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Robert B. Gregory
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Tony C. McKim
Executive Vice President & Chief Operating Officer
F. Stephen Ward
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
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Second Quarter 2010
Financial Results



July 30, 2010

Dear First Bancorp Shareholder:

I am pleased to report the cash dividend for the second quarter of 2010 is \$0.195 per share, which is level with the dividend declared in the first quarter of 2010. On an annualized basis, the quarterly dividend of \$0.195 per share amounts to \$0.78 per share and represents a yield of 5.94% based on the \$13.13 closing price on June 30, 2010. This is an attractive return especially in these times of low interest rates.

The Company posted unaudited net income for the quarter ended June 30, 2010 of \$3.2 million, an increase of \$476,000 or 17.7% from the first quarter of 2010 with earnings per common share on a fully diluted basis of \$0.29, up \$0.05 or 20.8% from the previous quarter. Compared to the second quarter in 2009, net income was down \$602,000 or 16.0% and earnings per common share on a fully diluted basis were down \$0.06 or 17.1%.

Although our quarterly earnings are below the comparable period last year, I am very encouraged by the \$476,000 increase in earnings from the previous quarter. As you can see in the chart, our second quarter net income is the best we have posted since the second quarter of 2009, with stable net interest income and a lower provision for loan losses compared to the first quarter. While net interest income was down \$1.5 million in the second quarter of 2010 compared to the same period in 2009 it was down only slightly from the first quarter of 2010.

Non-performing loans stood at 2.53% on June 30, 2010 compared to 2.46% of total loans on March 31, 2010 and 1.95% on December 31, 2009. This compares favorably to nonperforming loans at 3.65% for our peer group as of March 31, 2010, the latest peer data available. Net chargeoffs were \$4.0 million or 0.86% of average loans on an annualized basis for the first six months of 2010. This compares to net chargeoffs of \$1.6 million or 0.34% of average loans on an annualized basis for the first six months of 2009.

We provisioned \$4.5 million for loan losses in the first half of 2010, down \$100,000 from the \$4.6 million provision made in the first half of 2009. As a result, the allowance for loan losses has increased \$528,000 or 3.9% year-to-date and now stands at 1.52% of outstanding loans compared to 1.43% at December 31, 2009 and 1.20% at June 30, 2009.

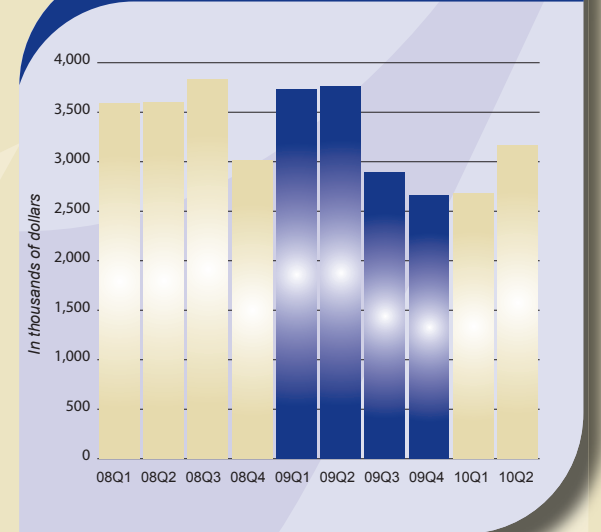
Although the continued weak economy presents continued economic challenges for all businesses, The First Bancorp's performance continues to be very respectable and much stronger than our peers. We remain very well-capitalized with total risk-based capital as of June 30, 2010 at 15.29% which is well above the well-capitalized threshold of 10% set by the FDIC and we continue to be able to maintain our quarterly dividend at \$0.195 per share, which we see as being important to our shareholder base.

We appreciate your continued support and confidence.

