FIRST NATIONAL LINCOLN CORP /ME/
Form 10-Q
May 07, 2009
UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 10-Q **x Quarterly Report Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934**

For the quarterly period ended March 31, 2009

Commission File Number 0-26589

THE FIRST BANCORP, INC.

(Exact name of Registrant as specified in its charter) **MAINE 01-0404322**

(State or other jurisdiction of incorporation or organization)(I.R.S. Employer Identification No.)

MAIN STREET, DAMARISCOTTA, MAINE 04543

(Address of principal executive offices) (Zip code)

(207) 563-3195

Registrant s telephone number, including area code

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes x No[_]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer [_] Accelerated filer x Non-accelerated filer [_]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

Yes [_] No x

Indicate the number of shares outstanding of each of the registrant s classes of common stock as of May 7, 2009

Common Stock: 9,719,166 shares

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Part I. Financial Information

Selected Financial Data (Unaudited)

The First Bancorp, Inc. and Subsidiary

Dollars in thousands, except for per share amounts	**For the three months ended March 31**		**For the quarters ended March 31**	
	2009	2008	**2009**	2008
Summary of Operations				
Interest Income	**$ 16,618**	$ 18,330	**$ 16,618**	$ 18,330
Interest Expense	**5,545**	9,513	**5,545**	9,513
Net Interest Income	**11,073**	8,817	**11,073**	8,817
Provision for Loan Losses	**1,650**	500	**1,650**	500
Non-Interest Income	**2,586**	2,176	**2,586**	2,176
Non-Interest Expense	**6,787**	5,449	**6,787**	5,449
Net Income	**3,728**	3,591	**3,728**	3,591
Per Common Share Data				
Basic Earnings per Share	**$ 0.37**	$ 0.37	**$ 0.37**	$ 0.37
Diluted Earnings per Share	**0.37**	0.37	**0.37**	0.37
Cash Dividends Declared	**0.195**	0.185	**0.195**	0.185
Book Value	**12.36**	11.70	**12.36**	11.70
Tangible Book Value	**9.51**	8.85	**9.51**	8.85
Market Value	**$ 15.86**	$ 15.15	**$ 15.86**	$ 15.15
Financial Ratios				
Return on Average Equity [1]	**12.63%**	13.08%	**12.63%**	13.08%
Return on Average Tangible Equity [1]	**16.43%**	17.47%	**16.43%**	17.47%
Return on Average Assets [1]	**1.11%**	1.18%	**1.11%**	1.18%
Average Equity to Average Assets	**8.79%**	9.00%	**8.79%**	9.00%
Average Tangible Equity to Average Assets	**6.76%**	6.73%	**6.76%**	6.73%
Net Interest Margin Tax-Equivalent [1]	**3.68%**	3.24%	**3.68%**	3.24%
Dividend Payout Ratio	**52.70%**	50.00%	**52.70%**	50.00%
Allowance for Loan Losses/Total Loans	**0.99%**	0.77%	**0.99%**	0.77%
Non-Performing Loans to Total Loans	**1.32%**	0.36%	**1.32%**	0.36%
Non-Performing Assets to Total Assets	**1.23%**	0.27%	**1.23%**	0.27%
Efficiency Ratio	**40.12%**	46.97%	**40.12%**	46.97%
At Period End				
Total Assets	**$1,398,500**	$1,248,208	**$1,398,500**	$1,248,208
Total Loans	**990,014**	933,814	**990,014**	933,814
Total Investment Securities	**323,799**	232,878	**323,799**	232,878
Total Deposits	**987,440**	826,477	**987,440**	826,477
Total Shareholders Equity	**144,600**	113,611	**144,600**	113,611

[1]Annualized using a 365-day basis

Item 1 Financial Statements

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders

The First Bancorp, Inc.

We have reviewed the accompanying interim consolidated financial information of The First Bancorp, Inc. and Subsidiary as of March 31, 2009 and 2008 and for the three-month periods then ended. These financial statements are the responsibility of the Company s management.

