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Katherine M. Boyd
Daniel R. Daigneault
Robert B. Gregory
Tony C. McKim
Carl S. Poole, Jr.
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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
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Third Quarter 2011
Financial Results



October 28, 2011

Dear First Bancorp Shareholder:

I am pleased to report the cash dividend for the third quarter of 2011 is \$0.195 per share, which is level with the dividend declared in the second quarter of 2011. On an annualized basis, the quarterly dividend of \$0.195 per share amounts to \$0.78 per share and represents a yield of 6.20% based on the \$12.59 closing price on September 30, 2011. We are pleased to be able to continue with this attractive cash dividend.

The Company posted unaudited net income of \$9.3 million for the nine months ended September 30, 2011. This represented an increase of \$302,000 or 3.3% from the same period in 2010. Earnings per common share on a fully diluted basis were \$0.85, up \$0.03 or 3.7% from the first nine months of 2010. One of the drivers in this earnings increase was net interest income which was up by \$996,000 or 3.1% on a tax equivalent basis, all attributed to increased volume. Total assets have increased \$33.2 million since year end and \$52.4 million during the past year. We offset the year-to-date decline in the loan portfolio by adding to the investment portfolio, which has increased \$55.9 million in 2011 and \$103.1 million over the past year. Low-cost deposits continue to do well – the usual seasonal drop in the winter months was much less in 2011 than in prior years – and they are up \$38.3 million year-to-date and \$25.6 million over the past year.

I am very pleased to note that in August the Company repaid \$12.5 million of preferred stock issued by the U.S. Treasury under its Capital Purchase Program. We received regulatory approval for this transaction based on the Company's continued strong capital ratios after the repayment, and almost all of the repayment was made from retained earnings accumulated since the preferred stock was issued in 2009. As of September 30, 2011, the Company's estimated leverage capital ratio was 8.01%, and the estimated tier one and tier two risk-based capital ratios were 13.83% and 15.08%, respectively, all well above the FDIC minimum requirements to be considered "well-capitalized".

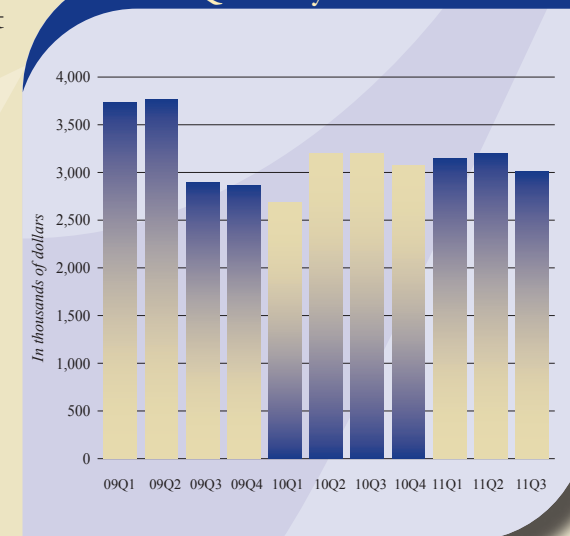
Credit quality has been relatively stable over several quarters. Net chargeoffs of \$3.6 million year-to-date were 0.54% of average loans on an annualized basis, down from net chargeoffs of \$5.7 million or 0.81% of average loans for the first nine months of 2010. We provisioned \$5.6 million for loan losses year-to-date, down \$700,000 from the provision in the same period in 2010, and the allowance for loan losses increased \$2.0 million since year-end. The allowance as a percentage of loans increased to 1.76%, up from 1.70% at previous quarter end, 1.50% at year-end and 1.55% a year ago. Non-performing loans stood at 2.42% of total loans as of September 30, 2011, compared to 2.39% at year-end and 2.36% a year ago.

Overall, a relatively stable performance in challenging economic times. We appreciate your support of The First Bancorp.

Very truly yours,

Daniel R. Daigneault
President & Chief Executive Officer

Quarterly Net Income



Consolidated Balance Sheets (Unaudited)

