THE FIRST BANCORP

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Portland, Maine

Independent Auditors
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Portland, Maine

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FNLC NASDAQ

Fourth Quarter 2009

Financial Results

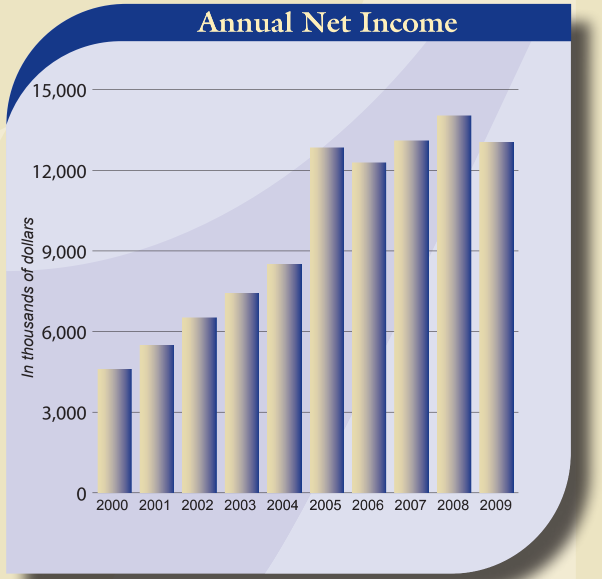
THE FIRST BANCORP

January 29, 2010

Dear First Bancorp Shareholder:

I am pleased to report the cash dividend for the fourth quarter of 2009 has been maintained at $0.195 per share and it is at the same level it has been over the past five quarters. On an annualized basis, the $0.78 dividend per share represents a yield of 5.06% based on the $15.42 closing price of the stock on December 31, 2009. This is an excellent dividend yield given the current low interest rate environment. We are pleased to be able to maintain the dividend given the challenges facing the banking industry and the financial markets over the past few quarters.

The Company posted unaudited net income of $13.0 million for the year ended December 31, 2009, down $1.0 million or 7.1% from the $14.0 million earned for the same period in 2008. For the quarter ended December 31, 2009, net income was $2.7 million, a decrease of $346,000 from the fourth quarter of 2008.



Most people will agree that 2009 was the most challenging year for the United States economy since the Great Depression. Unemployment increased to 10.0%, the housing market continued to weaken and small businesses experienced a decline in their revenues and continued to struggle as the recession extended to two years. As a result of this economic weakness, The First Bancorp provisioned a significantly higher amount for loan losses in 2009 to cover both actual losses and to add to the allowance for loan losses for increased potential loss exposure. Fortunately, this was mostly offset by increased net interest income and mortgage origination income.

Increased net interest income was partly due to our net interest margin widening to 3.66% in 2009 from 3.33% in 2008, and partly due to growth in earning assets. Although year-over-year asset growth was minimal, average earning assets were $79.7 million or 6.75% higher in 2009 than in 2008. During the year a large volume of residential mortgage loans refinanced due to low interest rates and we sold these to the secondary market and traded off current fee income for lower interest rate risk in the future. The decline in on-balance-sheet residential mortgages was partly offset by excellent growth in commercial, municipal and consumer loans.

Managing credit quality, however, was the primary focus for The First Bancorp in 2009 as it has been for almost all banks. At December 31, 2009, non-performing loans stood at 1.95% of total loans compared to 1.27% a year ago. While there has been an increase in problem loans during the past year, our ratio remains much lower than our peer group, which reported average non-performing loans at 3.49% of total loans as of September 30, 2009, the most recent peer data available. Past due loans remained elevated at 3.13% of total loans as of December 31, 2009, up slightly from 2.99% a year ago.

Although the current recession presented many economic challenges in 2009, The First Bancorp's performance was very strong. Our strong net interest income, mortgage origination income and other income mostly offset the higher provision for loan losses, the one-time special assessment and increased FDIC insurance premiums, as well as the write down of an investment security for other-than-temporary-impairment. We remain very well-capitalized, and we have been able to maintain our quarterly dividend at $0.195 per share, which we feel is important to our shareholders.