We conducted our reviews in accordance with standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit in accordance with standards of the Public Company Accounting Oversight Board (United States), the objective of which is to express an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying interim financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

/s/ Berry, Dunn, McNeil & Parker

Portland, Maine

May 7, 2009

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Consolidated Balance Sheets (Unaudited)

The First Bancorp, Inc. and Subsidiary

In thousands of dollars	**March 31, 2009**	December 31, 2008	March 31, 2008
Assets			
Cash and due from banks	**$ 15,815**	$ 16,856	$ 15,837
Overnight funds sold	**-**	-	-
Securities available for sale	**26,584**	27,765	40,578
Securities to be held to maturity (fair value $291,271 at March 31, 2009, $229,460 at December 31, 2008 and $193,416 at March 31, 2008)	**297,215**	234,767	192,300
Loans held for sale (fair value approximates cost)	**1,949**	1,298	2,281
Loans	**990,014**	979,273	933,814
Less: allowance for loan losses	**9,805**	8,800	7,208
Net loans	**980,209**	970,473	926,606
Accrued interest receivable	**7,077**	5,783	7,273
Premises and equipment	**18,860**	16,028	16,250
Other real estate owned	**2,652**	2,428	1,558
Goodwill	**27,684**	27,684	27,684
Other assets	**20,455**	22,662	17,841
Total Assets	**$1,398,500**	$1,325,744	$1,248,208
Liabilities			
Demand deposits	**$ 56,162**	$ 68,399	$ 57,008
NOW deposits	**103,711**	108,188	96,226
Money market deposits	**111,904**	129,333	127,360
Savings deposits	**86,130**	82,867	86,247
Certificates of deposit under $100,000	**246,464**	246,152	329,833
Certificates $100,000 and over	**383,069**	290,797	129,803
Total deposits	**987,440**	925,736	826,477
Borrowed funds	**254,124**	272,074	295,253
Other liabilities	**12,336**	10,753	12,867
Total Liabilities	**1,253,900**	1,208,563	1,134,597
Shareholders' Equity			
Preferred stock	**24,532**	-	-
Common stock	**97**	97	97
Additional paid-in capital	**44,799**	44,117	44,309
Retained earnings	**75,766**	74,057	69,234
Accumulated other comprehensive (loss) income			
Net unrealized (loss) gain on securities available-for-sale	**(328)**	(819)	240
Net unrealized loss on postretirement benefit costs	**(266)**	(271)	(269)
Total Shareholders' Equity	**144,600**	117,181	113,611
Total Liabilities & Shareholders' Equity	**$1,398,500**	$1,325,744	$1,248,208
Common Stock			
Number of shares authorized	**18,000,000**	18,000,000	18,000,000
Number of shares issued and outstanding	**9,711,805**	9,696,397	9,706,784
Book value per share	**$12.36**	$12.09	$11.70

See Report of Independent Registered Public Accounting Firm.

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Income (Unaudited)

The First Bancorp, Inc. and Subsidiary

	For the three months ended		For the quarters ended	
	<u>March 31,</u>		<u>March 31,</u>	
In thousands of dollars	**2009**	2008	**2009**	2008
Interest income				
Interest and fees on loans	**$12,927**	$15,292	**$12,927**	$15,292
Interest on deposits with other banks	**-**	-	**-**	-
Interest and dividends on investments	**3,691**	3,038	**3,691**	3,038
Total interest income	**16,618**	18,330	**16,618**	18,330
Interest expense				
Interest on deposits	**3,645**	6,439	**3,645**	6,439
Interest on borrowed funds	**1,900**	3,074	**1,900**	3,074
Total interest expense	**5,545**	9,513	**5,545**	9,513
Net interest income	**11,073**	8,817	**11,073**	8,817
Provision for loan losses	**1,650**	500	**1,650**	500
Net interest income after provision for loan losses	**9,423**	8,317	**9,423**	8,317
Non-interest income				
Investment management and fiduciary income	**325**	390	**325**	390
Service charges on deposit accounts	**558**	683	**558**	683
Mortgage origination and servicing income	**681**	93	**681**	93
Other operating income	**1,022**	1,010	**1,022**	1,010
Total non-interest income	**2,586**	2,176	**2,586**	2,176
Non-interest expense				
Salaries and employee benefits	**2,589**	2,925	**2,589**	2,925
Occupancy expense	**441**	411	**441**	411
Furniture and equipment expense	**569**	490	**569**	490
Net securities losses	**142**	2	**142**	2
Other than temporary impairment charge	**916**	-	**916**	-
Amortization of identified intangibles	**71**	71	**71**	71
Other operating expense	**2,059**	1,550	**2,059**	1,550
Total non-interest expense	**6,787**	5,449	**6,787**	5,449
Income before income taxes	**5,222**	5,044	**5,222**	5,044
Applicable income taxes	**1,494**	1,453	**1,494**	1,453
NET INCOME	**$ 3,728**	$ 3,591	**$ 3,728**	$ 3,591
Less dividends and amortization of premium on preferred stock	**150**	-	**150**	-
Net income available to common shareholders	**$ 3,578**	$ 3,591	**$ 3,578**	$ 3,591
Earning per common share				
Basic earnings per share	**$0.37**	$0.37	**$0.37**	$0.37
Diluted earnings per share	**$0.37**	$0.37	**$0.37**	$0.37
Weighted average number of shares outstanding	**9,705,783**	9,718,846	**9,705,783**	9,718,846
Incremental shares	**16,536**	18,260	**16,536**	18,260
Cash dividends declared per share	**$0.195**	$0.185	**$0.195**	$0.185

See Report of Independent Registered Public Accounting Firm.

