



## First Quarter 2011 Financial Results



### Board of Directors

Stuart G. Smith  
*Chairman of the Board*  
Katherine M. Boyd  
Daniel R. Daigneault  
Robert B. Gregory  
Tony C. McKim  
Carl S. Poole, Jr.  
Mark N. Rosborough  
David B. Soule, Jr.  
Bruce B. Tindal

### Executive Officers

Daniel R. Daigneault  
*President & Chief Executive Officer*  
Tony C. McKim  
*Executive Vice President & Chief Operating Officer*  
F. Stephen Ward  
*Executive Vice President & Chief Financial Officer*  
Charles A. Wootton  
*Executive Vice President & Clerk*

### Corporate Counsel

Pierce Atwood  
Portland, Maine

### Independent Auditors

Berry, Dunn, McNeil & Parker  
Portland, Maine

The First Bancorp  
P.O. Box 940, Damariscotta, Maine 04543  
207.563.3195



April 29, 2011

Dear First Bancorp Shareholder:

I am pleased to report the cash dividend for the first quarter of 2011 is \$0.195 per share, which is level with the dividend declared in the fourth quarter of 2010. On an annualized basis, the quarterly dividend of \$0.195 per share amounts to \$0.78 per share and represents a yield of 5.11% based on the \$15.25 closing price on March 31, 2011. We are pleased to be able to continue paying this attractive cash dividend.

The Company posted unaudited net income for the quarter ended March 31, 2011 of \$3.1 million, an increase of \$459,000 from the first quarter of 2010, and earnings per common share on a fully diluted basis of \$0.29, up \$0.05 or 20.8% from the same period in 2010. Compared to the previous quarter, net income was up \$66,000 or 2.1% and earnings per common share on a fully diluted basis were up \$0.01 to \$0.29 from \$0.28.

Our first quarter results were quite good with nice growth in earnings and relatively stable credit quality. Non-performing loans stood at 2.51% of total loans as of March 31, 2011, up slightly from 2.39% at year end and 2.46% a year ago. Net chargeoffs were \$1.4 million, a decrease from the \$1.8 million recorded in the first quarter of 2010. With lower level of loan losses, we were able to decrease the provision for loan losses to \$2.1 million in this quarter compared to \$2.4 million in the first quarter of 2010.

As for our balance sheet, total assets increased \$37.2 million since year end 2010 with the loan portfolio accounting for \$7.1 million of that increase and the remaining amount coming from the investment portfolio. We are especially pleased that we have been able to increase our earning assets this quarter, and this was responsible for the \$533,000 improvement in net interest income on a tax-equivalent basis compared to the same period in 2010.

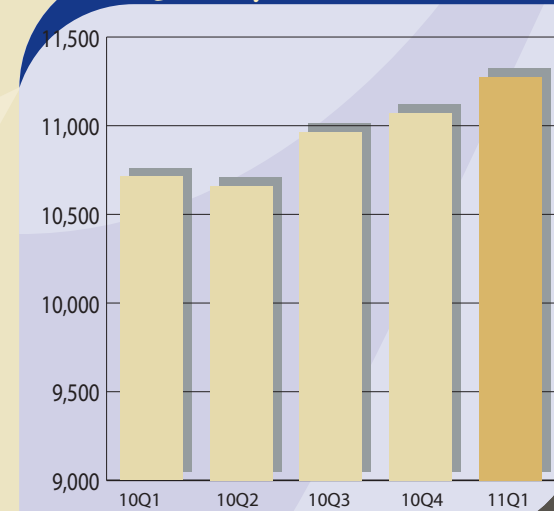
We also continue to remain well capitalized, which has been a top priority for the Company for the past two years. Total risk-based capital ended the quarter in excess of 16.0%, well above the well-capitalized threshold of 10.0% set by the FDIC.

We appreciate your continued support and confidence in the First Bancorp.

