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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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207.563.3195



Third Quarter 2008
Financial Results



October 31, 2008

Dear First Bancorp Shareholder:

I am pleased to report the cash dividend for the third quarter of 2008 is \$0.195 per share. This dividend is an increase over the \$.0175 per share declared in the third quarter of 2007 and is the 15th consecutive year of dividend increases for The First Bancorp. This results in an annualized dividend of \$0.78 per share and a dividend yield of 3.98% based on the closing price of \$19.60 for The First Bancorp's shares on September 30, 2008.

For the first nine months of 2008, earnings per share on a fully diluted basis were \$1.13, up \$0.15 or 15.3% from the \$0.98 reported for the first nine months of 2007. Net income for the nine-month period was \$11.0 million, an increase of \$1.4 million or 14.7% from the \$9.6 million posted for the same period in 2007.

For the quarter ended September 30, 2008, earnings per share on a fully diluted basis were \$0.39, up \$0.04 or 11.4% from the \$0.35 reported for the third quarter of 2007, and up \$0.02 or 5.4% from the previous quarter. Net income for the quarter ended September 30, 2008, was \$3.8 million, an increase of \$417,000 or 12.2% from the third quarter of 2007 and up \$228,000 or 6.3% from the previous quarter.

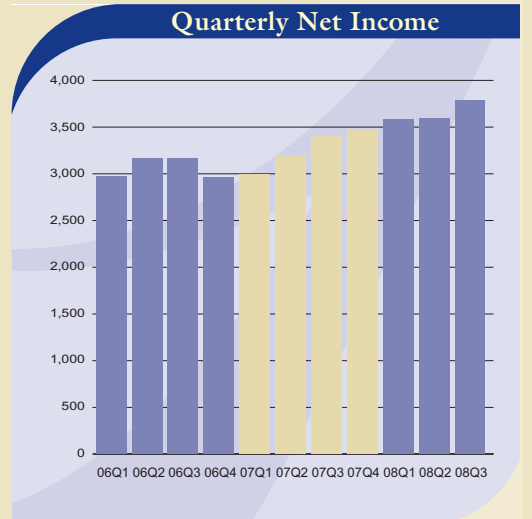
This was another record quarter for The First Bancorp. Our growth in earnings was due primarily to increased net interest income – up \$4.0 million or 17.3% for the first nine months of 2008 compared to the same period in 2007. This was, in part, the result of good growth in earning assets, with the loan portfolio up \$40.7 million or 4.4% and the investment portfolio up \$39.2 million or 17.7% year-to-date. At the same time, lower interest rates led to an improved net interest margin of 3.27% on a tax-equivalent basis for the first nine months of 2008 compared to 3.11% for the same period in 2007.

The price of our stock had much more volatility in the third quarter, much of which is due to our addition to the Russell 2000 and Russell 3000 indices in June. Our closing price of \$19.60 per share on September 30, 2008 was up 43.6% for the quarter and 33.9% for the year. This compares very favorably to other companies in our industry, as measured by the KBW Regional Bank Index, which was down 5.8% for the year as of September 30, 2008. Our stock also fared well compared to the broad market, as measured by the S&P 500, which has declined 20.6% for the year, as well as the Russell 2000 index, which has declined 11.3% for the year.

Thank you for your continued support of The First Bancorp.

