

OUR BEST DAYS ARE AHEAD

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Robert B. Gregory
Renee W. Kelly
Tony C. McKim
Cornelius J. Russell
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President & Chief Executive Officer
Richard M. Elder
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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First Quarter 2019 Financial Results



April 30, 2019

Dear First Bancorp Shareholders:

I'm pleased to announce that The First Bancorp is off to a strong start in 2019. Earning assets grew \$45.9 million in the first quarter and are up \$121.4 million from a year ago. This growth produced a year-over-year increase of 4.2% in tax equivalent net interest income despite tighter margins. Our non-interest income held pace with a year ago as increased investment management and service charge revenues helped to offset declines in securities gains and mortgage banking revenues. Operating expenses remain controlled as seen in our efficiency ratio of 50.45% for the quarter. Asset quality continues to trend positively, with quarter-to-quarter and year-to-year improvements in our non-performing asset and past due loan ratios. I continue to be proud of our team of banking professionals who produce these quality results for The First Bancorp.

Net Income for the three months ended March 31, 2019 was \$6.2 million, up \$650,000 or 11.8% from the three months ended March 31, 2018. On a fully diluted earnings per share basis, earnings in the first quarter of 2019 were \$0.57, up \$0.06 or 11.8% from the same period a year ago. The Company's Return on Average Assets of 1.27% and Return on Average Tangible Common Equity of 15.09% for the three months ended March 31, 2019 were up from 1.21% and 14.69% respectively from the first quarter of 2018.

Total assets at March 31, 2019 were \$1.99 billion, up \$46.8 million for the quarter and up \$119.5 million from March 31, 2018. First quarter growth was almost entirely in earning assets which increased \$45.9 million for the quarter, and were up \$121.4 million from March 31, 2018.

Pick your moment.

Total deposits at March 31, 2019 were \$1.61 billion, up \$79.8 million for the quarter, and up \$178.7 million from March 31, 2018. The Company utilized lower cost brokered certificates of deposits to replace borrowed funds, accounting for \$39.9 million of the quarter to quarter deposit growth.

The Company's capital position remained strong as of March 31, 2019, with an estimated total risk-based capital ratio of 15.44%, and an estimated leverage capital ratio of 8.67%, both well in excess of regulatory requirements.

Asset quality is stable and remains solid. Non-performing assets as a percentage of total assets fell to 0.77% as of March 31, 2019 down from 0.79% at December 31, 2018, and down from 0.83% a year ago. Past due loans were 0.89% of total loans at March 31, 2019, down from 1.08% of total loans at December 31, 2018 and down from 1.33% a year ago. A total of \$375,000 was provisioned for loan losses in the first quarter of 2019, down from the \$500,000 provisioned in the first quarter of 2018. The allowance for loan losses stood at 0.91% of total loans as of March 31, 2019 level with December 31, 2018, and down slightly from the 0.92% of total loans at March 31, 2018. Annualized net charge-offs as a percentage of loans were 0.037% as of March 31, 2019, down from 0.08% percent of loans in calendar year 2018, and 0.12% in calendar year 2017.

The Company's Board of Directors declared a dividend of 29 cents per share in the first quarter, representing a payout to our shareholders of 50.9% of net income for the period. The first quarter dividend is payable on April 30, 2019 to shareholders of record as of April 10, 2019.

Best always,

Tony C. McKim
President & Chief Executive Officer

Dream BIG.