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Changes in Shareholders Equity (Unaudited)

The First Bancorp, Inc. and Subsidiary

In thousands of dollars, except number of shares	Preferred stock	Common stock and additional paid-in capital Shares	Amount	Retained earnings	Accumulated other comprehensive income (loss)	Total shareholders' equity
Balance at December 31, 2007	$ -	**9,732,493**	**$ 44,859**	**$ 67,432**	**$ 162**	**$ 112,453**
Net income	-	-	-	3,591	-	3,591
Net unrealized loss on securities available for sale, net of tax benefit of $100	-	-	-	-	(196)	(196)
Unrecognized transition obligation for postretirement benefits, net of taxes of $2	-	-	-	-	5	5
Comprehensive income	-	-	-	3,591	(191)	3,400
Cash dividends declared	-	-	-	(1,796)	-	(1,796)
Equity compensation expense	-	-	9	-	-	9
Payment to repurchase common stock	-	(47,430)	(694)	-	-	(694)
Proceeds from sale of common stock	-	21,721	232	-	-	232
Tax benefit of disqualifying disposition of incentive stock option shares	-	-	-	7	-	7
Balance at March 31, 2008	**$ -**	**9,706,784**	**$ 44,406**	**$ 69,234**	**$ (29)**	**$ 113,611**
Balance at December 31, 2008	**$ -**	**9,696,397**	**$ 44,214**	**$ 74,057**	**$ (1,090)**	**$ 117,181**
Net income	-	-	-	3,728	-	3,728
Net unrealized gain on securities available for sale, net of tax benefit of $265	-	-	-	-	491	491
Unrecognized transition obligation for postretirement benefits, net of taxes of $3	-	-	-	-	5	5
Comprehensive income	-	-	-	3,728	496	4,224
Dividends declared on common stock	-	-	-	(1,894)	-	(1,894)
Dividends declared on preferred stock	-	-	-	(125)	-	(125)
Equity compensation expense	-	-	9	-	-	9
Proceeds from sale of preferred stock	25,000	-	-	-	-	25,000
Premium on issuance of preferred stock	(493)	-	493	-	-	-
Amortization of premium for preferred stock issuance	25	-	(25)	-	-	-
Payment to repurchase common stock	-	(2,564)	(39)	-	-	(39)
Proceeds from sale of common stock	-	17,972	244	-	-	244
Balance at March 31, 2009	**$ 24,532**	**9,711,805**	**$ 44,896**	**$ 75,766**	**$ (594)**	**$ 144,600**

See Report of Independent Registered Public Accounting Firm.

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Cash Flows (Unaudited)

The First Bancorp, Inc. and Subsidiary

	For three months ended	
	March 31,	
In thousands of dollars	**2009**	2008
Cash flows from operating activities		
Net income	**$ 3,728**	$ 3,591
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	**374**	314
Provision for loan losses	**1,650**	500
Loans originated for resale	**(34,991)**	(5,429)
Proceeds from sales and transfers of loans	**34,340**	4,965
Net loss on sale or call of investment securities	**142**	2
Writedown of securities available for sale	**916**	-
Equity compensation expense	**9**	9
Net (increase) decrease in other assets and accrued interest	**577**	(1,177)
Net increase in other liabilities	**1,585**	144
Net amortization of premiums on investments	**(1,033)**	(1,040)
Net acquisition amortization	**27**	59
Net loss on disposal of assets	**3**	-
Net cash provided by operating activities	**7,327**	1,938
Cash flows from investing activities		
Proceeds from maturities, payments and calls of securities available for sale	**24**	1,075
Proceeds from sales of securities available for sale	**1,865**	-
Proceeds from maturities, payments and calls of securities to be held to maturity	**36,327**	34,593
Purchases of securities available for sale	**-**	(1,463)
Purchases of securities to be held to maturity	**(98,752)**	(44,531)
Net increase in loans	**(11,610)**	(14,473)
Capital expenditures	**(3,209)**	(83)
Net cash used by investing activities	**(75,355)**	(24,882)
Cash flows from financing activities		
Net decrease in demand, savings, and money market accounts	**(30,880)**	(6,120)
Net increase in certificates of deposit	**92,605**	51,323
Advances on long-term borrowings	**-**	30,000
Repayment on long-term borrowings	**(12,000)**	-
Net decrease in short-term borrowings	**(5,927)**	(51,460)
Proceeds from issuance of preferred stock	**25,000**	-
Payments to repurchase common stock	**(39)**	(694)
Proceeds from sale of common stock	**244**	232
Dividends paid	**(2,016)**	(1,754)
Net cash provided by financing activities	**66,987**	21,527
Net decrease in cash and cash equivalents	**(1,041)**	(1,417)
Cash and cash equivalents at beginning of period	**16,856**	17,254
Cash and cash equivalents at end of period	**$ 15,815**	$ 15,837
Interest paid	**$ 3,111**	$ 9,282
Income taxes paid	**$ 59**	$ 83
Non-cash transactions		
Change in net unrealized gain on available for sale securities, net of tax	**$ (491)**	$ (196)
Net transfer from loans to other real estate owned	**$ 224**	$ -

