THE FIRST BANCORP

The First Bancorp
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FNLC NASDAQ LISTED

Third Quarter 2009

Financial Results

THE FIRST BANCORP

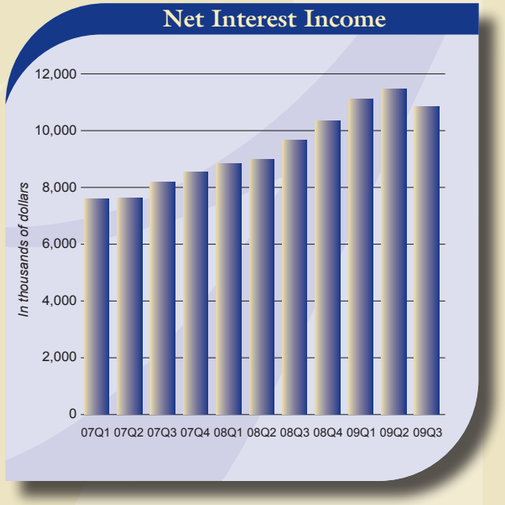
October 30, 2009

Dear First Bancorp Shareholder:

I am pleased to report that the cash dividend for the third quarter of 2009 has been maintained at $0.195 per share and it is at the same level it has been over the past four quarters. On an annualized basis, the $0.78 dividend per share represents a yield of 4.19% based on the $18.60 closing price of the stock on September 30, 2009. This is a very generous dividend yield given the current low interest rate environment we are in. We are pleased we have been able to maintain the dividend given the challenges that have faced the banking industry and the financial markets over the past few quarters.

The Company posted unaudited net income of $10.4 million for the nine months ended September 30, 2009, down $646,000 or 5.9% from the $11.0 million earned for the same period in 2008. For the quarter ended September 30, 2009, net income was $2.9 million, a decrease of $942,000 from the third quarter of 2008.

On a positive note, net interest income which is derived from our core banking business was up $5.9 million or 21.7% for the first nine months of 2009 compared to the same period in 2008. This strong performance reflects the strength of our revenue foundation. However, this increase in revenues has been offset by additional loan loss provisions to cover actual loan losses of $3.7 million and a $4.0 million net increase in the allowance for loan losses, an increase in FDIC insurance premiums and losses in corporate securities portfolio.



We have seen continued deterioration in credit quality of the loan portfolio. With prolonged broad-based weakness in the economy, an extended slump in the housing market and unemployment at 9.8%, which is at the highest level it has been since 1983, we are in the longest and the worst recession since the Great Depression. Not reflected in these unemployment numbers is the number of people who have experienced reduced incomes from wage cutbacks and loss of overtime. In our marketplace, many people are self-employed and are also experiencing a decline in business revenues impacting their individual incomes as well.

All of these factors have contributed to an increase in the Company's non-performing loans which stood at 1.80% of total loans as of September 30, 2009, compared to 1.57% as of June 30, 2009. Given the increase in non-performing loans and the continued weaknesses in the economy, we provisioned $7.7 million to the allowance for loan losses during the first nine months of 2009 compared to $2.3 million for the same period in 2008. As a result, the allowance for loan losses has increased by $4.0 million year-to-date and is now at $12.8 million or 1.31% of total loans compared to 1.20% at the end of June 2009.

Overall, we are pleased with the results thus far for 2009. The level of loan losses is elevated due to the weak economy and reduced real estate values; however, the Company has been in a position to cover the losses through increased revenues. Our return on average tangible equity remains very strong at 14.76% and the total risk-based capital ratio at 14.90% is well above the well-capitalized threshold of 10.00% set by the FDIC.

