

OUR BEST DAYS ARE AHEAD

Board of Directors

Mark N. Rosborough
Chairman of the Board
Robert B. Gregory
Renee W. Kelly
Tony C. McKim
Cornelius J. Russell
Stuart G. Smith
Bruce B. Tindal
F. Stephen Ward

Executive Officers

Tony C. McKim
President & Chief Executive Officer
Richard M. Elder
Executive Vice President & Chief Financial Officer
Susan A. Norton
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 2021 Financial Results



April 30, 2021

Dear First Bancorp Shareholders:

I'm very pleased to report that The First Bancorp kicked off 2021 with its strongest ever earnings quarter. Net Income of \$8.9 million for the first quarter increased \$2.4 million from the same period a year ago, and \$2.0 million from the fourth quarter of 2020. Strong performances from all of our business lines led to year-over-year and quarter-over-quarter gains in both net interest income and non-interest income. Net interest income before loan loss provision increased \$955,000 or 6.4% from the first quarter of 2020, and \$194,000 or 1.2% from the fourth quarter of 2020. Non-interest revenue before securities gains increased \$1.7 million, or 49.3% from the prior year, and \$663,000 or 14.7% from the preceding quarter. Earnings were achieved without the benefit resulting from reversal of credit loss reserves; loan growth led to a loan loss provision of \$525,000 for the quarter.

Total assets at March 31, 2021 were \$2.44 billion, up \$75.6 million in the first quarter and up \$300.5 million from a year ago. Earning assets increased \$86.8 million during the quarter and have increased \$300.2 million year-over-year. Loan balances increased \$40.0 million in the first quarter, an annualized growth rate of 11.0%, while investment balances remained essentially flat. Within the loan portfolio, commercial loans increased \$37.2 million in the first quarter, municipal loans increased \$5.7 million, and residential loans increased \$1.4 million; home equity line of credit balances decreased \$2.5 million. Excluding PPP, loans increased \$37.5 million in the first quarter, an annualized growth rate of 10.7%. PPP loans totaled \$62.7 million as of March 31, 2021.

Total deposits at March 31, 2021 were \$1.95 billion, up \$108.9 million during the quarter, and up \$308.9 million or 18.8% from March 31, 2020. Aided by federal stimulus payments, low-cost deposits increased \$68.1 million in the first quarter. Certificate of Deposit balances were up \$28.7 million for the quarter, while wholesale borrowings decreased by \$32.4 million.

The Company's capital position remained strong as of March 31, 2021, with a total risk-based capital ratio of 14.83%, and a leverage capital ratio of 8.54%. The total capital ratio compares to 14.82% as of December 31, 2020 and 15.08% as of March 31, 2020. The leverage capital ratio compares to 8.49% as of December 31, 2020 and 8.78% as of March 31, 2020.

Asset quality continues to trend positively. As of March 31, 2021, the ratio of non-performing assets to total assets was 0.30%, down slightly from 0.32% at December 31, 2020, and improved from 0.49% at March 31, 2020. Net charge-offs for the quarter were an annualized 0.05% of total loans, down from the 0.10% of total loans experienced in 2020. Past due loans were 0.37% of total loans as of March 31, 2021, down from 0.57% of total loans at December 31, 2020, and 1.62% as of March 31, 2020.

Net Income for the three months ended March 31, 2021 was \$8.9 million, up \$2.4 million or 37.4% from the three months ended March 31, 2020. The Company's Return on Average Assets of 1.54% for the quarter was up from the 1.24% posted during first quarter of 2020. On a Pre-Tax, Pre-Provision (non-GAAP) basis, the first quarter 2021 Return on Assets was 1.95%, up from 1.56% the prior year. Return on Average Tangible Common Equity was improved year-over-year, at 18.34% for the first quarter of 2021, up from 13.95% for the first quarter of 2020.

The Company's Board of Directors declared a first quarter dividend of \$0.31 per share. The first quarter dividend represents a payout to shareholders of 37.8% of earnings per share for the period, and was paid on April 16, 2021 to shareholders of record as of April 6, 2021.