Very truly yours,

Daniel R. Daigneault
President & Chief Executive Officer

Quarterly Net Income



Consolidated Balance Sheets *(Unaudited)*

<i>In thousands of dollars, except per share data</i>	6/30/2010	12/31/2009	6/30/2009
Assets			
Cash and due from banks	\$ 22,219	\$ 15,332	\$ 18,575
Securities available for sale	149,249	81,838	35,972
Securities to be held to maturity	129,892	190,537	247,627
Federal Home Loan Bank and Federal Reserve Bank stock, at cost	15,443	15,443	14,693
Loans held for sale	3,426	2,876	3,162
Loans	932,010	952,492	982,336
Less allowance for loan losses	14,165	13,637	11,752
Net loans	917,845	938,855	970,584
Accrued interest receivable	6,536	4,889	7,140
Premises and equipment	18,739	18,331	18,610
Other real estate owned	4,794	5,345	2,797
Goodwill	27,684	27,684	27,684
Other assets	30,448	30,264	23,142
Total assets	\$ 1,326,275	\$ 1,331,394	\$ 1,369,986
Liabilities			
Demand deposits	\$ 62,821	\$ 66,317	\$ 63,266
NOW deposits	112,256	114,955	100,283
Money market deposits	77,231	94,425	104,803
Savings deposits	95,686	90,873	86,305
Certificates of deposit	237,757	212,893	202,039
Certificates \$100,000 and over	363,750	343,204	357,253
Total deposits	949,501	922,667	913,949
Borrowed funds	213,944	249,778	297,361
Other liabilities	12,385	11,011	12,478
Total Liabilities	1,175,830	1,183,456	1,223,788
Shareholders' equity			
Preferred stock	24,655	24,606	24,557
Common stock	98	97	97
Additional paid-in capital	45,298	45,121	44,958
Retained earnings	79,864	78,450	77,320
Net unrealized gain (loss) on securities available-for-sale	732	(125)	(472)
Net unrealized loss on postretirement benefit costs	(202)	(211)	(262)
Total shareholders' equity	150,445	147,938	146,198
Total liabilities & shareholders' equity	\$ 1,326,275	\$ 1,331,394	\$ 1,369,986
Common Stock			
Number of shares authorized	18,000,000	18,000,000	18,000,000
Number of shares issued and outstanding	9,758,218	9,744,170	9,722,204
Book value per share	\$12.89	\$12.66	\$12.51
Tangible book value per share	\$10.05	\$9.82	\$9.66
Leverage capital ratio (2010 estimated)	9.12%	9.44%	8.86%
Total risk-based capital ratio (2010 estimated)	15.29%	14.96%	14.84%

Consolidated Statements of Income *(Unaudited)*

<i>In thousands of dollars, except per share data</i>	For the six months ended		For the quarters ended	
	6/30/2010	6/30/2009	6/30/2010	6/30/2009
Interest income				
Interest and fees on loans	\$ 22,206	\$ 25,533	\$ 11,056	\$ 12,606
Interest on deposits with other banks	2	-	-	-
Interest and dividends on investments	6,140	7,336	3,159	3,645
Total interest income	28,348	32,869	14,215	16,251
Interest expense				
Interest on deposits	5,051	6,694	2,571	3,049
Interest on borrowed funds	3,319	3,665	1,687	1,765
Total interest expense	8,370	10,359	4,258	4,814
Net interest income	19,978	22,510	9,957	11,437
Provision for loan losses	4,500	4,600	2,100	2,950
Net interest income after provision for loan losses	15,478	17,910	7,857	8,487
Non-interest income				
Investment management and fiduciary income	787	678	376	353
Service charges on deposit accounts	1,505	1,158	796	600
Net securities gains	2	-	-	-
Mortgage origination and servicing income	613	1,543	335	862
Other operating income	1,550	2,170	775	1,148
Total non-interest income	4,457	5,549	2,282	2,963
Non-interest expense				
Salaries and employee benefits	5,553	5,152	2,808	2,563
Occupancy expense	776	834	382	393
Furniture and equipment expense	1,121	1,138	540	569
FDIC insurance premiums	952	961	477	599
Net securities losses	-	148	-	6
Other than temporary impairment charge	-	916	-	-
Amortization of identified intangibles	142	142	71	71
Other operating expense	3,633	3,730	1,617	2,033
Total non-interest expense	12,177	13,021	5,895	6,234
Income before income taxes	7,758	10,438	4,244	5,216
Applicable income taxes	1,914	2,948	1,084	1,454
Net income	\$ 5,844	\$ 7,490	\$ 3,160	\$ 3,762
Less preferred stock dividends and amortization	674	488	337	337
Net income available to common shareholders	\$ 5,170	\$ 7,002	\$ 2,823	\$ 3,425
Basic earnings per share	\$ 0.53	\$ 0.72	\$ 0.29	\$ 0.35
Diluted earnings per share	\$ 0.53	\$ 0.72	\$ 0.29	\$ 0.35
Closing market price per share	\$ 13.13	\$ 19.47	\$ 13.13	\$ 19.47
Financial Ratios				
Return on average tangible equity	12.03%	16.18%	12.87%	15.86%
Net interest margin tax equivalent	3.41%	3.68%	3.35%	3.69%
Efficiency ratio	47.46%	40.78%	45.86%	41.40%