

Northeast Bancorp (NASDAQ: NBN; Lewiston, ME) Closes Private Placement of \$15.05 Million of Subordinated Notes due 2026

Sandler O'Neill + Partners, L.P. served as exclusive placement agent for this offering.

This transaction is the 69th subordinated note or senior note transaction for a community bank since January 1, 2014 in which Sandler O'Neill acted as a placement agent, sole underwriter, book runner, or initial purchaser.¹ Sandler O'Neill's market share during this period, based on transactions reported in SNL Financial, is greater than 50%.²

About the Offering:

LEWISTON, ME — Northeast Bancorp (NASDAQ: NBN) (the "Company"), a Maine-based full-service financial services company and parent of Northeast Bank, announced today it has completed a private placement of \$15,050,000 in aggregate principal amount of fixed-to-floating rate subordinated notes (the "Notes") to certain qualified institutional investors. Unless earlier redeemed, the Notes mature on July 1, 2026.

The Notes were designed to qualify as Tier 2 capital under the Federal Reserve's capital guidelines. The Company intends to use the net proceeds of the offering for general corporate purposes, including loan growth, additional liquidity and working capital.

"This offering allows us to diversify our capital mix with a source of non-dilutive, low-cost capital," stated Richard Wayne, President and Chief Executive Officer of the Company. "The proceeds of the offering will allow us to continue to implement our growth strategy and to better serve the diverse financial needs of our customer base."

This announcement is for informational purposes only and does not constitute an offer to sell or the solicitation of an offer to buy securities.

About the Company:

Northeast Bancorp is the holding company for Northeast Bank, a full-service bank headquartered in Lewiston, Maine. NBN offers traditional banking services through the Community Banking Division, which operates ten full-service branches that serve customers located in western, central, and southern Maine. From its Maine and Boston locations, Northeast Bancorp also lends throughout the New England area. Its Loan Acquisition and Servicing Group purchases and originates commercial loans on a nationwide basis. In addition, its SBA National Division supports the needs of growing businesses nationally. ableBanking, a Division of Northeast Bank, offers savings products to consumers online.

- (1) Source: Sandler O'Neill + Partners. Deal count includes nationwide subordinated debt and senior note offerings since 1/1/2014 for banks or bank holding companies with less than \$25 billion in assets.
- (2) Source: SNL Financial. Aggregate deal count used in market share calculation includes nationwide subordinated debt and senior note offerings since 1/1/2014 for banks or bank holding companies with less than \$25 billion in assets that have reported book-running managers or placement agents. Sandler O'Neill transactions used to calculate market share are those in which Sandler O'Neill acted as either a book-runner or placement agent.
- (3) Financial data not pro forma for the offering.

June 29, 2016

6.75% Fixed-to-Floating Rate
Subordinated Notes due 2026
\$15.05 Million



Exclusive Placement Agent
SANDLER O'NEILL + PARTNERS

Financial Highlights as of March 31, 2016³

Dollars in Millions

Total Assets	\$922.7
Gross Loans	\$699.1
Total Deposits	\$752.9
Total Equity	\$114.5
Leverage Ratio	13.57%
Tier 1 Risk-Based Capital Ratio	17.47%
Total Risk-Based Capital Ratio	17.79%
Tang. Common Equity / Tang. Assets	12.24%

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