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*Executive Vice President & Chief Operating Officer*  
 F. Stephen Ward  
*Executive Vice President & Chief Financial Officer*  
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**Corporate Counsel**  
 Pierce Atwood  
 Portland, Maine

**Independent Auditors**  
 Berry, Dunn, McNeil & Parker  
 Portland, Maine

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## Second Quarter 2011 Financial Results



July 29, 2011

Dear First Bancorp Shareholder:

I am pleased to report the cash dividend for the second quarter of 2011 is \$0.195 per share, which is level with the dividend declared in the first quarter of 2011. On an annualized basis, the quarterly dividend of \$0.195 per share amounts to \$0.78 per share and represents a yield of 5.25% based on the \$14.86 closing price on June 30, 2011. We are pleased to be able to continue with this attractive cash dividend.

The Company posted unaudited net income of \$6.3 million for the six months ended June 30, 2011. This represented an increase of \$492,000 or 8.4% from the same period in 2010. Earnings per common share on a fully diluted basis was \$0.58, up \$0.05 or 9.4% from the first six months of 2010.

One of the drivers of this earnings increase was net interest income, which was up by \$895,000 or 4.2% on a tax equivalent basis, all attributable to increased volume. Total assets have increased \$23.9 million since year-end 2010 and \$91.4 million during the past twelve months, with the growth all being in the investment portfolio. The loan portfolio remained flat at \$886.9 million in the first half of 2011 as loan demand from both consumers and small businesses has been weak.

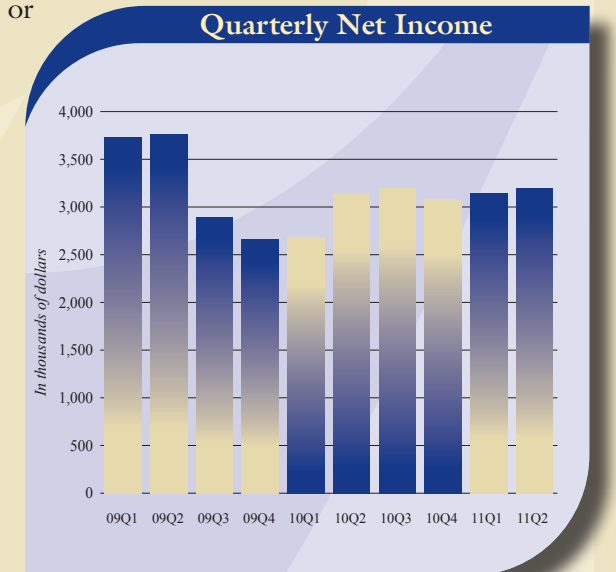
Despite an increase in volume, the net interest margin earned on our earning assets slipped from 3.41% in 2010 to 3.31% in 2011. As overall interest rates continued to decrease and remain at historic lows, the return on our loans and investments declined at a faster pace than our ability to reduce our funding costs.

Credit quality continued to be relatively stable over the past several quarters with non-performing loans at 2.49% of total loans as of June 30, 2011, compared to 2.53% a year ago. The level of net charge offs was \$2.4 million year to date in 2011 compared to \$4.0 million for the same period in 2010. The Company also increased the allowance for loan losses by \$1.7 million since year-end as our provision for loan losses exceeded our actual losses.

Overall, we are seeing a relatively stable performance for these challenging economic times. We appreciate your support of The First Bancorp.