Very truly yours,

Daniel R. Daigneault  
President & Chief Executive Officer

### Quarterly Net Interest Income



**Consolidated Balance Sheets** *(Unaudited)*

<i>In thousands of dollars, except per share data</i>	3/31/2011	12/31/2010	3/31/2010
<b>Assets</b>			
Cash and due from banks	\$ 13,700	\$ 13,838	\$ 11,731
Time deposits in other banks	100	100	-
Securities available for sale	325,451	293,229	131,441
Securities to be held to maturity	109,936	107,380	165,024
Federal Home Loan Bank and Federal Reserve Bank stock, at cost	15,443	15,443	15,443
Loans held for sale	450	2,806	4,152
Loans	894,684	887,596	935,008
Less allowance for loan losses	14,000	13,316	14,283
Net loans	880,684	874,280	920,725
Accrued interest receivable	6,236	5,263	6,110
Premises and equipment	18,685	18,980	18,069
Other real estate owned	4,575	4,929	6,351
Goodwill	27,684	27,684	27,684
Other assets	28,094	29,870	29,814
<b>Total assets</b>	<b>\$ 1,431,038</b>	<b>\$ 1,393,802</b>	<b>\$ 1,336,544</b>
<b>Liabilities</b>			
Demand deposits	\$ 67,502	\$ 74,032	\$ 61,371
NOW deposits	120,045	119,823	111,965
Money market deposits	73,766	71,604	84,694
Savings deposits	108,359	100,870	94,833
Certificates of deposit	680,585	608,189	586,317
Total deposits	1,050,257	974,518	939,180
Borrowed funds	217,534	257,330	236,913
Other liabilities	11,703	12,106	11,909
Total Liabilities	1,279,494	1,243,954	1,188,002
<b>Shareholders' equity</b>			
Preferred stock	24,729	24,705	24,631
Common stock	98	98	98
Additional paid-in capital	45,551	45,474	45,209
Retained earnings	82,623	81,701	78,919
Net unrealized loss on securities available-for-sale	(1,389)	(2,057)	(108)
Net unrealized loss on postretirement benefit costs	(68)	(73)	(207)
Total shareholders' equity	151,544	149,848	148,542
<b>Total liabilities &amp; shareholders' equity</b>	<b>\$ 1,431,038</b>	<b>\$ 1,393,802</b>	<b>\$ 1,336,544</b>
<b>Common Stock</b>			
Number of shares authorized	18,000,000	18,000,000	18,000,000
Number of shares issued and outstanding	9,786,964	9,773,025	9,751,474
Book value per share	\$ 12.96	\$ 12.80	\$ 12.71
Tangible book value per share	\$ 10.13	\$ 9.97	\$ 9.87
Leverage capital ratio (2011 estimated)	8.91%	9.30%	9.33%
Total risk-based capital ratio (2011 estimated)	16.14%	16.23%	15.30%

**Consolidated Statements of Income** *(Unaudited)*

<i>In thousands of dollars, except per share data</i>	For the quarters ended	
	3/31/2011	3/31/2010
<b>Interest income</b>		
Interest and fees on loans	\$ 10,173	\$ 11,150
Interest on deposits with other banks	2	2
Interest and dividends on investments	4,079	2,981
Total interest income	14,254	14,133
<b>Interest expense</b>		
Interest on deposits	2,563	2,480
Interest on borrowed funds	1,186	1,632
Total interest expense	3,749	4,112
Net interest income	10,505	10,021
Provision for loan losses	2,100	2,400
Net interest income after provision for loan losses	8,405	7,621
<b>Non-interest income</b>		
Investment management and fiduciary income	424	411
Service charges on deposit accounts	640	709
Net securities gains	-	2
Mortgage origination and servicing income	459	278
Other operating income	754	775
Total non-interest income	2,277	2,175
<b>Non-interest expense</b>		
Salaries and employee benefits	3,077	2,745
Occupancy expense	449	394
Furniture and equipment expense	550	581
FDIC insurance premiums	401	475
Net securities losses	-	-
Other than temporary impairment charge	-	-
Amortization of identified intangibles	71	71
Other operating expense	1,940	2,016
Total non-interest expense	6,488	6,282
Income before income taxes	4,194	3,514
Applicable income taxes	1,051	830
Net income	\$ 3,143	\$ 2,684
Less preferred stock dividends and amortization	337	337
Net income available to common shareholders	\$ 2,806	\$ 2,347
Basic earnings per share	\$ 0.29	\$ 0.24
Diluted earnings per share	\$ 0.29	\$ 0.24
Closing market price per share	\$ 15.25	\$ 15.94
<b>Financial Ratios</b>		
Return on average tangible common equity	11.43%	11.15%
Net interest margin tax equivalent	3.40%	3.51%
Efficiency ratio	48.28%	49.06%