or will comply in all material respects with the requirements of, the Act and the rules and regulations of the Commission thereunder and (ii) did not and will not include any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein not misleading. When the Prospectus or any amendment or supplement thereto is filed with the Commission pursuant to Rule 424(b) (or, if the Prospectus or such amendment or supplement is not required to be so filed, when the Registration Statement or the amendment thereto containing such amendment or supplement to the Prospectus was or is declared effective) and at the Time of Delivery, the Prospectus, as amended or supplemented at any such time, (i) contained and will contain all statements required to be stated therein in accordance with, and complied or will comply in all material respects with the requirements of, the Act and the rules and regulations of the Commission thereunder and (ii) did not and will not include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. The foregoing provisions of this paragraph (c) do not apply to statements or omissions made in the Registration Statement or any amendment thereto, any Preliminary Prospectus, or the Prospectus or any amendment or supplement thereto in reliance upon and in conformity with written information furnished to the Company by the Underwriter or the Selling Shareholder specifically for use therein. It is understood that the statements set forth in the Registration Statement or any amendment thereto or the Prospectus or any amendment or supplement thereto (W) in the last paragraph of the cover page of the Prospectus, (X) on the inside cover page with respect to stabilization and passive market making, and (Y) in the third, and eighth paragraphs and the list of Underwriters under the section entitled "Underwriting," constitute the only written information furnished to the Company by or on behalf of the Underwriter specifically for use in the Registration Statement, any Preliminary Prospectus, or any amendment thereto or the Prospectus and any amendment or supplement thereto, as the case may be.

(d) There are no legal or governmental proceedings pending or, to the knowledge of the Company or the Bank, threatened to which the Company or any of its subsidiaries listed on Exhibit A hereto is a party or to which any of the properties of the Company or any subsidiary is subject that are required to be described in the Registration Statement or the Prospectus and are not so described and there are no statutes, regulations, contracts or other documents that are required to be described in the Registration Statement or the Prospectus or to be filed as exhibits to the Registration Statement that are not described or filed as required.

(e) Each of the Company and each of its subsidiaries (except the Bank) have been duly incorporated, are validly existing as a corporation in good standing under the laws of its jurisdiction of incorporation and each has full power and authority (corporate and other) to own or lease its properties and conduct its business as described in the Prospectus. The Bank has been duly organized and is validly existing as a federally chartered stock savings bank with full power and authority (corporate and other) to own or lease its properties and to conduct its business as described in the Prospectus. The Company and the Bank have full power and authority (corporate and other) to enter into this Agreement and to perform its obligations hereunder. Each of the Company and its subsidiaries is duly qualified to transact business as a foreign corporation and is in good standing under the laws of each other jurisdiction in which it owns or leases properties, or conducts any business, so as to require such qualification, except where the failure to so qualify would not have a material adverse effect on the financial position, results of operations or business of the Company and its subsidiaries taken as a whole.

(f) The Company's authorized, issued and outstanding capital stock is as disclosed in the Prospectus as of the date set forth therein (except for subsequent issuance, if any, pursuant to reservations, agreements, or employee benefit plans described in the Prospectus or pursuant to the exercise of convertible securities or options described in the Prospectus). All of the issued shares of capital stock of the Company have been duly authorized and validly issued, are fully paid and nonassessable and conform to the descriptions of the Common Stock contained in the Prospectus. None of the issued and outstanding shares of capital stock of the Company or any of its subsidiaries has been issued in violation of any statutory preemptive rights of shareholders.

(g) All of the issued and outstanding shares of capital stock of each subsidiary have been duly authorized and validly issued, are fully paid and nonassessable and are owned beneficially by the Company or one of its subsidiaries, free and clear of all liens, security interests, pledges, charges, encumbrances or claims of any nature whatsoever. The Company does not own or control, directly or indirectly any corporation, association, or other entity other than the subsidiaries listed in Exhibit 21.1 to the Annual Report on Form 10-K for the Company's fiscal year ended June 30, 1997 or as disclosed in the Prospectus.

(h) Except as disclosed in the Prospectus (and except for subsequent issuances of options, capital stock, or other rights under agreements, employee benefit plans, or other arrangements referred to in the Prospectus), there are no outstanding (i) securities or obligations of the Company or any of its subsidiaries convertible into or exchangeable for any capital stock of the Company or

any of its subsidiaries, (ii) warrants, rights or options to subscribe for or purchase from the Company or any of its subsidiaries any such capital stock or any such convertible or exchangeable securities or obligations or (iii) obligations of the Company or any of its subsidiaries to issue any shares of capital stock, any such convertible or exchangeable securities or obligations, or any such warrants, rights or options.

(i) Except as disclosed in or contemplated by the Registration Statement or the Prospectus, since the respective dates as of which information is given in the Registration Statement and the Prospectus, (i) neither the Company nor any of its subsidiaries has incurred any liabilities or obligations, direct or contingent, or entered into any transactions, not in the ordinary course of business, that are material to the Company and its subsidiaries taken as a whole, (ii) the Company has not purchased any of its outstanding capital stock or declared, paid or otherwise made any dividend or distribution of any kind on its capital stock, (iii) there has not been any material change in the capital stock, or a material increase in long-term debt or short-term debt of the Company or any of its subsidiaries, and (iv) there has not been any material adverse change, or any development which is reasonably likely to have a material adverse effect on the Company or its subsidiaries taken as a whole.

(j) Except as disclosed in the Prospectus, there are no contracts, agreements or understandings between the Company and any person granting such person the right to require the Company to file a registration statement under the Act with respect to any securities of the Company owned or to be owned by such person or, requiring the Company to include such securities in the securities registered pursuant to the Registration Statement (or any such right has been effectively waived) or requiring the registration of any securities pursuant to any other registration statement filed by the Company under the Act. Neither the filing of the Registration Statement nor the offering or sale of Shares as contemplated by this Agreement gives any security holder of the Company any rights for or relating to the registration of any shares of Common Stock or any other capital stock of the Company, except such as have been satisfied or waived.

(k) Except as disclosed in the Registration Statement or the Prospectus, neither the Company nor any of its subsidiaries is, or with the giving of notice or passage of time or both would be, in material violation of its articles of incorporation or bylaws or in material default under any material indenture, mortgage, deed of trust, loan agreement, lease or other agreement or instrument to which the Company or any of its subsidiaries is a party or to which any of their respective material properties or assets are subject.

(l) The Company and its subsidiaries have good and marketable title in fee simple to all real property, if any, and good title to all personal property owned by them, in each case free and clear of all liens, security interests, pledges, charges, encumbrances, mortgages and defects, except such as are disclosed in the Prospectus (including the financial statements thereto) or such as would not have a material adverse effect on the financial position, results of operations or business of the Company and its subsidiaries taken as a whole; and any real property and buildings held under lease by the Company or any of its subsidiaries are held under valid, subsisting and enforceable leases, with

such exceptions as are disclosed in the Prospectus or are not material to the Company or any subsidiary.

(m) The Company does not require any consent, approval, authorization, order or declaration of or from, or registration, qualification or filing with, any court or governmental agency or body in connection with the sale of the Shares or the consummation of the transactions contemplated by this Agreement, except the registration of the Shares under the Act (which, if the Registration Statement is not effective as of the time of execution hereof, shall be obtained as provided in this Agreement) and of the Common Stock under the Exchange Act, and such as may be required by the National Association of Securities Dealers, Inc. (the "NASD") or under state securities or blue sky laws in connection with the offer, sale and distribution of the Shares by the Underwriter.

