

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
Charles A. Wootton
Executive Vice President & Clerk

Corporate Counsel

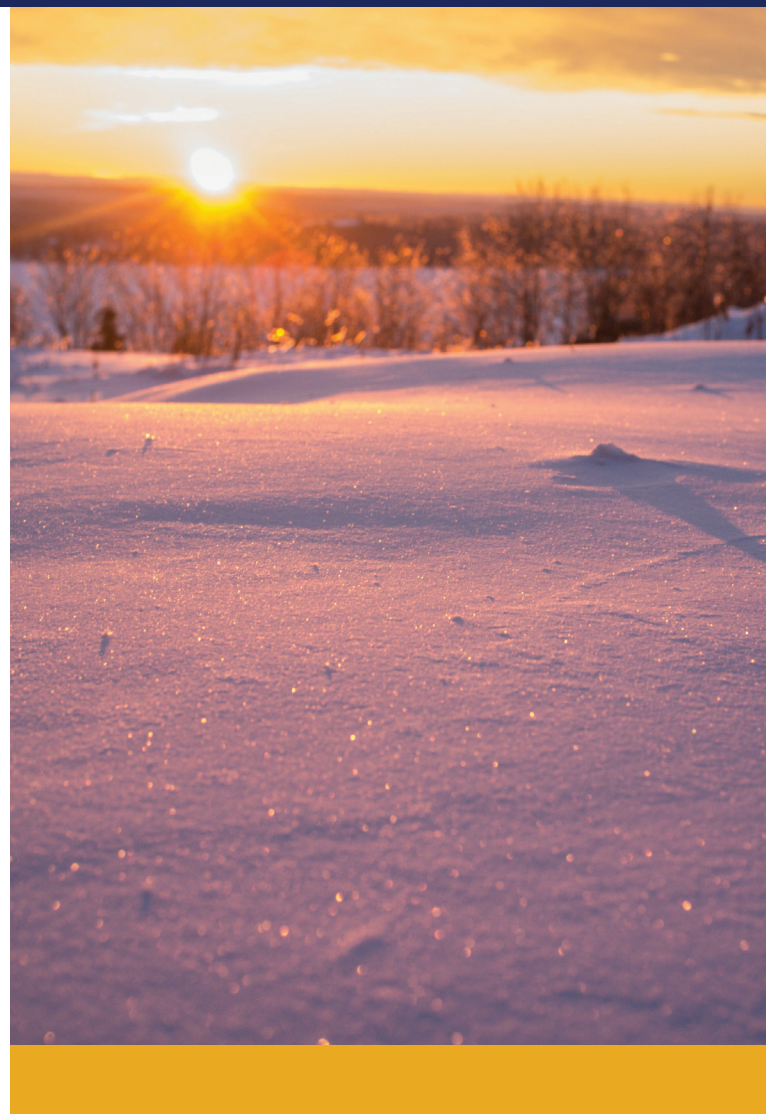
Pierce Atwood
Portland, Maine

Independent Auditors

Berry, Dunn, McNeil & Parker
Portland, Maine

The First Bancorp

P.O. Box 940, Damariscotta, Maine 04543
207.563.3195



Fourth Quarter 2020 Financial Results



January 31, 2021

Dear First Bancorp Shareholders:

I'm pleased to report that The First Bancorp had record annual earnings in 2020, an outcome that exceeded our expectations given the ongoing challenges posed by the COVID-19 pandemic. Earnings for the year were \$27.1 million, up 6.3% from 2019. These results were driven by a 14.0% year-over-year increase in net interest income before loan loss provision, largely the result of a \$269.3 million increase in earning assets. In addition, we had a 21.5% year-over-year increase in non-interest revenue before securities gains, stemming from year-over-year increases in mortgage banking and wealth management of 166.4% and 10.3%, respectively. Earnings growth was achieved while at the same time loan loss reserves were increased from 0.90% of total loans at December 31, 2019 to 1.10% of total loans at December 31, 2020, or 1.15% of total loans when excluding SBA PPP balances. We also achieved significant year-over-year improvement in asset quality, demonstrated by a reduction in non-performing assets from 0.82% of total assets at the end of 2019 to 0.32% of total assets as of year-end 2020.

