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Corporate Counsel

Pierce Atwood
Portland, Maine

Independent Auditors

Berry, Dunn, McNeil & Parker
Portland, Maine

The First Bancorp

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207.563.3195



Second Quarter 2008
Financial Results



July 31, 2008

Dear First Bancorp Shareholder:

I am pleased to report the cash dividend for the second quarter of 2008 is \$0.19 per share. This dividend is an increase over the \$0.17 per share declared in the second quarter of 2007 and is the 51st consecutive quarter of dividend increases for The First Bancorp. This results in an annualized dividend of \$0.76 per share and a dividend yield of 5.57% based on the closing price of \$13.65 for The First Bancorp's shares on June 30, 2008. The Company has now raised its dividend for 15 consecutive years.

The Company recorded unaudited second quarter earnings of \$3.6 million, another record quarter and \$407,000 or 12.7% over the \$3.2 million posted for the second quarter of 2007. For the first six months of 2008 the Company posted net income of \$7.2 million, an increase of \$1.0 million or 16.1% from the \$6.2 million recognized for the same period in 2007.

Earnings per share on a fully diluted basis were \$0.74 for the six month period ending June 30, 2008, up \$0.11 or 17.5% from the \$0.63 reported for the first six months of 2007. These positive results are in stark contrast to the losses or drastically reduced earnings that a lot of other banks have reported thus far in 2008.

We attribute our positive performance to a number of factors. The first is the strong improvement in our net interest income driven by growth in both the loan and investment portfolios and a decline in our funding costs. The second factor was continued improvement in our efficiency ratio which was at 46.0% for the year-to-date. This is at the best level we have ever realized and is one of the best efficiency ratios of all banks in the country. We attribute this excellent performance to a strong focus on expense control and buy-in from all of our employees.

Our strong earnings performance was also accompanied by an increase in the allowance for loan losses. With continued weakness in the national economy, housing sector issues and rising energy costs, we felt it prudent to increase the provision for loan losses. The \$1.4 million provision expense for the first six months of 2008 has resulted in a net increase in the allowance of \$1.0 million since December 31, 2007.

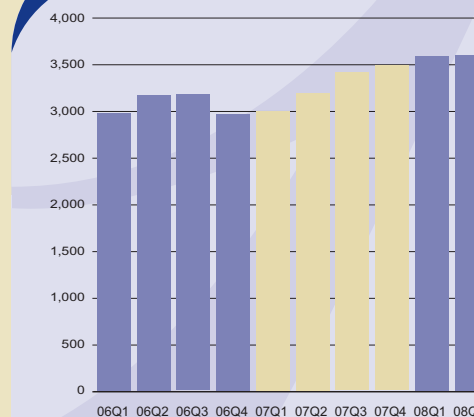
This is the first time we have issued our shareholder letter under our new name The First Bancorp. We have already experienced the strong synergies we expected with the bank name of The First, N.A. and we appreciate your approval of this change.

Thank you for your continued support.