Best always,

Tony C. McKim
President & Chief Executive Officer

Consolidated Balance Sheets (Unaudited)

<i>In thousands of dollars, except per share data</i>	3/31/2021	12/31/2020	3/31/2020
Assets			
Cash and due from banks	\$20,029	\$26,212	\$21,117
Interest-bearing deposits in other banks	104,602	56,151	6,047
Securities available for sale	294,537	313,376	312,928
Securities to be held to maturity	385,352	365,613	341,592
Restricted equity securities, at cost	10,105	10,545	9,994
Loans held for sale	3,522	5,855	561
Loans	1,516,772	1,476,761	1,344,208
Less allowance for loan losses	16,594	16,253	11,858
Net loans	1,500,178	1,460,508	1,332,350
Accrued interest receivable	10,847	9,298	9,648
Premises and equipment	29,985	27,251	21,156
Other real estate owned	401	908	316
Goodwill	30,646	30,646	29,805
Other assets	46,664	54,873	50,882
Total assets	\$2,436,868	\$2,361,236	\$2,136,396
Liabilities			
Demand deposits	\$275,898	\$250,219	\$153,477
NOW deposits	541,684	520,385	382,307
Money market deposits	175,887	163,819	161,184
Savings deposits	325,758	304,603	236,706
Certificates of deposit	634,330	605,585	710,938
Total deposits	1,953,557	1,844,611	1,644,612
Borrowed funds	229,648	262,038	248,040
Other liabilities	25,479	30,861	28,487
Total Liabilities	2,208,684	2,137,510	1,921,139
Shareholders' equity			
Common stock	110	110	109
Additional paid-in capital	65,755	65,285	64,277
Retained earnings	163,659	158,359	147,904
Net unrealized gain on securities available-for-sale	219	5,009	7,890
Net unrealized loss on transferred securities	(124)	(133)	(174)
Net unrealized loss on cash flow hedging derivatives	(1,463)	(4,932)	(4,773)
Net unrealized gain on postretirement benefit costs	28	28	24
Total shareholders' equity	228,184	223,726	215,257
Total liabilities & shareholders' equity	\$2,436,868	\$2,361,236	\$2,136,396
Common Stock			
Number of shares authorized	18,000,000	18,000,000	18,000,000
Number of shares issued and outstanding	10,983,258	10,950,289	10,921,206
Tangible book value per common share	\$17.96	\$17.60	\$16.97
Leverage capital ratio	8.54%	8.49%	8.78%
Total risk-based capital ratio	14.83%	14.82%	15.08%

Consolidated Statements of Income and Comprehensive Income (Unaudited)

<i>In thousands of dollars, except per share data</i>	For the quarters ended	
	3/31/2021	3/31/2020
Interest income		
Interest and fees on loans	\$15,119	\$15,856
Interest on deposits with other banks	12	74
Interest and dividends on investments	3,822	4,764
Total interest income	18,953	20,694
Interest expense		
Interest on deposits	2,198	5,186
Interest on borrowed funds	882	590
Total interest expense	3,080	5,776
Net interest income	15,873	14,918
Provision for loan losses	525	400
Net interest income after provision for loan losses	15,348	14,518
Non-interest income		
Investment management and fiduciary income	1,065	894
Service charges on deposit accounts	337	577
Net securities gains	119	752
Mortgage origination and servicing income	1,967	504
Other operating income	1,810	1,494
Total non-interest income	5,298	4,221
Non-interest expense		
Salaries and employee benefits	5,123	5,025
Occupancy expense	753	713
Furniture and equipment expense	1,215	1,116
FDIC insurance premiums	199	173
Amortization of identified intangibles	17	11
Other operating expense	2,567	4,005
Total non-interest expense	9,874	11,043
Income before income taxes	10,772	7,696
Applicable income taxes	1,850	1,201
Net income	\$8,922	\$6,495
Basic earnings per common share	\$0.82	\$0.60
Diluted earnings per common share	\$0.81	\$0.60
Net unrealized gain (loss) on securities available for sale	(4,790)	4,233
Net unrealized gain on transferred securities	9	8
Net unrealized gain (loss) on hedging derivatives	3,469	(4,870)
Other comprehensive income (loss)	(1,312)	(629)
Comprehensive income	\$7,610	\$5,866
Financial Ratios		
Return on average tangible common equity	18.34%	13.92%
Net interest margin, tax equivalent	2.99%	3.12%