(n) Other than as disclosed in the Prospectus, there is no litigation, arbitration, claim, proceeding (formal or informal) or investigation (including without limitation, any bank or savings and loan holding company regulatory proceeding) pending or, to the knowledge of the Company or the Bank, threatened in which the Company or any of its subsidiaries is a party or of which any of their respective properties or assets are the subject which, if determined adversely to the Company or any subsidiary, would individually or in the aggregate have a material adverse effect on the financial position, results of operations, or business of the Company and its subsidiaries taken as a whole. Neither the Company nor any subsidiary is in violation of, or in default with respect to, any law, statute, rule, regulation, order, judgment or decree, except as described in the Prospectus or such as do not and will not individually or in the aggregate have a material adverse effect on the financial position, results of operations or business of the Company and its subsidiaries taken as a whole.

(o) Baker, Newman & Noyes, Limited Liability Company, which has expressed their opinion with respect to certain financial statements of the Company and its consolidated subsidiaries included in the Registration Statement and the Prospectus, are independent public accountants as required by the Act, the Exchange Act and the respective rules and regulations of the Commission thereunder.

(p) The consolidated financial statements and schedules (including the related notes) of the Company and its consolidated subsidiaries included in the Registration Statement, the Prospectus and/or any Preliminary Prospectus were prepared in accordance with generally accepted accounting principles consistently applied throughout the periods involved and fairly present the financial position and results of operations of the Company and its subsidiaries, on a consolidated basis, at the dates and for the periods presented. The selected financial data set forth under the caption "Selected Financial Information" in the Prospectus fairly present, on the basis stated in the Prospectus, the information included therein, and have been compiled on a basis consistent with that of the audited financial statements included in the Registration Statement. The supporting notes and schedules included in the Registration Statement, the Prospectus and/or any Preliminary Prospectus fairly state in all material respects the information required to be stated therein in relation to the financial statements taken as a whole. The unaudited interim consolidated financial statements included or

incorporated by reference in the Registration Statement comply as to form in all material respects with the applicable accounting requirements of Rule 10-01 of Regulation S-X under the Act.

(q) This Agreement has been duly authorized, executed and delivered by each of the Company and the Bank and, assuming due execution by the Underwriter, constitutes the valid and binding agreement of each of the Company and the Bank enforceable against the Company and the Bank in accordance with its terms (except in all cases to the extent as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, receivership, moratorium, readjustment of debt, fraudulent conveyance, or similar laws relating to or affecting creditors' rights generally or general principles of equity, whether considered in a proceeding in equity or at laws, and except as the enforceability of rights to indemnity and contribution under this Agreement may be limited under applicable securities laws or the public policy underlying such laws).

(r) The performance of this Agreement and the consummation of the transactions herein contemplated will not (with or without the giving of notice or the passage of time or both) in any respect material to the condition (financial or otherwise), business or results of operations of the Company and its subsidiaries, taken as a whole, (i) conflict with or violate any term or provision of the articles of incorporation or bylaws or other organizational documents of the Company or any subsidiary, (ii) result in a breach or violation of any of the terms or provisions of, or constitute a default under, any indenture, mortgage, deed of trust, loan agreement, lease or other agreement or instrument to which the Company or any subsidiary is a party or to which any of their respective properties or assets is subject, (iii) conflict with or violate any law, statute, rule or regulation or any order, judgment or decree of any court or governmental agency or body having jurisdiction over the Company or any subsidiary or any of their respective properties or assets or (iv) result in a breach, termination or lapse of the corporate power and authority of the Company or any subsidiary to own or lease and operate their respective assets and properties and conduct their respective business as described in the Prospectus.

(s) The Company has not distributed and will not distribute prior to the Time of Delivery any offering material in connection with the offering and sale of the Shares other than the Registration Statement, a Preliminary Prospectus, the Prospectus and other material, if any, permitted by the Act.

(t) The Company and the Bank have not, and its officers, directors or affiliates have not (i) taken, directly or indirectly, any action designed to cause or result in, or that has constituted or might reasonably be expected to constitute, the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Shares or (ii) except pursuant to this Agreement, since the filing of the Registration Statement (A) sold, bid for, purchased or paid anyone any compensation for soliciting purchases of, the Shares or (B) paid or agreed to pay to any person any compensation for soliciting another to purchase any other securities of the Company.

(u) The Company has not been advised, and has no reason to believe, that either it or any of its subsidiaries is not conducting business in compliance with applicable laws, rules, and regulations of the jurisdictions in which it is conducting business, including, without limitation, all applicable

local, state and federal environmental laws and regulations; except where failure to be so in compliance would not materially adversely affect the condition (financial or otherwise), business, or results of operations of the Company and its subsidiaries, taken as a whole.

(v) The Company or its subsidiaries own or possess adequate right to use all material patents, patent applications, trademarks, trademark applications, trade names, service marks, copyrights, franchises, trade secrets, proprietary or other confidential information and intangible properties and assets (collectively, "Intangibles"), the loss of any of which would have a material adverse effect on the financial position, results of operations or business of the Company and its subsidiaries taken as a whole; and, neither the Company nor any subsidiary has infringed or is infringing, and neither the Company nor any subsidiary has received notice of infringement with respect to, asserted Intangibles of others.

(w) The Company and its subsidiaries have filed all foreign, federal, state and local tax returns that are required to be filed by them and have paid all taxes shown as due on such returns as well as all other taxes, assessments and governmental charges that are due and payable; and no material deficiency with respect to any such return has been assessed or proposed.

(x) Except for such plans that are expressly disclosed in the Prospectus, the Company and its subsidiaries do not maintain, contribute to or have any material liability with respect to any employee benefit plan, profit sharing plan, employee pension benefit plan, employee welfare benefit plan, equity-based plan or deferred compensation plan or arrangement ("Plans") that are subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended, or the rules and regulations thereunder ("ERISA"). All Plans are in compliance in all material respects with all applicable laws, including but not limited to ERISA and the Internal Revenue Code of 1986, as amended (the "Code"), and have been operated and administered in all material respects in accordance with their terms. No Plan is a defined benefit plan or multi employer plan. The Company does not provide retiree life and/or retiree health benefits or coverage for any employee or any beneficiary of any employee after such employee's termination of employment, except as required by Section 4980B of the Code or under a Plan which is intended to be "qualified" under Section 401(a) of the Code. No material liability has been, or could reasonably be expected to be, incurred under Title IV of ERISA or Section 412 of the Code by any entity required to be aggregated with the Company or any of the Subsidiaries pursuant to Section 4001(b) of ERISA and/or Section 414(b) or (c) of the Code (and the regulations promulgated thereunder) with respect to any "employee pension benefit plan" which is not a Plan. As used in this subsection, the terms "defined benefit plan," "employee benefit plan," "employee pension benefit plan," "employee welfare benefit plan" and "multi employer plan" shall have the respective meanings assigned to such terms in Section 3 of ERISA.