Total assets at December 31, 2020 were \$2.36 billion, up \$292.4 million from the prior year end. Earning assets increased \$269.3 million year-over-year, with loan growth of \$179.7 million and investment portfolio growth of \$38.4 million. Commercial real estate and construction loans increased \$87.8 million in 2020, including \$39.5 million in the fourth quarter. Other commercial loans increased \$66.2 million in 2020, residential mortgage and construction loans increased \$36.4 million, while home equity line of credit balances fell by \$12.6 million. Overall loan growth excluding PPP totaled \$119.5 million, or 9.2% for the year. PPP loan balances totaled \$60.2 million at the end of the fourth quarter.

The Company's capital position remained strong as of December 31, 2020, with a total risk-based capital ratio of 14.82%, and a leverage capital ratio of 8.49%. These measures compare to 15.27% and 8.88% respectively as of December 31, 2019. The year-over-year change in the leverage capital ratio is the result of asset growth, including PPP loan balances. Each of the Company's capital ratios remain well in excess of regulatory requirements.

Asset quality remains stable. As of December 31, 2020, the ratio of non-performing assets to total assets was 0.32%, improving from 0.82% a year earlier, and the ratio of non-performing loans to total loans stood at 0.46%, improving from 1.28% at December 31, 2019. Net charge-offs as a percentage of loans were 0.10% as of December 31, 2020, up slightly from 0.07% in 2019 and 0.08% in 2018. Pastdue loans were 0.66% of total loans as of December 31, 2020, down from 1.16% of total loans at December 31, 2019.

Net Income for the year ended December 31, 2020 was \$27.1 million, up \$1.6 million or 6.3% from the year ended December 31, 2019. On a fully diluted earnings per share basis, 2020 earnings were \$2.48, up \$0.14 or 6.0% from the prior year. The Company's Return on Average Assets of 1.21% for the year ended December 31, 2020 was down from 1.27% for the year ended December 31, 2019. On a Pre-Tax, Pre-Provision (non-GAAP) basis, 2020 Return on Assets was 1.72%, up from 1.57% the prior year. Return on Average Tangible Common Equity was 14.29% for the year ended December 31, 2020, down from 14.66% for the year ended December 31, 2019.

On December 17, 2020, the Company's Board of Directors declared a fourth quarter dividend of 31 cents per share. The fourth quarter dividend represents a payout to shareholders of 48.44% of earnings per share for the period, and was paid on January 19, 2021 to shareholders of record as of January 6, 2021.

In December we completed the acquisition of a retail banking branch in Belfast, Maine, our first branch in Waldo County and seventeenth overall. The transaction added approximately \$23 million in loans and \$19 million in deposits to our balance sheet. We welcome these new customers and employees to First National Bank and are excited to bring FNB's brand of "Dream First" banking to Belfast and Waldo County. These accomplishments were made possible by the remarkable contributions of our entire team who worked diligently in supporting the Company's customers and strategic vision over the past year. I am very proud of their efforts.

Best always,

A handwritten signature in blue ink, appearing to read "Tony C. McKim".

Tony C. McKim
President & Chief Executive Officer

Consolidated Balance Sheets (Unaudited)

