



**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



*First Quarter 2010*  
**Financial Results**



April 30, 2010

Dear First Bancorp Shareholder:

I am pleased to report the cash dividend for the first quarter of 2010 is \$0.195 per share, which is level with the dividend declared in the fourth quarter of 2009. On an annualized basis, the quarterly dividend of \$0.195 per share amounts to \$0.78 per share and represents a yield of 4.89% based on the \$15.94 per share closing price on March 31, 2010. This is an attractive return especially in this low interest rate environment.

The Company posted unaudited net income for the quarter ended March 31, 2010 of \$2.7 million, an increase of \$22,000 or 0.8% from the fourth quarter of 2009 with earnings per common share on a fully diluted basis even with the previous quarter at \$0.24. Compared to the first quarter in 2009, net income was down \$1.0 million or 28.0% and earnings per common share on a fully diluted basis were down \$0.13 or 35.1%.

While our earnings remain healthy, managing the risk profile of the Bank was the primary focus in the first quarter. Credit risk remains our greatest concern, with high unemployment and a weak real estate market resulting in continued elevated levels of past-due loans, non-performing loans and other real estate owned. As a mitigant to elevated credit risk, we have taken steps to reduce other risks, such as interest rate risk and liquidity risk. Reducing these risks came at a cost, however, which had an impact on our first quarter operating results.

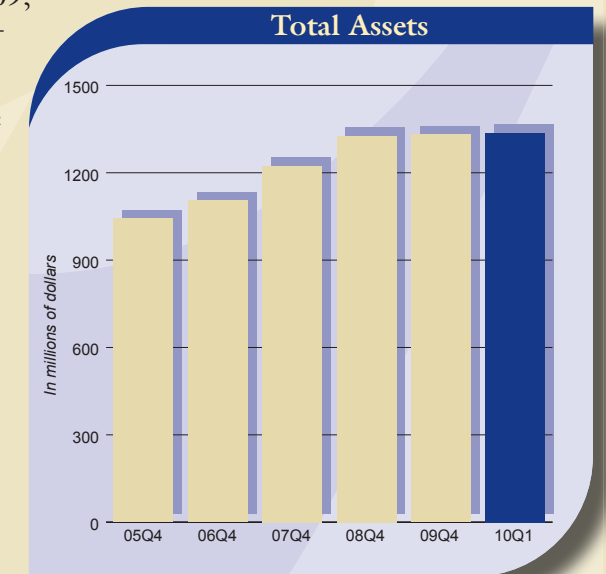
We also provisioned \$2.4 million for loan losses in the first quarter of 2010, up \$750,000 from the first quarter of 2009. As a result, the allowance for loan losses increased \$646,000 or 4.7% in the first quarter and now stands at 1.53% of outstanding loans compared to 1.43% as of December 31, 2009 and 0.99% at March 31, 2009. Non-performing loans stood at 2.46% of total loans on March 31, 2010 compared to 1.95% of total loans at December 31, 2009 and 1.32% on March 31, 2009. Net chargeoffs for the first three months of 2010 were \$1.8 million or 0.76% of average loans on an annualized basis.

Although the weak economy is presenting continued economic challenges, The First Bancorp's performance continues to be much stronger than our peers. We remain very well-capitalized and we have been able to maintain our quarterly dividend at \$0.195 per share, which we feel is important to our shareholders.

We appreciate your continued support and confidence.