Very truly yours,

Daniel R. Daigneault  
 President & Chief Executive Officer



### Consolidated Balance Sheets (Unaudited)

<i>In thousands of dollars, except per share data</i>	6/30/2011	12/31/2010	6/30/2010
<b>Assets</b>			
Cash and due from banks	\$ 14,322	\$ 13,838	\$ 22,219
Time deposits in other banks	100	100	-
Securities available for sale	304,278	293,229	149,249
Securities to be held to maturity	122,970	107,380	129,892
Federal Home Loan Bank and Federal Reserve Bank stock, at cost	15,443	15,443	15,443
Loans held for sale	419	2,806	3,426
Loans	886,929	887,596	932,010
Less allowance for loan losses	15,034	13,316	14,165
Net loans	871,895	874,280	917,845
Accrued interest receivable	6,511	5,263	6,536
Premises and equipment	18,351	18,980	18,739
Other real estate owned	7,723	4,929	4,794
Goodwill	27,684	27,684	27,684
Other assets	27,994	29,870	30,448
<b>Total assets</b>	<b>\$ 1,417,690</b>	<b>\$ 1,393,802</b>	<b>\$ 1,326,275</b>
<b>Liabilities</b>			
Demand deposits	\$ 71,517	\$ 74,032	\$ 62,821
NOW deposits	117,064	119,823	112,256
Money market deposits	69,681	71,604	77,231
Savings deposits	107,278	100,870	95,686
Certificates of deposit	633,298	608,189	601,507
Total deposits	998,838	974,518	949,501
Borrowed funds	249,336	257,330	213,944
Other liabilities	13,306	12,106	12,385
Total Liabilities	1,261,480	1,243,954	1,175,830
<b>Shareholders' equity</b>			
Preferred stock	24,754	24,705	24,655
Common stock	98	98	98
Additional paid-in capital	45,629	45,474	45,298
Retained earnings	83,594	81,701	79,864
Net unrealized gain (loss) on securities available-for-sale	2,198	(2,057)	732
Net unrealized loss on postretirement benefit costs	(63)	(73)	(202)
Total shareholders' equity	156,210	149,848	150,445
<b>Total liabilities &amp; shareholders' equity</b>	<b>\$ 1,417,690</b>	<b>\$ 1,393,802</b>	<b>\$ 1,326,275</b>
<b>Common Stock</b>			
Number of shares authorized	18,000,000	18,000,000	18,000,000
Number of shares issued and outstanding	9,793,706	9,773,025	9,758,218
Book value per share	\$13.42	\$12.80	\$12.89
Tangible book value per share	\$10.60	\$9.97	\$10.05
Leverage capital ratio (2011 estimated)	8.80%	9.30%	9.17%
Total risk-based capital ratio (2011 estimated)	16.26%	16.23%	15.37%

### Consolidated Statements of Income (Unaudited)

<i>In thousands of dollars, except per share data</i>	For the six months ended		For the quarters ended	
	6/30/2011	6/30/2010	6/30/2011	6/30/2010
<b>Interest income</b>				
Interest and fees on loans	\$ 20,128	\$ 22,206	\$ 9,955	\$ 11,056
Interest on deposits with other banks	3	2	1	-
Interest and dividends on investments	8,120	6,140	4,041	3,159
Total interest income	28,251	28,348	13,997	14,215
<b>Interest expense</b>				
Interest on deposits	5,081	5,051	2,518	2,571
Interest on borrowed funds	2,442	3,319	1,256	1,687
Total interest expense	7,523	8,370	3,774	4,258
Net interest income	20,728	19,978	10,223	9,957
Provision for loan losses	4,100	4,500	2,000	2,100
Net interest income after provision for loan losses	16,628	15,478	8,223	7,857
<b>Non-interest income</b>				
Investment management and fiduciary income	782	787	358	376
Service charges on deposit accounts	1,351	1,505	711	796
Net securities gains	229	2	229	-
Mortgage origination and servicing income	652	613	193	335
Other operating income	1,497	1,550	743	775
Total non-interest income	4,511	4,457	2,234	2,282
<b>Non-interest expense</b>				
Salaries and employee benefits	6,005	5,553	2,928	2,808
Occupancy expense	827	776	378	382
Furniture and equipment expense	1,111	1,121	561	540
FDIC insurance premiums	806	952	405	477
Net securities losses	-	-	-	-
Other than temporary impairment charge	-	-	-	-
Amortization of identified intangibles	141	142	70	71
Other operating expense	3,848	3,633	1,908	1,617
Total non-interest expense	12,738	12,177	6,250	5,895
Income before income taxes	8,401	7,758	4,207	4,244
Applicable income taxes	2,065	1,914	1,014	1,084
Net income	\$ 6,336	\$ 5,844	\$ 3,193	\$ 3,160
Less preferred stock dividends and amortization	674	674	337	337
Net income available to common shareholders	\$ 5,662	\$ 5,170	\$ 2,856	\$ 2,823
Basic earnings per share	\$0.58	\$0.53	\$0.29	\$0.29
Diluted earnings per share	\$0.58	\$0.53	\$0.29	\$0.29
Closing market price per share	\$ 14.86	\$ 13.13	\$ 14.86	\$ 13.13
<b>Financial Ratios</b>				
Return on average tangible equity	11.26%	10.64%	11.09%	11.50%
Net interest margin tax equivalent	3.31	3.41%	3.22%	3.35%
Efficiency ratio	47.47%	47.46%	46.66%	45.86%