(y) No material labor dispute exists with the Company's or any subsidiary's employees, and no such labor dispute is threatened. The Company has no knowledge of any existing or threatened labor disturbance by the employees of any of its principal agents, suppliers, contractors

or customers that would have a material adverse effect on the financial position, results of operations or business of the Company and its subsidiaries taken as a whole.

(z) The Company and its subsidiaries have received all material permits, licenses, franchises, authorizations, registrations, qualifications and approvals (collectively, "Permits") of governmental or regulatory authorities (including, without limitation, state and/or other bank or savings and loan holding company regulatory authorities) as may be required of them to own their properties and conduct their businesses in the manner described in the Prospectus, subject to such qualifications as may be set forth in the Prospectus; and the Company and its subsidiaries are operating in substantial compliance with, and have performed all of their material obligations with respect to, such Permits required under applicable laws in connection with the business and operations of the Company and its subsidiaries, and no event has occurred which allows or, after notice or lapse of time or both, would allow revocation or termination thereof or result in any other material impairment of the rights of the holder of any such Permit, subject in each case to such qualification as may be set forth in the Prospectus; and, except as described in the Prospectus, such Permits contain no restrictions that materially affect the ability of the Company and its subsidiaries to conduct their businesses and no bank or savings and loan holding company regulatory agency or body has issued any order or decree impairing, restricting or prohibiting the payment of dividends by any of its subsidiaries to the Company.

(aa) Since the date of the Prospectus the Company and each of its subsidiaries has filed, or has had filed on its behalf, on a timely basis, all materials, reports, documents and information, including but not limited to annual reports and reports of examination with each applicable bank or savings and loan regulatory authority, board or agency, which are required to be filed by it, except where the failure to have timely filed such materials, reports, documents and information would not have a material adverse effect on the financial position, results of operations or business of the Company and its subsidiaries taken as a whole.

(bb) Neither the Company, nor any subsidiary is an "investment company" or a company "controlled" by an investment company as such terms are defined in Sections 3(a) and 2(a)(9), respectively, of the Investment Company Act of 1940, as amended (the "Investment Company Act"), and, if the Company or any subsidiary conducts its business as set forth in the Registration Statement and the Prospectus, will not become an "investment company" and will not be required to register under the Investment Company Act.

3. PURCHASE AND SALE OF SHARES. Subject to the terms and conditions herein set forth, the Selling Shareholder agrees to sell to the Underwriter, and the Underwriter agrees to purchase from the Selling Shareholder, at a purchase price of [_____] Dollars and [_____] cents (\$[_____]) per share (the "Per Share Price"), the Shares.

4. OFFERING BY THE UNDERWRITER. Upon the authorization by the Underwriter of the release of the Shares, the Underwriter proposes to offer the Shares for sale upon the terms and conditions disclosed in the Prospectus.

5. DELIVERY OF SHARES; CLOSING. Certificates in definitive form for the Shares to be purchased by the Underwriter hereunder, and in such denominations and registered in such names as the Underwriter may request upon at least 48 hours' prior notice to the Company, shall be delivered by or on behalf of the Selling Shareholder to the Underwriter, against payment by the Underwriter on its behalf of the purchase price therefor by wire transfer of immediately available funds to such accounts as the Selling Shareholder shall designate in writing. The closing of the sale and purchase of the Shares shall be held at the offices of Tyler Cooper & Alcorn, LLP, CityPlace, 35th Floor, Hartford, Connecticut 06103-3488, except that physical delivery of such certificates shall be made at the office of The Depository Trust Company, 55 North Water Street, New York, New York 10041. The time and date of such delivery and payment shall be at 10:00 a.m., New York, New York time, on the fourth (4th) full business day after this Agreement is executed or at such other time and date, not later than five (5) full business days after the execution of this Agreement, as the Underwriter and the Selling Shareholder may agree upon in writing. Such time and date for delivery is herein called the "Time of Delivery." The Selling Shareholder will make such certificates available for checking and packaging at least 24 hours prior to the Time of Delivery at the office of The Depository Trust Company, 55 North Water Street, New York, New York 10041 or at such other location specified by you in writing at least 48 hours prior to the Time of Delivery.

6. COVENANTS OF THE SELLING SHAREHOLDER. The Selling Shareholder covenants and agrees with the Underwriter that:

(a) The Selling Shareholder will cooperate to the extent necessary to cause the Registration Statement, if not effective prior to the execution and delivery of this Agreement, to become effective.

(b) The Selling Shareholder will pay all federal and other taxes, if any on the transfer or sale of the Shares.

(c) The Selling Shareholder will do or perform all things required to be done or performed by the Selling Shareholder prior to the Time of Delivery to satisfy all conditions precedent to the delivery of the Shares pursuant to this Agreement.

(d) During the period beginning from the date hereof and continuing to and including the date 40 days after the date of the Prospectus, the Selling Shareholder will not, without the prior written consent of the Underwriter, directly or indirectly (i) offer, sell, contract to sell or otherwise dispose of, any shares of Common Stock or securities convertible into or exercisable or exchangeable for shares of Common Stock or (ii) enter into any swap or other agreement or any transaction that transfers, in whole or in part, the economic consequences of ownership of shares of Common Stock whether any such swap or other agreement is to be settled by delivery of shares of Common Stock, other securities, cash or otherwise.

(e) The Selling Shareholder has not taken, nor will it take, directly or indirectly, any action designed to or that might reasonably be expected to cause or result in stabilization or manipulation of the price of Common Stock to facilitate the sale or resale of the Shares.

7. COVENANTS OF THE COMPANY. The Company covenants and agrees with the Underwriter that:

(a) The Company will endeavor to cause the Registration Statement, if not effective prior to the execution and delivery of this Agreement, to become effective. If the Registration Statement has been declared effective prior to the execution and delivery of this Agreement, the Company will file the Prospectus with the Commission pursuant to and in accordance with subparagraph (1) (or, if applicable and if consented to by you, subparagraph (4)) of Rule 424(b) within the time period required under Rule 424(b) under the Act. The Company will advise you promptly of any such filing pursuant to Rule 424(b). The Company, during the period when the Prospectus is required to be delivered under the Securities Act or the Exchange Act, will file all documents required to be filed by the Company with the Commission pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act.

(b) The Company will not file with the Commission the Prospectus or the amendment referred to in Section 1(a) hereof, any amendment or supplement to the Prospectus or any amendment to the Registration Statement unless the Underwriter has received a reasonable period of time to review any such proposed amendment or supplement and consented to the filing thereof and will endeavor to cause any such amendment to the Registration Statement to be declared effective as promptly as possible. Upon the request of the Underwriter or counsel for the Underwriter, the Company will promptly prepare and file with the Commission, in accordance with the rules and regulations of the Commission, any amendments to the Registration Statement or amendments or supplements to the Prospectus that may be necessary or advisable in connection with the distribution of the Shares by the Underwriter and will endeavor to cause any such amendment to the Registration Statement to be declared effective as promptly as possible. If required, the Company will file any amendment or supplement to the Prospectus with the Commission in the manner and within the time period required by Rule 424(b) under the Act. The Company will advise the Underwriter, promptly after receiving notice thereof, of the time when the Registration Statement or any amendment thereto

has been filed or declared effective or the Prospectus or any amendment or supplement thereto has been filed and will provide evidence to the Underwriter of each such filing or effectiveness.