Very truly yours,

Daniel R. Daigneault
President & Chief Executive Officer



Consolidated Balance Sheets *(unaudited)*

<i>Dollars in thousands</i>	September 30, 2008	December 31, 2007	September 30, 2007
Assets			
Cash and due from banks	\$ 21,667	\$ 17,254	\$ 27,339
Securities available for sale	35,306	40,461	44,430
Securities to be held to maturity (fair value \$219,483 at September 30, 2008, \$181,132 at December 31, 2007, and \$171,645 at September 30, 2007)	225,751	181,354	175,425
Loans held for sale (fair value approximates cost)	1,203	1,817	1,313
Loans	960,897	920,164	891,675
Less allowance for loan losses	8,303	6,800	6,714
Net loans	952,594	913,364	884,961
Accrued interest receivable	6,785	6,585	7,360
Premises and equipment	16,301	16,481	15,526
Other real estate owned	2,168	827	625
Goodwill	27,684	27,684	27,684
Other assets	21,698	17,423	17,916
Total assets	\$ 1,311,157	\$1,223,250	\$ 1,202,579
Liabilities			
Demand deposits	\$ 73,646	\$ 60,637	\$ 72,597
NOW deposits	110,365	101,680	110,051
Money market deposits	123,156	124,033	114,620
Savings deposits	85,230	86,611	91,708
Certificates of deposit	415,167	301,364	311,773
Certificates \$100,000 and over	111,292	106,955	110,646
Total deposits	918,856	781,280	811,395
Borrowed funds	264,617	316,719	267,011
Other liabilities	11,812	12,583	12,068
Total liabilities	1,195,285	1,110,582	1,090,474
Shareholders' equity			
Common stock	97	97	98
Additional paid-in capital	43,995	44,762	45,926
Retained earnings	72,939	67,647	65,911
Net unrealized gains (loss) on available-for-sale securities	(899)	436	507
Net unrealized loss on postretirement benefits	(260)	(274)	(337)
Total stockholders' equity	115,872	112,668	112,105
Total liabilities & stockholders' equity	\$ 1,311,157	\$ 1,223,250	\$ 1,202,579
Number of shares authorized	18,000,000	18,000,000	18,000,000
Number of shares issued and outstanding	9,689,711	9,732,493	9,810,329
Book value per share	\$ 11.96	\$ 11.58	\$ 11.43
Allowance for loan losses/total loans	0.86%	0.74%	0.75%
Non-performing assets to total assets	0.57%	0.23%	0.15%

Consolidated Statements of Income *(unaudited)*

<i>Dollars in thousands</i>	For the nine months ended Sept. 30,		For the quarters ended Sept. 30,	
<i>except per share amounts</i>	2008	2007	2008	2007
Interest income				
Interest and fees on loans	\$ 44,219	\$ 44,959	\$ 14,570	\$ 15,554
Interest on deposits with other banks	-	-	-	-
Interest and dividends on investments	9,516	8,030	3,321	2,984
Total interest income	53,735	52,989	17,891	18,538
Interest expense				
Interest on deposits	18,041	22,661	5,692	7,792
Interest on borrowed funds	8,312	6,994	2,576	2,589
Total interest expense	26,353	29,655	8,268	10,381
Net interest income	27,382	23,334	9,623	8,157
Provision for loan losses	2,314	850	875	300
Net interest income after provision for loan losses	25,068	22,484	8,748	7,857
Other operating income				
Fiduciary income	1,138	1,345	358	389
Service charges on deposit accounts	2,191	2,059	703	659
Mortgage origination and servicing income	370	378	154	164
Other operating income	3,883	3,821	1,673	1,773
Total other operating income	7,582	7,603	2,888	2,985
Other operating expenses				
Salaries and employee benefits	8,625	8,153	2,945	2,819
Occupancy expense	1,150	1,089	376	341
Furniture and equipment expense	1,508	1,456	566	487
Amortization of identified intangibles	213	213	71	71
Other	5,695	5,691	2,359	2,282
Total other operating expenses	17,191	16,602	6,317	6,000
Income before income taxes	15,459	13,485	5,319	4,842
Applicable income taxes	4,434	3,872	1,488	1,428
Net income	\$ 11,025	\$ 9,613	\$ 3,831	\$ 3,414
Earnings per common share				
Basic earnings per share	\$ 1.14	\$ 0.98	\$ 0.40	\$ 0.35
Diluted earnings per share	1.13	0.98	0.39	0.35
Cash dividends declared	0.570	0.510	0.195	0.175
Closing market price per share	19.60	15.08	19.60	15.08
Financial ratios				
Return on average tangible equity ¹	16.63%	15.71%	16.94%	16.29%
Return on average assets ¹	1.17%	1.13%	1.17%	1.15%
Net interest margin tax-equivalent ¹	3.27%	3.11%	3.31%	3.11%
Dividend payout ratio	50.00%	52.04%	48.75%	50.00%
Efficiency ratio	46.78%	50.96%	48.23%	51.28%

¹Quarterly results have been annualized using a 365-day basis