



Board of Directors

Stuart G. Smith
Chairman of the Board
Katherine M. Boyd
Daniel R. Daigneault
Robert B. Gregory
Tony C. McKim
Carl S. Poole, Jr.
Mark N. Rosborough
David B. Soule, Jr.
Bruce B. Tindal

Executive Officers

Daniel R. Daigneault
President & Chief Executive Officer
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

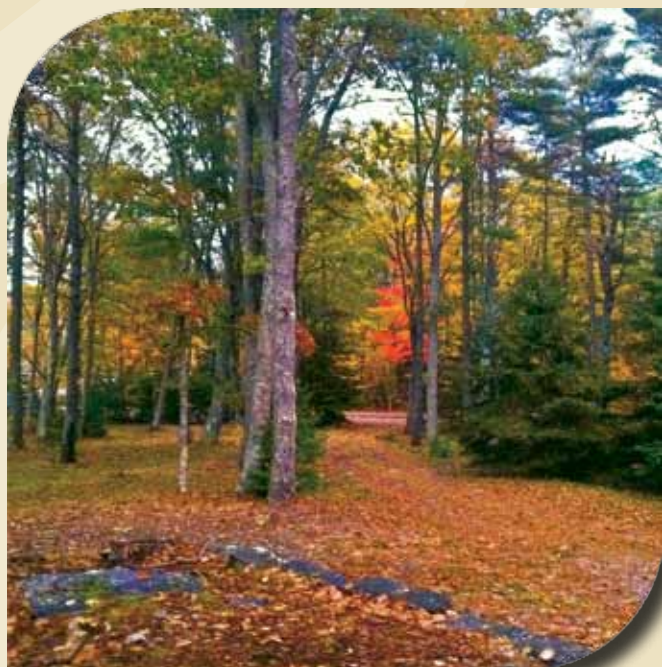
Independent Auditors

Berry, Dunn, McNeil & Parker
Portland, Maine

The First Bancorp
P.O. Box 940, Damariscotta, Maine 04543
207.563.3195



Third Quarter 2010
Financial Results



October 29, 2010

Dear First Bancorp Shareholder:

I am pleased to report the cash dividend for the third quarter of 2010 is \$0.195 per share, which is level with the dividend declared in the second 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 5.64% based on the \$13.83 closing price on September 30, 2010. Maintaining the cash dividend at the current level is one of the Company's primary objectives.

The Company posted unaudited net income for the quarter ended September 30, 2010 of \$3.2 million, up \$305,000 or 10.6% from the same period in 2009, and earnings per common share on a fully diluted basis of \$0.29 were up \$0.03 or 11.5% from the same period in 2009. Compared to the previous quarter, net income was up \$35,000 or 1.1% and earnings per common share on a fully diluted basis were unchanged at \$0.29.

Our third quarter net income is the best we have posted in the past five quarters. Lower net interest income was offset by a lower provision for loan losses, and the deteriorating trend in credit quality we have experienced during the past two years has stabilized in the first nine months of 2010. Although the weak economy is now in its third year, we are seeing a few signs of improvement.

Non-performing loans stood at 2.36% of total loans on September 30, 2010 compared to 2.53% of total loans on June 30, 2010 and 1.95% on December 31, 2009. This compares favorably to nonperforming loans at 3.45% for our peer group as of June 30, 2010, the latest peer data available. Net chargeoffs were \$5.7 million or 0.82% of average loans on an annualized basis for the first nine months of 2010. This compares to net chargeoffs of \$3.7 million or 0.50% of average loans on an annualized basis for the first nine months of 2009.

We provisioned \$6.3 million for loan losses in the first nine months of 2010, down \$1.4 million from the first nine months of 2009. In the third quarter of 2010 we provisioned \$1.8 million for loan losses, down \$1.3 million from the same quarter in 2009 and down \$300,000 from the previous quarter. The allowance for loan losses has increased \$607,000 or 4.5% year-to-date and now stands at 1.55% of outstanding loans compared to 1.43% at December 31, 2009 and 1.31% at September 30, 2009.

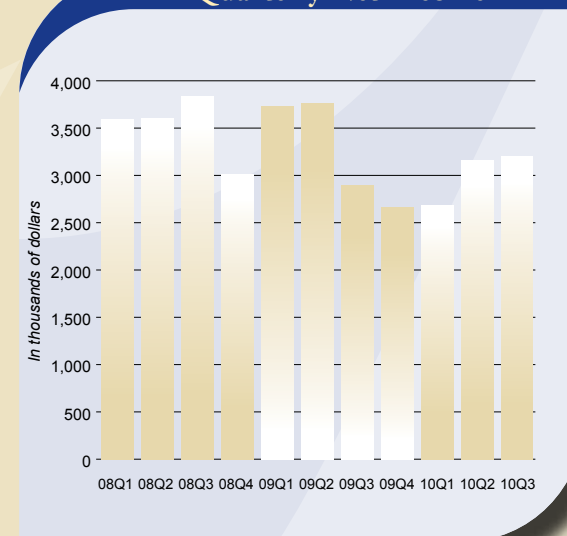
We continue to remain well capitalized, which is critically important in this period of prolonged economic weakness. Our total risk-based capital is in excess of 15.0%, well above the well-capitalized threshold of 10.0% set by the FDIC. Good earnings and strong capital serve a dual purpose: they are a buffer for potential loan losses and they enable the Company to maintain the dividend at its current level.