(c) The Company will advise the Underwriter promptly after receiving notice or obtaining knowledge of (i) when any post-effective amendment to the Registration Statement is filed with the Commission, (ii) the receipt of any comments from the Commission concerning the Registration Statement, (iii) when any post-effective amendment to the Registration Statement becomes effective, or when any supplement to the Prospectus or any amended Prospectus has been filed, (iv) the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or any part thereof or any order preventing or suspending the use of any Preliminary Prospectus or the Prospectus or any amendment or supplement thereto, (v) the suspension of the qualification of the Shares for offer or sale in any jurisdiction or of the initiation or threatening of any proceeding for any such purpose, (vi) any request made by the Commission or any securities authority of any other jurisdiction for amending the Registration Statement, for amending or supplementing the Prospectus or for additional information. The Company will use its reasonable efforts to prevent the issuance of any such stop order or suspension and, if any such stop order or suspension is issued, to obtain the withdrawal thereof as promptly as possible.

(d) If the delivery of a prospectus relating to the Shares is required under the Act at any time prior to the expiration of nine months after the date of the Prospectus and if at such time any events have occurred as a result of which the Prospectus as then amended or supplemented would include an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, or if for any reason it is necessary during such same period to amend or supplement the Prospectus, the Company will promptly notify the Underwriter and upon its request (but at the Company's expense) prepare and file with the Commission an amendment or supplement to the Prospectus that corrects such statement or omission or effects such compliance and will furnish without charge to the Underwriter and to any dealer in securities as many copies of such amended or supplemented Prospectus as the Underwriter may from time to time reasonably request.

(e) The Company will cooperate with the Underwriter in connection with the qualification or registration of the Shares for offering and sale under the securities or blue sky laws of such jurisdictions as the Underwriter may request and will continue such qualifications in effect for as long as may be necessary to complete the distribution of the Shares, provided that in connection therewith the Company shall not be required to qualify as a foreign corporation or to file a general consent to service of process in any jurisdiction. The Company will file such statements and reports as may be required by the laws of each jurisdiction in which the Shares have been qualified as above provided.

(f) The Company will promptly provide the Underwriter, without charge, (i) 2 manually executed copies of the Registration Statement as originally filed with the Commission and of each amendment thereto, including all exhibits and all documents or information incorporated by reference therein, (ii) so long as a prospectus relating to the Shares is required to be delivered under the Act, as many copies of each Preliminary Prospectus or the Prospectus or any amendment or supplement

thereto as the Underwriter may reasonably request. The terms "amendment" and "supplement" as used in this Agreement shall include all documents subsequently filed by the Company with the Commission pursuant to the Exchange Act, as amended, that are deemed to be incorporated by reference in the Prospectus.

(g) The Company will make generally available to its security holders an earnings statement of the Company as soon as practicable, but in no event later than 15 months after the end of the Company's current fiscal quarter, covering a period of at least 12 months beginning after the effective date of the Registration Statement (which need not be audited), but beginning not later than 4 months after such effective date, which will satisfy the provisions of the last subsection of Section 11(a) of the Act and Rule 158 thereunder.

(h) During the period beginning from the date hereof and continuing to and including the date 40 days after the date of the Prospectus, the Company will not, and will cause its officers and directors not to, without the prior written consent of the Underwriter, directly or indirectly (i) offer, sell, contract to sell or otherwise dispose of, any shares of Common Stock or securities convertible into or exercisable or exchangeable for shares of Common Stock or (ii) enter into any swap or other agreement or any transaction that transfers, in whole or in part, the economic consequences of ownership of shares of Common Stock whether any such swap or other agreement is to be settled by delivery of shares of Common Stock, other securities, cash or otherwise; except for the sale of the Shares hereunder and except for the issuance of Common Stock upon the exercise of stock options or warrants or the conversion of convertible securities outstanding on the date of this Agreement to the extent that such stock options, warrants and convertible securities are disclosed in the Prospectus or except for the grant to employees of stock options to purchase Common Stock.

(i) During the period of three years after the effective date of the Registration Statement, the Company will furnish to the Underwriter without charge, (i) copies of all reports or other communications (financial or other) furnished to shareholders and (ii) as soon as they are available, copies of any reports and financial statements furnished to or filed with the Commission, the NASD or any national securities exchange.

(j) Prior to the termination of the underwriting contemplated by this Agreement, neither the Company nor any of its officers, directors or affiliates will (i) take, directly or indirectly, any action designed to cause or to result in, or that might reasonably be expected to cause or result in, the stabilization or manipulation of the price of any security of the Company or (ii) sell, bid for, purchase (except pursuant to previously authorized dividend reinvestment purchases) or pay anyone any compensation for soliciting purchases of, the Shares.

(k) In case of any event, at any time within the period during which a prospectus is required to be delivered under the Act, as a result of which any Preliminary Prospectus or the Prospectus, as then amended or supplemented, would contain an untrue statement of a material fact, or omit to state any material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, or, if it is necessary at any time to amend

any Preliminary Prospectus or the Prospectus to comply with the Act or any applicable securities or blue sky laws, the Company promptly will prepare and file with the Commission, and any applicable state securities commission, an amendment, supplement or document that will correct such statement or omission or effect such compliance and will furnish to the Underwriter such number of copies of such amendment(s), supplement(s) or document(s) as the Underwriter may reasonably request. For purposes of this subsection (k), the Company will provide such information to the Underwriter, the Underwriter's counsel and counsel to the Company as shall be necessary to enable such persons to consult with the Company with respect to the need to amend or supplement the Registration Statement, any Preliminary Prospectus or the Prospectus or file any document, and shall furnish to the Underwriter and the Underwriter's counsel such further information as each may from time to time reasonably request.

8. EXPENSES.

(a) The Company and the Selling Shareholder will pay all costs and expenses incident to the performance of the obligations of the Company and the Selling Shareholder under this Agreement, whether or not the transactions contemplated hereby are consummated or this Agreement is terminated pursuant to Section 11 hereof, including, without limitation, all costs and expenses incident to (i) the printing of and mailing expenses associated with the Registration Statement, any Preliminary Prospectus, and the Prospectus and any amendments or supplements thereto, this Agreement, and related documents (collectively, the "Underwriting Documents") and the preliminary Blue Sky memorandum relating to the offering prepared by Tyler Cooper & Alcorn, LLP, counsel to the Underwriter (collectively with any supplement thereto, the "Preliminary Blue Sky Memorandum"); (ii) the fees, disbursements and expenses of the Company's counsel and accountants in connection with the registration of the Shares under the Act and all other expenses in connection with the preparation and, if applicable, filing of the Registration Statement (including all amendments thereto), any Preliminary Prospectus, the Prospectus and any amendments and supplements thereto, the Underwriting Documents and the Preliminary Blue Sky Memorandum; (iii) the delivery of copies of the foregoing documents to the Underwriter; (iv) the filing fees of the Commission and the NASD relating to the Shares; (v) the preparation, issuance and delivery to the Underwriter of any certificates evidencing the Shares, including transfer agent's and registrar's fees; (vi) the qualification of the Shares for offering and sale under state securities and blue sky laws, including filing fees and fees and disbursements of counsel for the Underwriter (and local counsel therefor) relating thereto; (vii) any expenses for travel, lodging and meals incurred by the Company and any of its officers, directors and employees in connection with any meetings with prospective investors in the Shares; (viii) the costs of advertising the offering, including, without limitation, with respect to the placement of "tombstone" advertisements in publications selected by the Underwriter; and (ix) all other costs and expenses reasonably incident to the performance of the Company's and the Selling Shareholder's obligations hereunder that are not otherwise specifically provided for in this Section 8.