Very truly yours,

Daniel R. Daigneault
President & Chief Executive Officer

Quarterly Net Income



Consolidated Balance Sheets *(unaudited)*

<i>Dollars in thousands</i>	June 30, 2008	December 31, 2007	June 30, 2007
Assets			
Cash and due from banks	\$ 19,997	\$ 17,254	\$ 21,349
Securities available for sale	36,850	40,461	43,009
Securities to be held to maturity (fair value \$206,475 at June 30, 2008, \$181,132 at December 31, 2007, and \$152,876 at June 30, 2007)	209,528	181,354	157,161
Loans held for sale (fair value approximates cost)	2,253	1,817	44
Loans	951,814	920,164	877,220
Less allowance for loan losses	7,800	6,800	6,714
Net loans	944,014	913,364	870,506
Accrued interest receivable	7,886	6,585	7,876
Premises and equipment	16,046	16,481	15,615
Other real estate owned	1,558	827	625
Goodwill	27,684	27,684	27,684
Other assets	19,557	17,423	17,405
Total assets	\$ 1,285,373	\$1,223,250	\$ 1,161,274
Liabilities			
Demand deposits	\$ 62,755	\$ 60,637	\$ 63,063
NOW deposits	108,543	101,680	101,908
Money market deposits	114,096	124,033	121,352
Savings deposits	87,023	86,611	89,798
Certificates of deposit	339,620	301,364	364,611
Certificates \$100,000 and over	130,083	106,955	110,357
Total deposits	842,120	781,280	851,089
Borrowed funds	317,055	316,719	188,478
Other liabilities	11,440	12,583	11,494
Total liabilities	1,170,615	1,110,582	1,051,061
Shareholders' equity			
Common stock	97	97	98
Additional paid-in capital	44,030	44,762	45,817
Retained earnings	70,996	67,647	64,213
Net unrealized gains (loss) on available-for-sale securities	(100)	436	428
Net unrealized loss on postretirement benefits	(265)	(274)	(343)
Total stockholders' equity	114,758	112,668	110,213
Total liabilities & stockholders' equity	\$ 1,285,373	\$ 1,223,250	\$ 1,161,274
Number of shares authorized	18,000,000	18,000,000	18,000,000
Number of shares issued and outstanding	9,690,182	9,732,493	9,802,892
Book value per share	\$ 11.84	\$ 11.58	\$ 11.24
Allowance for loan losses/total loans	0.82%	0.74%	0.77%
Non-performing assets to total assets	0.29%	0.23%	0.18%

Consolidated Statements of Income *(unaudited)*

<i>Dollars in thousands</i>	For the six months ended June 30,		For the quarters ended June 30,	
<i>except per share amounts</i>	2008	2007	2008	2007
Interest income				
Interest and fees on loans	\$ 29,649	\$ 29,405	\$ 14,357	\$ 14,943
Interest on deposits with other banks	-	-	-	-
Interest and dividends on investments	6,195	5,045	3,157	2,559
Total interest income	35,844	34,450	17,514	17,502
Interest expense				
Interest on deposits	12,349	14,868	5,910	7,640
Interest on borrowed funds	5,736	4,405	2,662	2,250
Total interest expense	18,085	19,273	8,572	9,890
Net interest income	17,759	15,177	8,942	7,612
Provision for loan losses	1,439	550	939	250
Net interest income after provision for loan losses	16,320	14,627	8,003	7,362
Other operating income				
Fiduciary income	780	955	390	453
Service charges on deposit accounts	1,488	1,400	805	741
Mortgage origination and servicing income	216	214	123	114
Other operating income	2,210	2,048	1,200	1,162
Total other operating income	4,694	4,617	2,518	2,470
Other operating expenses				
Salaries and employee benefits	5,680	5,335	2,755	2,622
Occupancy expense	774	748	363	370
Furniture and equipment expense	942	969	452	495
Amortization of identified intangibles	142	142	71	71
Other	3,336	3,409	1,784	1,794
Total other operating expenses	10,874	10,603	5,425	5,352
Income before income taxes	10,140	8,641	5,096	4,480
Applicable income taxes	2,946	2,443	1,493	1,284
Net income	\$ 7,194	\$ 6,198	\$ 3,603	\$ 3,196
Earnings per common share				
Basic earnings per share	\$ 0.74	\$ 0.63	\$ 0.37	\$ 0.33
Diluted earnings per share	0.74	0.63	0.37	0.33
Cash dividends declared	0.375	0.335	0.190	0.170
Closing market price per share	13.65	17.00	13.65	17.00
Financial ratios				
Return on average tangible equity ¹	16.76%	15.41%	16.66%	15.70%
Return on average assets ¹	1.16%	1.12%	1.15%	1.13%
Net interest margin tax-equivalent ¹	3.23%	3.12%	3.21%	3.07%
Dividend payout ratio	50.68%	53.17%	51.35%	51.52%
Efficiency ratio	45.97%	50.79%	45.02%	50.41%

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