We appreciate your continued support and confidence in The First Bancorp.

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>	9/30/2010	12/31/2009	9/30/2009
Assets			
Cash and due from banks	\$ 13,880	\$ 15,332	\$ 16,421
Overnight funds sold	-	-	7,500
Securities available for sale	232,075	81,838	38,575
Securities to be held to maturity	121,341	190,537	211,784
Federal Home Loan Bank and Federal Reserve Bank stock, at cost	15,443	15,443	14,693
Loans held for sale	1,031	2,876	2,794
Loans	918,538	952,492	973,823
Less allowance for loan losses	14,244	13,637	12,800
Net loans	904,294	938,855	961,023
Accrued interest receivable	5,445	4,889	5,648
Premises and equipment	18,457	18,331	18,357
Other real estate owned	5,338	5,345	2,995
Goodwill	27,684	27,684	27,684
Other assets	29,636	30,264	24,368
Total assets	\$ 1,374,624	\$ 1,331,394	\$ 1,331,842
Liabilities			
Demand deposits	\$ 80,695	\$ 66,317	\$ 74,049
NOW deposits	123,899	114,955	112,087
Money market deposits	69,119	94,425	101,352
Savings deposits	102,911	90,873	93,363
Certificates of deposit	610,308	556,097	579,221
Total deposits	986,932	922,667	960,072
Borrowed funds	222,672	249,778	213,061
Other liabilities	12,790	11,011	11,095
Total Liabilities	1,222,394	1,183,456	1,184,228
Shareholders' equity			
Preferred stock	24,680	24,606	24,582
Common stock	98	97	97
Additional paid-in capital	45,385	45,121	45,003
Retained earnings	80,843	78,450	78,000
Net unrealized gain (loss) on securities available-for-sale	1,421	(125)	189
Net unrealized loss on postretirement benefit costs	(197)	(211)	(257)
Total shareholders' equity	152,230	147,938	147,614
Total liabilities & shareholders' equity	\$ 1,374,624	\$ 1,331,394	\$ 1,331,842
Common Stock			
Number of shares authorized	18,000,000	18,000,000	18,000,000
Number of shares issued and outstanding	9,765,631	9,744,170	9,725,405
Book value per share	\$13.06	\$12.66	\$12.65
Tangible book value per share	\$10.23	\$9.82	\$9.80
Leverage capital ratio (2010 estimated)	9.05%	9.44%	9.16%
Total risk-based capital ratio (2010 estimated)	15.73%	14.96%	15.05%

Consolidated Statements of Income (Unaudited)

<i>In thousands of dollars, except per share data</i>	For the nine months ended		For the quarters ended	
	9/30/2010	9/30/2009	9/30/2010	9/30/2009
Interest income				
Interest and fees on loans	\$ 33,342	\$ 37,704	\$ 11,136	\$ 12,171
Interest on deposits with other banks	5	1	3	1
Interest and dividends on investments	9,571	10,388	3,431	3,052
Total interest income	42,918	48,093	14,570	15,224
Interest expense				
Interest on deposits	7,699	9,403	2,648	2,709
Interest on borrowed funds	4,988	5,365	1,669	1,700
Total interest expense	12,687	14,768	4,317	4,409
Net interest income	30,231	33,325	10,253	10,815
Provision for loan losses	6,300	7,660	1,800	3,060
Net interest income after provision for loan losses	23,931	25,665	8,453	7,755
Non-interest income				
Investment management and fiduciary income	1,116	998	329	320
Service charges on deposit accounts	2,194	1,754	689	596
Net securities gains	2	-	-	1
Mortgage origination and servicing income	906	1,913	293	370
Other operating income	2,306	3,860	756	1,690
Total non-interest income	6,524	8,525	2,067	2,977
Non-interest expense				
Salaries and employee benefits	8,662	7,994	3,109	2,842
Occupancy expense	1,129	1,182	353	348
Furniture and equipment expense	1,671	1,700	550	562
FDIC insurance premiums	1,428	1,276	476	315
Net securities losses	-	147	-	-
Other than temporary impairment charge	-	916	-	-
Amortization of identified intangibles	213	213	71	71
Other operating expense	5,302	6,464	1,669	2,734
Total non-interest expense	18,405	19,892	6,228	6,872
Income before income taxes	12,050	14,298	4,292	3,860
Applicable income taxes	3,011	3,918	1,097	970
Net income	\$ 9,039	\$ 10,380	\$ 3,195	\$ 2,890
Less preferred stock dividends and amortization	1,011	824	337	337
Net income available to common shareholders	\$ 8,028	\$ 9,556	\$ 2,858	\$ 2,553
Basic earnings per share	\$ 0.82	\$ 0.98	\$ 0.29	\$ 0.26
Diluted earnings per share	\$ 0.82	\$ 0.98	\$ 0.29	\$ 0.26
Closing market price per share	\$ 13.83	\$ 18.60	\$ 13.83	\$ 18.60
Financial Ratios				
Return on average tangible equity	12.23%	14.76%	12.60%	11.96%
Net interest margin tax equivalent	3.39%	3.65%	3.36%	3.59%
Efficiency ratio	47.68%	43.01%	48.11%	47.54%