(b) The Selling Shareholder agrees to pay or cause to be paid all taxes, if any, on the transfer and sale of the Shares.

9. CONDITIONS OF THE UNDERWRITER'S OBLIGATIONS. The obligations of the Underwriter hereunder to purchase and pay for the Shares to be delivered at the Time of Delivery shall be subject, in its discretion, to the accuracy of the representations and warranties of each of the Company, the Bank, and the Selling Shareholder contained herein as of the date hereof and as of the Time of Delivery, to the accuracy of the statements of the Company's officers made pursuant to the provisions hereof, to the performance by the Company and the Selling Shareholder of their respective covenants and agreements hereunder, and to the following additional conditions precedent:

(a) If the registration statement as amended to date has not become effective prior to the execution of this Agreement, such registration statement shall have been declared effective not later than 5:30 p.m. Hartford, Connecticut time, on the date of this Agreement or such later date and/or time as shall have been consented to by you in writing. If required, the Prospectus and any amendment or supplement thereto shall have been filed with the Commission pursuant to Rule 424(b) within the applicable time period prescribed for such filing and in accordance with Section 5(a) of this Agreement; no stop order suspending the effectiveness of the Registration Statement or any part thereof shall have been issued and no proceedings for that purpose shall have been instituted, threatened or, to the knowledge of the Company and the Underwriter, contemplated by the Commission; and all requests for additional information on the part of the Commission shall have been complied with to the reasonable satisfaction of the Underwriter.

(b) The Underwriter shall have received a copy of an executed lock-up agreement from the Company, the Selling Shareholder, each of the Company's officers and directors and certain shareholders of Common Stock.

(c) You shall have received an opinion, dated the Time of Delivery, of Carlton, Fields, Ward, Emmanuel, Smith & Cutler, P.A., counsel for the Company and the Selling Shareholder, in form and substance satisfactory to you and your counsel, to the effect that:

(1) The Company has been duly incorporated, is validly existing as a corporation in good standing under the laws of the State of Maine and has the corporate power and authority to own or lease its properties and conduct its business as described in the Registration Statement and the Prospectus and to enter into this Agreement and perform its obligations hereunder. The Company is duly qualified to transact business as a foreign corporation and is in good standing under the laws of each other jurisdiction in which it owns or leases property, or conducts any business, so as to require such qualification, except where the failure to so qualify would not have a material adverse effect on the financial position, results of operations or business of the Company and its subsidiaries taken as a whole.

(2) The Company's authorized, issued and outstanding capital stock is as disclosed in the Prospectus as of the date set forth therein (except for subsequent issuance, if any, pursuant to reservations, agreements, or employee benefit plans described in the Prospectus or pursuant to the exercise of convertible securities or options described in the Prospectus). All of the issued and outstanding Shares have been duly authorized and validly issued, are

fully paid and nonassessable and conform to the description of the Common Stock contained in the Prospectus. None of the Shares have been issued in violation of any statutory or any other preemptive rights of shareholders, and no person or entity (including any holder of outstanding shares of Common Stock of the Company or capital stock of its subsidiaries) has any statutory or any other preemptive or other rights to subscribe for any of the Shares.

(3) To counsel's knowledge the Company does not own or control, directly or indirectly any corporation, association, or other entity other than the subsidiaries listed in Exhibit 21.1 to the Annual Report on Form 10-K for the Company's fiscal year ended June 30, 1997 or as disclosed in the Prospectus.

(4) Except as disclosed in the Prospectus (and except for subsequent issuances of options, capital stock, or other rights under agreements, employee benefit plans, or other arrangements referred to in the Prospectus), there are, to such counsel's knowledge, no outstanding (A) securities or obligations of the Company or any of its subsidiaries convertible into or exchangeable for any capital stock of the Company or any subsidiary, (B) warrants, rights or options to subscribe for or purchase from the Company or any of its subsidiaries any such capital stock or any such convertible or exchangeable securities or obligations or (C) obligations of the Company or any of its subsidiaries to issue any shares of capital stock, any such convertible or exchangeable securities or obligations, or any such warrants, rights or options.

(5) Except as disclosed in the Prospectus, there are no contracts, agreements or understandings known to such counsel between the Company and any person granting such person the right to require the Company to file a registration statement under the Act with respect to any securities of the Company owned or to be owned by such person or, requiring the Company to include such securities in the securities registered pursuant to the Registration Statement (or any such right has been effectively waived) or requiring the registration of any securities pursuant to any other registration statement filed by the Company under the Act.

(6) To such counsel's knowledge, except as disclosed in the Registration Statement or the Prospectus, the Company is not, nor with the giving of notice or passage of time or both, would be, in material violation of its articles of incorporation or bylaws, in each case as amended to date, or, in default in any material respect under any material indenture, mortgage, deed of trust, loan agreement, lease or other agreement or instrument known to such counsel to which the Company is a party or to which any of their respective properties or assets is subject.

(7) The sale of the Shares being sold at the Time of Delivery and the performance of this Agreement and the consummation of the transactions herein contemplated will not in any respect material to the condition (financial or otherwise), business, or results of operation of the Company and its subsidiaries, taken as a whole, conflict with or violate any provision

of the articles of incorporation or bylaws of the Company or any of its subsidiaries, in each case as amended to date, or to such counsel's knowledge, any existing law, statute, rule or regulation, or in any material respect, conflict with, or (with or without the giving of notice or the passage of time or both) result in a breach or violation of any of the terms or provisions of, or constitute a default under, any indenture, mortgage, deed of trust, loan agreement, lease or other agreement or instrument known to such counsel to which the Company or any of its subsidiaries is a party or to which any of their respective properties or assets is subject, or, conflict with or violate any order, judgment or decree known to such counsel, of any court or governmental agency or body having jurisdiction over the Company or any of its subsidiaries or any of their respective properties or assets.

(8) To such counsel's knowledge, no consent, approval, authorization, order or declaration of or from, or registration, qualification or filing with, any court or governmental agency or body is required for the sale of the Shares or the consummation of the transactions contemplated by this Agreement, except such as have been or will have been obtained and are or will be in effect, and except the registration of the Shares under the Act, of Common Stock under the Exchange Act and such as may be required by the NASD or under state securities or blue sky laws in connection with the offer, sale and distribution of the Shares by the Underwriter.

(9) To such counsel's knowledge and other than as disclosed in or contemplated by the Prospectus, there is no litigation, arbitration, claim, proceeding (formal or informal) or investigation pending or threatened, in which the Company or any of its subsidiaries is a party or of which any of their respective properties or assets is the subject which, if determined adversely to the Company or any of its subsidiaries, would individually or in the aggregate have a material adverse effect on the financial position, results of operations or business of the Company and its subsidiaries taken as a whole; and, to such counsel's knowledge, neither the Company nor any of its subsidiaries is in violation of, or in default with respect to, any law, statute, rule, regulation, order, judgment or decree, except as described in the Prospectus or such as do not and will not individually or in the aggregate have a material adverse effect on the financial position, results of operations or business of the Company and its subsidiaries taken as a whole.