<i>In thousands of dollars, except per share data</i>	12/31/2020	12/31/2019
Assets		
Cash and due from banks	\$26,212	\$14,433
Interest-bearing deposits in other banks	56,151	11,310
Securities available for sale	313,376	360,520
Securities to be held to maturity	365,613	281,606
Restricted equity securities, at cost	10,545	8,982
Loans held for sale	5,855	154
Loans	1,476,761	1,297,075
Less allowance for loan losses	16,253	11,639
Net loans	1,460,508	1,285,436
Accrued interest receivable	9,298	7,167
Premises and equipment	27,251	21,305
Other real estate owned	908	279
Goodwill	30,646	29,805
Other assets	54,873	47,799
Total assets	\$2,361,236	\$2,068,796
Liabilities		
Demand deposits	\$250,219	\$169,777
NOW deposits	520,385	393,569
Money market deposits	163,819	161,000
Savings deposits	304,603	236,141
Certificates of deposit	605,585	689,979
Total deposits	1,844,611	1,650,466
Borrowed funds	262,038	184,955
Other liabilities	30,861	20,867
Total Liabilities	2,137,510	1,856,288
Shareholders' equity		
Common stock	110	109
Additional paid-in capital	65,285	63,964
Retained earnings	158,359	144,839
Net unrealized gain on securities available-for-sale	5,009	3,657
Net unrealized loss on transferred securities	(133)	(182)
Net unrealized gain (loss) on cash flow hedging derivatives	(4,932)	97
Net unrealized gain on postretirement benefit costs	28	24
Total shareholders' equity	223,726	212,508
Total liabilities & shareholders' equity	\$2,361,236	\$2,068,796
Common Stock		
Number of shares authorized	18,000,000	18,000,000
Number of shares issued and outstanding	10,950,289	10,899,210
Tangible book value per common share	\$17.60	\$16.75
Leverage capital ratio	8.49%	8.88%
Total risk-based capital ratio	14.82%	15.27%

Consolidated Statements of Income and Comprehensive Income (Unaudited)

<i>In thousands of dollars, except per share data</i>	For the year ended 12/31/2020	12/31/2019	For the quarters ended 12/31/2020	12/31/2019
Interest income				
Interest and fees on loans	59,059	59,239	\$14,935	\$14,789
Interest on deposits with other banks	96	188	9	43
Interest and dividends on investments	17,964	19,224	4,189	4,825
Total interest income	77,119	78,651	19,133	19,657
Interest expense				
Interest on deposits	14,139	23,268	2,526	5,529
Interest on borrowed funds	3,147	2,890	928	710
Total interest expense	17,286	26,158	3,454	6,239
Net interest income	59,833	52,493	15,679	13,418
Provision for loan losses	6,050	1,250	1,500	375
Net interest income after provision for loan losses	53,783	51,243	14,179	13,043
Non-interest income				
Investment management and fiduciary income	3,660	3,318	948	859
Service charges on deposit accounts	1,648	2,330	391	583
Net securities gain (loss)	1,155	224	(24)	209
Mortgage origination and servicing income	5,085	1,909	1,283	682
Other operating income	6,571	6,408	1,894	1,575
Total non-interest income	18,119	14,189	4,492	3,908
Non-interest expense				
Salaries and employee benefits	20,388	18,396	5,669	4,698
Occupancy expense	2,762	2,558	645	627
Furniture and equipment expense	4,799	3,990	1,361	1,021
FDIC insurance premiums	738	439	190	-
Acquisition related expenses	310	-	310	-
Amortization of identified intangibles	43	43	11	11
Other operating expense	10,612	9,746	2,230	2,647
Total non-interest expense	39,652	35,172	10,416	9,004
Income before income taxes	32,250	30,260	8,255	7,947
Applicable income taxes	5,121	4,735	1,285	1,261
Net income	\$27,129	\$25,525	\$6,970	\$6,686
Basic earnings per common share	\$2.50	\$2.36	\$0.64	\$0.62
Diluted earnings per common share	\$2.48	\$2.34	\$0.64	\$0.61
Net unrealized gain (loss) on securities available for sale	1,352	8,708	(511)	(29)
Net unrealized gain on transferred securities	49	15	6	7
Net unrealized gain (loss) on hedging derivatives	(5,029)	(1,341)	868	362
Net unrealized gain (loss) on postretirement benefit costs	4	(13)	4	(13)
Other comprehensive income gain (loss)	(3,624)	7,369	367	327
Comprehensive income	\$23,505	\$32,894	\$7,337	\$7,013
Financial Ratios				
Return on average tangible common equity	14.29%	14.66%	14.36%	14.63%
Net interest margin, tax equivalent	2.94%	2.89%	2.97%	2.87%