Very truly yours,

Daniel R. Daigneault  
President & Chief Executive Officer



### Consolidated Balance Sheets (Unaudited)

<i>In thousands of dollars, except per share data</i>	3/31/2010	12/31/2009	3/31/2009
<b>Assets</b>			
Cash and due from banks	\$ 11,731	\$ 15,332	\$ 15,815
Securities available for sale	131,441	81,838	11,891
Securities to be held to maturity	165,024	190,537	297,215
Federal Home Loan Bank and Federal Reserve Bank stock, at cost	15,443	15,443	14,693
Loans held for sale	4,152	2,876	1,949
Loans	935,008	952,492	990,014
Less allowance for loan losses	14,283	13,637	9,805
Net loans	920,725	938,855	980,209
Accrued interest receivable	6,110	4,889	7,077
Premises and equipment	18,069	18,331	18,860
Other real estate owned	6,351	5,345	2,652
Goodwill	27,684	27,684	27,684
Other assets	29,814	30,264	20,455
<b>Total assets</b>	<b>\$ 1,336,544</b>	<b>\$ 1,331,394</b>	<b>\$ 1,398,500</b>
<b>Liabilities</b>			
Demand deposits	\$ 61,371	\$ 66,317	\$ 56,162
NOW deposits	111,965	114,955	103,711
Money market deposits	84,694	94,425	111,904
Savings deposits	94,833	90,873	86,130
Certificates of deposit	228,670	212,893	246,464
Certificates of deposit \$100,000 to \$250,000	314,010	287,051	307,999
Certificates \$250,000 and over	43,637	56,153	75,070
Total deposits	939,180	922,667	987,440
Borrowed funds	236,913	249,778	254,124
Other liabilities	11,909	11,011	12,336
Total Liabilities	1,188,002	1,183,456	1,253,900
<b>Shareholders' equity</b>			
Preferred stock	24,631	24,606	24,532
Common stock	98	97	97
Additional paid-in capital	45,209	45,121	44,799
Retained earnings	78,919	78,450	75,766
Net unrealized loss on securities available-for-sale	(108)	(125)	(328)
Net unrealized loss on postretirement benefit costs	(207)	(211)	(266)
Total shareholders' equity	148,542	147,938	144,600
<b>Total liabilities &amp; shareholders' equity</b>	<b>\$ 1,336,544</b>	<b>\$ 1,331,394</b>	<b>\$ 1,398,500</b>
<b>Common Stock</b>			
Number of shares issued and outstanding	9,751,474	9,744,170	9,711,805
Book value per share	\$12.71	\$12.66	\$12.36
Tangible book value per share	\$ 9.87	\$ 9.82	\$ 9.51
Leverage capital ratio	9.10%	9.44%	8.71%
Total risk-based capital ratio (2010 estimated)	14.90%	14.96%	14.10%

### Consolidated Statements of Income (Unaudited)

<i>In thousands of dollars, except per share data</i>	For the Quarters Ended		
	3/31/2010	12/31/2009	3/31/2009
<b>Interest income</b>			
Interest and fees on loans	\$ 11,150	\$ 11,573	\$ 12,927
Interest on deposits with other banks	2	-	-
Interest and dividends on investments	2,981	2,903	3,691
Total interest income	14,133	14,476	16,618
<b>Interest expense</b>			
Interest on deposits	2,480	2,469	3,645
Interest on borrowed funds	1,632	1,679	1,900
Total interest expense	4,112	4,148	5,545
Net interest income	10,021	10,328	11,073
Provision for loan losses	2,400	4,500	1,650
Net interest income after provision for loan losses	7,621	5,828	9,423
<b>Non-interest income</b>			
Investment management and fiduciary income	411	333	325
Service charges on deposit accounts	709	762	558
Net securities gains	2	-	-
Mortgage origination and servicing income	278	428	681
Other operating income	775	2,706	1,022
Total non-interest income	2,175	4,229	2,586
<b>Non-interest expense</b>			
Salaries and employee benefits	2,745	2,941	2,589
Occupancy expense	394	398	441
Furniture and equipment expense	581	573	569
FDIC insurance premiums	475	390	362
Net securities losses	-	3	142
Other than temporary impairment charge	-	-	916
Amortization of identified intangibles	71	70	71
Other operating expense	2,016	2,391	1,697
Total non-interest expense	6,282	6,766	6,787
Income before income taxes	3,514	3,291	5,222
Applicable income taxes	830	629	1,494
Net income	\$ 2,684	\$ 2,662	\$ 3,728
Less preferred stock dividends and amortization	337	337	150
Net income available to common shareholders	\$ 2,347	\$ 2,325	\$ 3,578
Basic earnings per share	\$ 0.24	\$ 0.24	\$ 0.37
Diluted earnings per share	\$ 0.24	\$ 0.24	\$ 0.37
Closing market price per share	\$ 15.94	\$ 15.42	\$ 15.86
<b>Financial Ratios</b>			
Return on average tangible equity	11.20%	10.87%	16.43%
Net interest margin tax equivalent	3.51%	3.54%	3.68%
Efficiency ratio	49.06%	44.46%	40.12%