(10) To counsel's knowledge, the statements incorporated by reference in the Prospectus to Item 1 - Business of the Company, Form 10-K for the year ended June 30, 1997 have been reviewed by such counsel, and insofar as they refer to statements of law, descriptions of statutes, licenses, rules or regulations, or legal conclusions, are correct in all material respects.

(11) This Agreement has been duly authorized, executed and delivered by each of the Company and the Bank and, assuming due execution by the Underwriter, constitutes the valid and binding agreement of each of the Company and the Bank.

(12) To such counsel's knowledge, the Company has received all material Permits, of governmental or regulatory authorities (including, without limitation, state and/or other insurance regulatory authorities) as may be required of them to own their properties and to conduct their businesses in the manner described in the Prospectus, subject to such qualification as may be set forth in the Prospectus; to such counsel's knowledge, the Company and its subsidiaries are operating in substantial compliance with, and have performed all of their material obligations with respect to, such Permits required under applicable laws in connection with the business and operations of the Company, and no event has occurred which allows, or after notice or lapse of time or both would allow, revocation or termination thereof or result in any other material impairment of the rights of the holder of any such Permits, subject in each case to such qualifications as may be set forth in the Prospectus; and other than as described in the Prospectus, to counsel's knowledge no Permit contains any restrictions that materially affect the ability of the Company to conduct its businesses.

(13) The Registration Statement and the Prospectus and each amendment or supplement thereto (other than the financial statements, the notes and schedules thereto and other financial data included therein, to which such counsel need express no opinion), as of their respective effective or issue dates, complied as to form in all material respects with the requirements for registration statements on Form S-3 under the Act. To counsel's knowledge, the descriptions in the Registration Statement and the Prospectus of contracts and other documents are accurate and fairly present the information required to be shown; and such counsel do not know of any contracts or documents of a character required to be described in the Registration Statement or Prospectus or to be filed as exhibits to the Registration Statement which are not described and filed as required.

Such counsel shall also state that they have participated in the preparation of the Registration Statement and the Prospectus and in conferences with officers and other representatives of the Company and the Selling Shareholder, representatives of the independent public accountants for the Company, and representatives of and counsel to the Underwriter at which the contents of the Registration Statement, the Prospectus and related matters were discussed and, although such counsel has not passed upon or assumed any responsibility for the accuracy, completeness or fairness of the statements contained in the Registration Statement or the Prospectus, and although such counsel has not undertaken to verify independently the accuracy or completeness of the statements in the Registration Statement or the Prospectus, nothing has come to such counsel's attention to lead them to believe that the Registration Statement, or any further amendment thereto made prior to the Time of Delivery, on its effective date and as of the Time of Delivery, contained or contains any untrue statement of a material fact or omitted or omits to state any material fact required to be stated therein or necessary to make the statements therein, not misleading, or that the Prospectus, or any amendment or supplement thereto made prior to the Time of Delivery, as of its issue date and as of the Time of Delivery, contained or contains any untrue statement of a material fact or omitted or omits to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not

misleading (provided that such counsel need express no belief regarding the financial statements, the notes and schedules thereto and other financial data contained in the Registration Statement, any amendment thereto, or the Prospectus, or any amendment or supplement thereto).

(14) This Agreement has been duly authorized, executed and delivered by or on behalf of the Selling Shareholder.

(15) The execution and delivery by the Selling Shareholder of, and the performance by the Selling Shareholder of its obligations under, this Agreement and the Power of Attorney will not conflict or violate any provision of the articles of incorporation or bylaws or other organizational documents of the Selling Shareholder or, to counsel's knowledge, any existing law, statute, rule or regulation, or in any material respect, conflict with, or (with or without the giving of notice or the passage of time or both) result in a material breach or material violation of any of the terms or provisions of, or constitute a material default under, any material indenture, mortgage, deed of trust, loan agreement, lease or other agreement or instrument known to such counsel to which the Selling Shareholder is a party or, conflict with or violate any judgment, order or decree known to such counsel, of any governmental body, agency or court having jurisdiction over the Selling Shareholder, and no consent, approval, authorization or order of, or qualification with, any governmental body or agency is required for the performance by the Selling Shareholder of its obligations under this Agreement or the Custody Agreement or Power of Attorney except such as may be required by the securities or blue sky laws of the various states in connection with the offer and sale of the Shares.

(16) The Selling Shareholder has valid title to the Shares and the legal right and power, and all authorization and approval required by law, to enter into this Agreement and the Custody Agreement and Power of Attorney and to sell, transfer and deliver the Shares.

(17) The Power of Attorney has been duly authorized, executed and delivered by the Selling Shareholder and is a valid and binding agreement of the Selling Shareholder.

(18) Upon delivery of the certificates for the Shares properly indorsed to the Underwriter and payment of the purchase price therefor pursuant to this Agreement, assuming the Underwriter has no notice of adverse claim and is acting in good faith, title to such Shares will be passed to the Underwriter, free and clear of all liens, security interests, pledges, charges, equities, and other encumbrances, other than as created by or through the Underwriter.

In rendering any such opinion, such counsel may rely, as to matters of fact, to the extent such counsel deem proper, on certificates of officers of the Company, public officials and the Selling Shareholder and on letters from officials of the NASD. In rendering such opinion, counsel may state that they are passing only on matters of Florida state law and United States law, and may either (A) rely upon an opinion or opinions, each dated as of the

Time of Delivery of other counsel retained by them or the Company as to the laws of any jurisdiction other than the United States or the State of Florida, provided that such reliance is expressly authorized by each opinion so relied upon, and a copy of each such opinion is delivered to the Underwriter, and counsel shall state in their opinion that both they and the Underwriter are justified in relying thereon, or (B) assume that the laws of the State of Maine or the State of New York are identical to the laws of the State of Florida in all respects material to the opinion being rendered by counsel to the Company, provided that such assumption is expressly disclosed in the opinion.

(d) Tyler Cooper & Alcorn, LLP, counsel for the Underwriter, shall have furnished to you such opinion or opinions, dated the Time of Delivery, with respect to the Registration Statement, the Prospectus, and other related matters as you may reasonably request, and the Company and the Selling Shareholder shall have furnished to such counsel such documents as they request for the purpose of enabling them to pass upon such matters. Such opinion or opinions may be rendered in reliance upon the opinion of other counsel and/or assume that the laws of the States of Maine and New York are identical to the laws of the State of Connecticut in all respects material to their opinion.

(e) The Underwriter shall have received, on each of the date hereof and the Closing Date, as the case may be, in form and substance satisfactory to the Underwriter, from Baker, Newman & Noyes, Limited Liability Company, independent public accountants, a letter or letters, as the case may be, containing statements and information of the type ordinarily included in accountants' "comfort letters" to Underwriter with respect to the financial statements and certain financial information contained in the Registration Statement and Prospectus; provided that the letter or letters, as the case may be, delivered on the Closing Date shall use a "cut-off date" not earlier than the date hereof.

(f) Since the date of the latest audited financial statements included in the Prospectus, neither the Company nor any of the subsidiaries shall have sustained any change, or any development involving a prospective material change (including, without limitation, a change in management or control of the Company), in or materially affecting the position (financial or otherwise), results of operations, net worth or business prospects of the Company and its subsidiaries, otherwise than as disclosed in or contemplated by the Prospectus, the effect of which, in either such case, in your sole judgment makes it impracticable or inadvisable to proceed with the purchase, sale and delivery of the Shares being delivered at such Time of Delivery as contemplated by the Registration Statement, as amended as of the date hereof.