Sincerely,

Daniel R. Daigneault
President & Chief Executive Officer

Consolidated Balance Sheets *(Unaudited)*

In thousands of dollars, except per share data	12/31/2009	12/31/2008
Assets		
Cash and due from banks	$ 15,332	$ 16,856
Securities available for sale	81,838	13,072
Securities to be held to maturity	190,537	234,767
Federal Home Loan Bank and Federal Reserve Bank stock, at cost	15,443	14,693
Loans held for sale	2,876	1,298
Loans	951,819	979,273
Less allowance for loan losses	13,637	8,800
Net loans	938,182	970,473
Accrued interest receivable	4,889	5,783
Premises and equipment	18,331	16,028
Other real estate owned	5,345	2,428
Goodwill	27,684	27,684
Other assets	29,593	22,662
Total assets	$ 1,330,050	$ 1,325,744
Liabilities		
Demand deposits	$ 66,317	$ 68,399
NOW deposits	114,955	108,188
Money market deposits	94,425	129,333
Savings deposits	90,873	82,867
Certificates of deposit	212,758	246,152
Certificates $100,000 and over	343,339	290,797
Total deposits	922,667	925,736
Borrowed funds	249,778	272,074
Other liabilities	9,667	10,753
Total Liabilities	1,182,112	1,208,563
Shareholders' equity		
Preferred stock	24,606	-
Common stock	97	97
Additional paid-in capital	45,121	44,117
Retained earnings	78,450	74,057
Net unrealized loss on securities available-for-sale	(125)	(819)
Net unrealized loss on postretirement benefit costs	(211)	(271)
Total shareholders' equity	147,938	117,181
Total liabilities & shareholders' equity	$ 1,330,050	$1,325,744
Common Stock		
Number of shares authorized	18,000,000	18,000,000
Number of shares issued and outstanding	9,744,170	9,696,397
Book value per share	$12.66	$12.09
Tangible book value per share	$9.82	$9.23
Leverage capital ratio	9.10%	7.07%
Total risk-based capital ratio (2009 estimated)	14.90%	11.13%

Consolidated Statements of Income *(Unaudited)*

	For the years ended		For the quarters ended	
In thousands of dollars, except per share data	12/31/2009	12/31/2008	12/31/2009	12/31/2008
Interest income				
Interest and fees on loans	$ 49,277	$ 58,079	$ 11,573	$ 13,860
Interest on deposits with other banks	1	3	-	3
Interest and dividends on investments	13,291	13,290	2,903	3,774
Total interest income	62,569	71,372	14,476	17,637
Interest expense				
Interest on deposits	11,872	23,000	2,469	4,959
Interest on borrowed funds	7,044	10,669	1,679	2,357
Total interest expense	18,916	33,669	4,148	7,316
Net interest income	43,653	37,703	10,328	10,321
Provision for loan losses	12,160	4,700	4,500	2,386
Net interest income after provision for loan losses	31,493	33,003	5,828	7,935
Non-interest income				
Investment management and fiduciary income	1,331	1,475	333	337
Service charges on deposit accounts	2,516	2,837	762	646
Net securities gains	-	-	-	22
Mortgage origination and servicing income	2,341	145	428	(225)
Other operating income	6,566	5,189	2,706	1,316
Total non-interest income	12,754	9,646	4,229	2,096
Non-interest expense				
Salaries and employee benefits	10,935	11,333	2,941	2,708
Occupancy expense	1,580	1,518	398	368
Furniture and equipment expense	2,273	2,005	573	497
FDIC insurance premiums	1,666	402	390	136
Net securities losses	150	89	3	65
Other than temporary impairment charge	916	-	-	-
Amortization of identified intangibles	283	283	70	70
Other operating expense	8,855	7,364	2,391	1,992
Total non-interest expense	26,658	22,994	6,766	5,836
Income before income taxes	17,589	19,655	3,291	4,195
Applicable income taxes	4,547	5,621	629	1,187
Net income	$ 13,042	$ 14,034	$ 2,662	$ 3,008
Less preferred stock dividends and amortization	1,161	-	337	-
Net income available to common shareholders	$ 11,881	$ 14,034	$ 2,325	$ 3,008
Basic earnings per share	$1.22	$1.45	$0.24	$0.31
Diluted earnings per share	$1.22	$1.44	$0.24	$0.31
Closing market price per share	$15.42	$19.89	$15.42	$19.89
Financial Ratios				
Return on average tangible equity	13.77%	15.75%	10.87%	13.19%
Net interest margin tax equivalent	3.66%	3.33%	3.54%	3.67%
Efficiency ratio	43.39%	46.07%	44.46%	44.29%