Sincerely,

Daniel R. Daigneault
President & Chief Executive Officer

Consolidated Balance Sheets *(Unaudited)*

In thousands of dollars	9/30/2009	12/31/2008	9/30/2008
Assets			
Cash and due from banks	$16,421	$16,856	$21,667
Overnight funds sold	7,500	-	-
Securities available for sale	53,268	27,765	35,306
Securities to be held to maturity	211,784	234,767	225,751
Loans held for sale	2,794	1,298	1,203
Loans	973,823	979,273	960,897
Less allowance for loan losses	12,800	8,800	8,303
Net loans	961,023	970,473	952,594
Accrued interest receivable	5,648	5,783	6,785
Premises and equipment	18,357	16,028	16,301
Other real estate owned	2,995	2,428	2,168
Goodwill	27,684	27,684	27,684
Other assets	24,368	22,662	21,803
Total assets	$1,331,842	$1,325,744	$1,311,262
Liabilities			
Demand deposits	$74,049	$68,399	$75,753
NOW deposits	112,087	108,188	110,365
Money market deposits	101,352	129,333	123,157
Savings deposits	93,363	82,867	85,230
Certificates of deposit	228,835	246,152	413,913
Certificates $100,000 and over	350,386	290,797	110,574
Total deposits	960,072	925,736	918,992
Borrowed funds	213,061	272,074	264,617
Other liabilities	11,095	10,753	11,781
Total Liabilities	1,184,228	1,208,563	1,195,390
Shareholders' equity			
Preferred stock	24,582	-	-
Common stock	97	97	97
Additional paid-in capital	45,003	44,117	43,995
Retained earnings	78,000	74,057	72,939
Net unrealized gains on securities available-for-sale	189	(819)	(899)
Net unrealized loss on postretirement benefit costs	(257)	(271)	(260)
Total shareholders' equity	147,614	117,181	115,872
Total liabilities & shareholders' equity	$1,331,842	$1,325,744	$1,311,262
Common Stock			
Number of shares authorized	18,000,000	18,000,000	18,000,000
Number of shares issued and outstanding	9,725,405	9,696,397	9,689,711
Book value per share	$12.65	$12.09	$11.96
Tangible book value per share	$9.80	$9.23	$9.10
Leverage capital ratio	9.10%	7.07%	7.04%
Total risk-based capital ratio	14.90%	11.13%	11.12%

Consolidated Statements of Income *(Unaudited)*

	For the nine months ended		For the quarters ended	
In thousands of dollars	9/30/2009	9/30/2008	9/30/2009	9/30/2008
Interest income				
Interest and fees on loans	$ 37,704	$ 44,219	$ 12,171	$ 14,570
Interest on deposits with other banks	1	-	1	-
Interest and dividends on investments	10,388	9,516	3,052	3,321
Total interest income	48,093	53,735	15,224	17,891
Interest expense				
Interest on deposits	9,403	18,041	2,709	5,692
Interest on borrowed funds	5,365	8,312	1,700	2,576
Total interest expense	14,768	26,353	4,409	8,268
Net interest income	33,325	27,382	10,815	9,623
Provision for loan losses	7,660	2,314	3,060	875
Net interest income after provision for loan losses	25,665	25,068	7,755	8,748
Non-interest income				
Investment management and fiduciary income	998	1,138	320	358
Service charges on deposit accounts	1,754	2,191	596	703
Net securities gains	-	6	1	-
Mortgage origination and servicing income	1,913	370	370	154
Other operating income	3,860	3,845	1,690	1,663
Total non-interest income	8,525	7,550	2,977	2,878
Non-interest expense				
Salaries and employee benefits	7,994	8,625	2,842	2,945
Occupancy expense	1,182	1,150	348	376
Furniture and equipment expense	1,700	1,508	562	566
FDIC insurance premiums	1,276	266	315	128
Net securities losses	147	-	-	22
Other than temporary impairment charge	916	-	-	-
Amortization of identified intangibles	213	213	71	71
Other operating expense	6,464	5,396	2,734	2,198
Total non-interest expense	19,892	17,158	6,872	6,306
Income before income taxes	14,298	15,460	3,860	5,320
Applicable income taxes	3,918	4,434	970	1,488
Net income	$ 10,380	$ 11,026	$ 2,890	$ 3,832
Less preferred stock dividends and amortization	824	-	337	-
Net income available to common shareholders	$ 9,556	$ 11,026	$ 2,553	$ 3,832
Basic earnings per share	$0.98	$1.14	$0.26	$0.40
Diluted earnings per share	$0.98	$1.13	$0.26	$0.39
Closing market price per share	$18.60	$19.60	$18.60	$19.60
Financial Ratios				
Return on average tangible equity	14.76%	16.63%	11.96%	16.95%
Net interest margin tax equivalent	3.65%	3.27%	3.59%	3.31%
Efficiency ratio	43.01%	46.73%	47.54%	48.03%