(g) Subsequent to the date hereof, there shall not have occurred any of the following: (i) any suspension or limitation in trading in securities generally on the American Stock Exchange or any setting of minimum prices for trading on such exchange, or in the Common Stock of the Company by the Commission or the American Stock Exchange; (ii) a moratorium on commercial banking activities in New York, Maine or Connecticut declared by either federal or state authorities; or (iii) any outbreak or escalation of hostilities involving the United States, declaration by the United States of a national emergency or war or any other national or international calamity or emergency if the

effect of any such event specified in this clause (iii) in your sole judgment makes it impracticable or inadvisable to proceed with the purchase, sale and delivery of the Shares being delivered at the Time of Delivery as contemplated by the Registration Statement, as amended as of the date hereof.

(h) Each of the Company and the Selling Shareholder shall have furnished to you at the Time of Delivery certificates of the chief executive and chief financial officers of the Company and the Selling Shareholder satisfactory to you, as to the accuracy of the respective representations and warranties of the Company and the Selling Shareholder herein at and as of the Time of Delivery with the same effect as if made at the Time of Delivery, as to the performance by each of the Company and the Selling Shareholder of all of its respective obligations hereunder to be performed at or prior to the Time of Delivery, and as to such other matters as you may reasonably request, and each of the Company and the Selling Shareholder shall have furnished or caused to be furnished certificates of such officers as to such matters as you may reasonably request.

(i) The representations and warranties of each of the Company, the Bank and the Selling Shareholder in this Agreement and in the certificates delivered by the Company and the Selling Shareholder pursuant to this Agreement shall be true and correct in all material respects when made and on and as of the Time of Delivery as if made at such time, and each of the Company, the Bank and the Selling Shareholder shall have performed all covenants and agreements and satisfied all conditions contained in this Agreement required to be performed or satisfied by each of the Company, the Bank and the Selling Shareholder at or before the Time of Delivery.

(j) The Common Stock shall continue to be listed on the American Stock Exchange.

10. INDEMNIFICATION AND CONTRIBUTION.

(a) Each of the Company and the Bank, jointly and severally, agrees to indemnify and hold harmless the Underwriter against any losses, claims, damages or liabilities, joint or several, to which the Underwriter may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon: (i) any untrue statement or alleged untrue statement made by the Company or the Bank in Sections 1 or 2 of this Agreement; (ii) any untrue statement or alleged untrue statement of any material fact contained in (A) the Registration Statement or any amendment thereto, any Preliminary Prospectus or the Prospectus or any amendment or supplement thereto, or (B) any application or other document, or amendment or supplement thereto, executed by the Company or based upon written information furnished by or on behalf of the Company filed in any jurisdiction in order to qualify the Shares under the securities or blue sky laws thereof or filed with the Commission or any securities association or securities exchange (each an "Application"); or (iii) the omission of or alleged omission to state in the Registration Statement or any amendment thereto, any Preliminary Prospectus, the Prospectus or any amendment or supplement thereto, or any Application of a material fact required to be stated therein or necessary to make the statements therein not misleading; and will reimburse the Underwriter for any legal or other expenses reasonably incurred by the Underwriter in connection with investigating, defending against or appearing as a third-party witness in connection with any such loss, claim,

damage, liability or action; provided, however, that neither the Company nor the Bank shall be liable in any such case to the extent that any such loss, claim, damage, liability or action arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in the Registration Statement or any amendment thereto, any Preliminary Prospectus, the Prospectus or any amendment or supplement thereto or any Application in reliance upon and in conformity with written information furnished to the Company by the Underwriter or the Selling Shareholder expressly for use therein (which information is solely as set forth in Section 2(c) hereof). The foregoing provisions of this paragraph applicable to the Company and the Bank shall be equally applicable to the Selling Shareholder, provided that it shall be liable only with respect to statements made by or relating to it and only to the extent of the net proceeds received by Selling Shareholder for the sale of the Shares. None of the Company, the Bank or the Selling Shareholder will without the prior written consent of the Underwriter, settle or compromise or consent to the entry of any judgment in any pending or threatened claim, action, suit or proceeding (or related cause of action or portion thereof) in respect of which indemnification may be sought hereunder (whether or not the Underwriter is a party to such claim, action, suit or proceeding), unless such settlement, compromise or consent includes an unconditional release of the Underwriter from all liability arising out of such claim, action, suit or proceeding (or related cause of action or portion thereof).

(b) The Underwriter agrees to indemnify and hold harmless the Company, the Bank and the Selling Shareholder against any losses, claims, damages or liabilities to which the Company, the Bank and the Selling Shareholder may become subject under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in the Registration Statement or any amendment thereto, any Preliminary Prospectus, the Prospectus or any amendment or supplement thereto, or any Application or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in reliance upon and in conformity with written information furnished to the Company, the Bank or the Selling Shareholder by the Underwriter expressly for use therein (which information is solely as set forth in Section 2(c) hereof); and will reimburse the Company, the Bank and the Selling Shareholder for any legal or other expenses reasonably incurred by the Company, the Bank and the Selling Shareholder in connection with investigating or defending any such loss, claim, damage, liability or action.

(c) Promptly after receipt by an indemnified party under subsection (a) or (b) above of notice of the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party under such subsection, notify the indemnifying party in writing of the commencement thereof; but the omission so to notify the indemnifying party shall not relieve the indemnifying party from any liability which it may have to any indemnified party otherwise than under such subsection (a) or (b). In case any such action shall be brought against any indemnified party and it shall notify the indemnifying party of the commencement thereof, the indemnifying party shall be entitled to participate therein and, to the extent that it shall wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel

satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party); provided, however, that if the defendants in any such action include both the indemnified party and the indemnifying party and the indemnified party shall have reasonably concluded that there may be one or more legal defenses available to it or other indemnified parties which are different from or additional to those available to the indemnifying party, the indemnifying party shall not have the right to assume the defense of such action on behalf of such indemnified party and such indemnified party shall have the right to select separate counsel to defend such action on behalf of such indemnified party. After such notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof and approval by such indemnified party of counsel appointed to defend such action, the indemnifying party will not be liable to such indemnified party under this Section 10 for any legal or other expenses, other than reasonable costs of investigation, subsequently incurred by such indemnified party in connection with the defense thereof. Nothing in this Section 10(c) shall preclude an indemnified party from participating at its own expense in the defense of any such action so assumed by the indemnifying party.