Consolidated Balance Sheets (Unaudited)

<i>In thousands of dollars, except per share data</i>	3/31/2019	12/31/2018	3/31/2018
Assets			
Cash and due from banks	\$15,270	\$19,134	\$16,559
Interest-bearing deposits in other banks	231	12,079	280
Securities available for sale	325,276	317,416	300,839
Securities to be held to maturity	281,219	255,663	258,690
Restricted equity securities, at cost	8,982	11,586	11,947
Loans held for sale	436	-	284
Loans	1,264,639	1,238,283	1,188,002
Less allowance for loan losses	11,490	11,232	10,957
Net loans	1,253,149	1,227,051	1,177,045
Accrued interest receivable	9,307	6,660	7,222
Premises and equipment	21,767	22,056	22,043
Other real estate owned	584	584	1,121
Goodwill	29,805	29,805	29,805
Other assets	45,319	42,536	45,980
Total assets	\$1,991,345	\$1,944,570	\$1,871,815
Liabilities			
Demand deposits	\$148,500	\$163,575	\$137,674
NOW deposits	371,305	382,923	314,587
Money market deposits	137,700	152,043	108,726
Savings deposits	236,894	237,135	232,458
Certificates of deposit	712,476	591,409	634,747
Total deposits	1,606,875	1,527,085	1,428,192
Borrowed funds	170,419	210,317	244,229
Other liabilities	16,264	15,626	18,022
Total Liabilities	1,793,558	1,753,028	1,690,443
Shareholders' equity			
Common stock	109	109	108
Additional paid-in capital	63,037	62,746	61,999
Retained earnings	135,364	132,460	123,876
Net unrealized loss on securities available-for-sale	(1,539)	(5,051)	(6,210)
Net unrealized loss on transferred securities	(194)	(197)	(182)
Net unrealized gain on cash flow hedging derivatives	973	1,438	1,928
Net unrealized gain (loss) on postretirement benefit costs	37	37	(147)
Total shareholders' equity	197,787	191,542	181,372
Total liabilities & shareholders' equity	\$1,991,345	\$1,944,570	\$1,871,815
Common Stock			
Number of shares authorized	18,000,000	18,000,000	18,000,000
Number of shares issued and outstanding	10,884,381	10,862,651	10,846,562
Tangible book value per common share	\$15.42	\$14.87	\$13.95
Leverage capital ratio (2019 estimated)	8.67%	8.60%	8.56%
Total risk-based capital ratio (2019 estimated)	15.44%	15.19%	15.04%

Consolidated Statements of Income and Comprehensive Income (Unaudited)

<i>In thousands of dollars, except per share data</i>	For the quarters ended	
	3/31/2019	3/31/2018
Interest income		
Interest and fees on loans	\$14,557	\$12,391
Interest on deposits with other banks	68	11
Interest and dividends on investments	4,643	4,049
Total interest income	19,268	16,451
Interest expense		
Interest on deposits	5,577	3,099
Interest on borrowed funds	792	943
Total interest expense	6,369	4,042
Net interest income	12,899	12,409
Provision for loan losses	375	500
Net interest income after provision for loan losses	12,524	11,909
Non-interest income		
Investment management and fiduciary income	773	740
Service charges on deposit accounts	561	527
Net securities gains	-	136
Mortgage origination and servicing income	296	331
Other operating income	1,514	1,398
Total non-interest income	3,144	3,132
Non-interest expense		
Salaries and employee benefits	4,410	4,490
Occupancy expense	652	699
Furniture and equipment expense	975	929
FDIC insurance premiums	208	279
Amortization of identified intangibles	11	11
Other operating expense	2,142	2,171
Total non-interest expense	8,398	8,579
Income before income taxes	7,270	6,462
Applicable income taxes	1,114	956
Net income	\$6,156	\$5,506
Basic earnings per common share	\$0.57	\$0.51
Diluted earnings per common share	\$0.57	\$0.51
Net unrealized gain (loss) on securities available for sale	3,512	(3,309)
Net unrealized gain (loss) on transferred securities	3	(8)
Net unrealized gain (loss) on hedging derivatives	(465)	384
Other comprehensive income gain (loss)	3,050	(2,933)
Comprehensive income	\$9,206	\$2,573
Financial Ratios		
Return on average tangible common equity	15.09%	14.69%
Net interest margin, tax equivalent	2.93%	3.00%