<i>In thousands of dollars, except per share data</i>	9/30/2011	12/31/2010	9/30/2010
Assets			
Cash and due from banks	\$ 16,563	\$ 13,838	\$ 13,880
Time deposits in other banks	100	100	-
Securities available for sale	326,782	293,229	232,075
Securities to be held to maturity	129,699	107,380	121,341
Federal Home Loan Bank and Federal Reserve Bank stock, at cost	15,443	15,443	15,443
Loans held for sale	230	2,806	1,031
Loans	868,573	887,596	918,538
Less allowance for loan losses	15,319	13,316	14,245
Net loans	853,254	874,280	904,293
Accrued interest receivable	5,018	5,263	5,445
Premises and equipment	18,872	18,980	18,458
Other real estate owned	6,310	4,929	5,338
Goodwill	27,684	27,684	27,684
Other assets	27,083	29,870	29,636
Total assets	\$ 1,427,038	\$ 1,393,802	\$ 1,374,624
Liabilities			
Demand deposits	\$ 88,472	\$ 74,032	\$ 80,695
NOW deposits	130,522	119,823	123,899
Money market deposits	77,736	71,604	69,119
Savings deposits	114,079	100,870	102,911
Certificates of deposit	594,085	608,189	610,308
Total deposits	1,004,894	974,518	986,932
Borrowed funds	255,616	257,330	222,672
Other liabilities	15,990	12,106	12,790
Total Liabilities	1,276,500	1,243,954	1,222,394
Shareholders' equity			
Preferred stock	12,278	24,705	24,680
Common stock	98	98	98
Additional paid-in capital	45,706	45,474	45,385
Retained earnings	84,360	81,701	80,843
Net unrealized gain (loss) on securities available-for-sale	8,155	(2,057)	1,421
Net unrealized loss on postretirement benefit costs	(59)	(73)	(197)
Total shareholders' equity	150,538	149,848	152,230
Total liabilities & shareholders' equity	\$ 1,427,038	\$ 1,393,802	\$ 1,374,624
Common Stock			
Number of shares authorized	18,000,000	18,000,000	18,000,000
Number of shares issued and outstanding	9,800,507	9,773,025	9,765,631
Book value per share	\$14.11	\$12.80	\$13.06
Tangible book value per share	\$11.28	\$9.97	\$10.23
Leverage capital ratio (2011 estimated)	8.01%	9.30%	9.20%
Total risk-based capital ratio (2011 estimated)	15.08%	16.23%	15.98%

Consolidated Statements of Income (Unaudited)

<i>In thousands of dollars, except per share data</i>	For the nine months ended		For the quarters ended	
	9/30/2011	9/30/2010	9/30/2011	9/30/2010
Interest income				
Interest and fees on loans	\$ 30,088	\$ 33,342	\$ 9,960	\$ 11,136
Interest on deposits with other banks	-	5	-	3
Interest and dividends on investments	12,058	9,571	3,938	3,431
Total interest income	42,146	42,918	13,898	14,570
Interest expense				
Interest on deposits	7,478	7,699	2,397	2,648
Interest on borrowed funds	3,715	4,988	1,273	1,669
Total interest expense	11,193	12,687	3,670	4,317
Net interest income	30,953	30,231	10,228	10,253
Provision for loan losses	5,600	6,300	1,500	1,800
Net interest income after provision for loan losses	25,353	23,931	8,728	8,453
Non-interest income				
Investment management and fiduciary income	1,140	1,116	358	329
Service charges on deposit accounts	2,032	2,194	681	689
Net securities gains	237	2	8	-
Mortgage origination and servicing income	845	906	193	293
Other operating income	2,337	2,306	840	756
Total non-interest income	6,591	6,524	2,080	2,067
Non-interest expense				
Salaries and employee benefits	9,255	8,662	3,250	3,109
Occupancy expense	1,194	1,129	367	353
Furniture and equipment expense	1,665	1,671	554	550
FDIC insurance premiums	1,104	1,428	298	476
Net securities losses	-	-	-	-
Other than temporary impairment charge	-	-	-	-
Amortization of identified intangibles	212	213	71	71
Other operating expense	6,239	5,302	2,394	1,669
Total non-interest expense	19,669	18,405	6,934	6,228
Income before income taxes	12,275	12,050	3,874	4,292
Applicable income taxes	2,934	3,011	868	1,097
Net income	\$ 9,341	\$ 9,039	\$ 3,006	\$ 3,195
Less preferred stock dividends and amortization	1,027	1,011	353	337
Net income available to common shareholders	\$ 8,314	\$ 8,028	\$ 2,653	\$ 2,858
Basic earnings per share	\$0.85	\$0.82	\$0.27	\$0.29
Diluted earnings per share	\$0.85	\$0.82	\$0.27	\$0.29
Closing market price per share	\$ 12.59	\$ 13.83	\$ 12.59	\$ 13.83
Financial Ratios				
Return on average tangible equity	10.94%	12.23%	10.25%	12.60%
Net interest margin tax equivalent	3.29	3.39%	3.24%	3.36%
Efficiency ratio	49.30%	47.68%	53.06%	48.11%