(d) If the indemnification provided for in this Section 10 is unavailable to or insufficient to hold harmless an indemnified party under subsection (a) or (b) above in respect of any losses, claims, damages or liabilities (or actions in respect thereof) referred to therein, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (or actions in respect thereof) in such proportion as is appropriate to reflect the relative benefits received by the Company and the Selling Shareholder on the one hand and the Underwriter on the other hand from the offering of the Shares. If, however, the allocation provided by the immediately preceding sentence is not permitted by applicable law or if the indemnified party failed to give the notice required under subsection (c) above, then each indemnifying party shall contribute to such amount paid or payable by such indemnified party in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Company and the Selling Shareholder on the one hand and the Underwriter on the other hand in connection with the statements or omissions that resulted in such losses, claims, damages or liabilities (or actions in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by the Company and the Selling Shareholder on the one hand and the Underwriter on the other hand shall be deemed to be in the same proportion as the total net proceeds from the offering (before deducting expenses) received by the Company and the Selling Shareholder bear to the total underwriting discounts and commissions received by the Underwriter. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company or the Selling Shareholder on the one hand or the Underwriter on the other hand and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Company and the Selling Shareholder and the Underwriter agree that it would not be just and equitable if contributions pursuant to this subsection (d) were determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to above in this subsection (d). The amount paid or payable by an indemnified party as a result of the losses, claims, damages or liabilities (or actions in respect thereof) referred to above in this subsection (d) shall be deemed to include any legal or other

expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this subsection (d), Underwriter shall not be required to contribute any amount in excess of the amount by which the total price at which the Shares underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages which the Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

(e) The obligations of the Company and the Selling Shareholder under this Section 10 shall be in addition to any liability which the Company or the Selling Shareholder may otherwise have and shall extend, upon the same terms and conditions, to each officer, director and employee of the Underwriter and to each person, if any, who controls the Underwriter within the meaning of the Act or the Exchange Act; and the obligations of the Underwriter under this Section 10 shall be in addition to any liability which the Underwriter may otherwise have and shall extend, upon the same terms and conditions, to each officer, trustee and director of the Company and to each person, if any, who controls the Company or the Selling Shareholder within the meaning of the Act or the Exchange Act.

11. TERMINATION.

(a) This Agreement may be terminated in the sole discretion of the Underwriter by notice to the Company given prior to the Time of Delivery in the event that (i) any condition to the obligations of the Underwriter set forth in Section 9 hereof has not been satisfied, or (ii) the Selling Shareholder shall have failed, refused or been unable to deliver the Shares or the Company or the Selling Shareholder shall have failed, refused or been unable to perform all obligations and satisfy all conditions on their respective parts to be performed or satisfied hereunder at or prior to the Time of Delivery, in either case other than by reason of a default by the Underwriter. If this Agreement is terminated pursuant to this Section 11(a), the Company and the Selling Shareholder will reimburse the Underwriter upon demand for all out-of-pocket expenses (including counsel fees and disbursements) that shall have been incurred by it in connection with the proposed purchase and sale of the Shares.

12. SURVIVAL. The respective indemnities, agreements, representations, warranties and other statements of the Company, its officers, the Bank, the Selling Shareholder and the Underwriter, as set forth in this Agreement or made by or on behalf of them, respectively, pursuant to this Agreement, shall remain in full force and effect, regardless of any investigation (or any statement as to the results thereof) made by or on behalf of the Underwriter or any controlling person referred to in Section 10(e) or the Company, or any officer, trustee or director or controlling person of the Company referred to in Section 10(e), and shall survive delivery of and payment for the Shares. The respective agreements, covenants, indemnities and other statements set forth in Sections 8 and 10 hereof shall remain in full force and effect, regardless of any termination or cancellation of this Agreement.

13. NOTICES. All communications hereunder shall be in writing and, if sent to the Underwriter, shall be mailed, delivered or telegraphed and confirmed in writing to you in care of Advest, Inc., One Rockefeller Center, 20th Floor, New York, New York, 10281-1013, Attention: Thomas G. Rudkin (with a copy to Tyler Cooper & Alcorn, LLP, CityPlace 35th Floor, Hartford, Connecticut 06103-3488, Attention: William W. Bouton, III, Esq.; if to the Company shall be sufficient in all respects if mailed, delivered or telegraphed and confirmed in writing to Northeast Bancorp, 252 Center Street, Auburn, Maine 04210, Attention: James D. Delamater, President (with a copy to Carlton, Fields, Ward, Emmanuel, Smith & Cutler, P.A., One Harbour Place, 777 South Harbour Island Boulevard, Tampa, Florida 33602, Attention: Richard A. Denmon, Esq.; and if to the Selling Shareholder, shall be sufficient in all respects if mailed, delivered or telegraphed and confirmed in writing to Square Lake Holding Corporation, 111 St. George Street, Suite 200, Moncton, New Brunswick, Canada, E1C 1T7, Attention: Ronald J. Goguen (with a copy to Carlton, Fields, Ward, Emmanuel, Smith & Cutler, P.A., One Harbour Place, 777 South Harbour Island Boulevard, Tampa, Florida 33602, Attention: Richard A. Denmon, Esq.)

14. BINDING EFFECT. This Agreement shall be binding upon, and inure solely to the benefit of, the Underwriter, the Company, the Bank and the Selling Shareholder and to the extent provided in Sections 10 and 12 hereof, the officers, trustees, directors and employees and controlling persons referred to therein and their respective heirs, executors, administrators, successors and assigns, and no other person shall acquire or have any right under or by virtue of this Agreement. No purchaser of any of the Shares from the Underwriter shall be deemed a successor or assign by reason merely of such purchase.

15. GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the laws of the State of New York without giving effect to any provisions regarding conflicts of laws.

16. COUNTERPARTS. This Agreement may be executed by any one or more of the parties hereto in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same instrument.

17. EFFECTIVE DATE. This Agreement shall become effective immediately on the date hereof.

If the foregoing is in accordance with your understanding of our agreement, please sign and return to us one of the counterparts hereof, and upon the acceptance hereof by the Underwriter, this letter will constitute a binding agreement among the Underwriter, the Company, the Bank and the Selling Shareholder.

Very truly yours,

NORTHEAST BANCORP

By: _____
Name:
Title:

NORTHEAST BANK, F.S.B.

By: _____
Name:
Title:

SQUARE LAKE HOLDING CORPORATION

By: _____
Name:
Title:

The foregoing Agreement is hereby confirmed and accepted as of the date first written above at Hartford, Connecticut.

ADVEST, INC.

By: _____
Name:
Title:

EXHIBIT A

SUBSIDIARIES

1. Northeast Bank, F.S.B.

INDEPENDENT ACCOUNTANT'S CONSENT

We consent to the reference to our firm under the caption "Experts" in the Registration Statement (Form S-3 No. 333-53313) and related Prospectus of Northeast Bancorp for the registration of 350,000 shares of its common stock and to the incorporation by reference therein of our report dated August 6, 1997, with respect to the consolidated financial statements of Northeast Bancorp included in its Annual Report on Form 10-K for the year ended June 30, 1997 and our report dated August 6, 1997, with respect to the supplemental consolidated financial statements of Northeast Bancorp included in its Current Report on Form 8-K dated May 14, 1998, filed with the Securities and Exchange Commission.

Portland, Maine
June 15, 1998

/s/ Baker Newman & Noyes
Limited Liability Company

[SCHATZ FLETCHER & ASSOCIATES LETTERHEAD]

INDEPENDENT ACCOUNTANT'S CONSENT

We consent to the reference to our firm under the caption "Experts" and to the use of our reports dated January 29, 1997, with respect to the financial statements of Cushnoc Bank and Trust Company in the Registration Statement (Form S-3) and related Prospectus of Northeast Bancorp for the registration of 350,000 shares of its common stock.

/s/ Schatz, Fletcher & Associates

Augusta, Maine
June 15, 1998