Notes to Consolidated Financial Statements

The First Bancorp, Inc. and Subsidiary

Note 1 Basis of Presentation

The First Bancorp, Inc. (the Company) is a financial holding company that owns all of the common stock of The First, N.A. (the Bank). At the Company s Annual Meeting of Shareholders on April 30, 2008, the Company s name was changed from First National Lincoln Corporation to The First Bancorp, Inc. The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of Management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. All significant intercompany transactions and balances are eliminated in consolidation. The income reported for the 2009 period is not necessarily indicative of the results that may be expected for the year ending December 31, 2009. For further information, refer to the consolidated financial statements and notes included in the Company s annual report on Form 10-K for the year ended December 31, 2008.

Note 2 Common Stock

On August 16, 2007, the Company announced that its Board of Directors had authorized a program for the repurchase of up to 300,000 shares of the Company s common stock or approximately 3.1% of the outstanding shares. The Company expects such repurchases to be effected from time to time, in the open market, in private transactions or otherwise, during a period of up to 24 months. The amount and timing of shares to be purchased will be subject to market conditions and will be based on several factors, including the price of the Company s stock and the level of stock issuances under the Company s employee stock plans. No assurance can be given as to the specific timing of the share repurchases or as to whether and to what extent the share repurchase will be consummated. As a consequence of

the Company s issuance of securities under the U.S. Treasury s Capital Purchase Program (the CPP Shares), its ability to repurchase stock while such securities remain outstanding is restricted to purchases from employee benefit plans. In the first three months of 2009, the Company repurchased 2,563 from employee benefit plans at an average price of $15.18 per share and for total proceeds of $39,000. As of March 31, 2009, the Company had repurchased 178,038 shares under the new repurchase plan at an average price of $15.53 and at a total cost of $2.8 million.

Note 3 Preferred Stock

On January 9, 2009, the Company received $25 million from preferred stock issuance of CPP Shares at a purchase price of $1,000 per share. The CPP Shares call for cumulative dividends at a rate of 5.0% per year for the first five years, and at a rate of 9.0% per year in following years, payable quarterly in arrears on February 15, May 15, August 15 and November 15 of each year. Incident to such issuance, the Company issued to the U.S. Treasury warrants (the Warrants) to purchase up to 225,904 shares of the Company s common stock at a price per share of $16.60 (subject to adjustment). The CPP Shares and the related Warrants (and any shares of common stock issuable pursuant to the Warrants) are freely transferable by Treasury to third parties and the Company has filed a registration statement with the Securities and Exchange Commission to allow for possible resale of such securities. The CPP Shares qualify as Tier 1 capital on the Company s books for regulatory purposes and rank senior to the Company s common stock and senior or at an equal level in the Company s capital structure to any other shares of preferred stock the Company may issue in the future.

The Company may redeem the CPP Shares during the first three years only with the proceeds the Company receives from the sale for cash of other Tier 1 qualifying perpetual preferred or common stock that results in aggregate gross proceeds to the Company of not less than 25% of the issue price of the CPP Shares. After three years, the Company could redeem the CPP Shares at its option, in whole or in part, at any time using any funds available to the Company. Any redemption would be subject to the prior approval of the Federal Reserve Bank of Boston. The CPP

Shares would be perpetual preferred stock, which means that neither Treasury nor any subsequent holder would have a right to require that the Company redeem any of the shares.

During the first three years following the Company s sale of the CPP Shares, the Company will be required to obtain Treasury s consent to increase the dividend per share paid on the Company s common stock unless the Company had redeemed the CPP Shares in full or Treasury had transferred all of the CPP Shares to other parties. Also

during the first three years following the Company s sale of the CPP Shares, the Company would be required to obtain Treasury s consent in order to repurchase any shares of its outstanding stock of any type (other than purchases of common stock or preferred stock ranking junior to the CPP Shares in the ordinary course of the Company s business and consistent with the Company s past practices in connection with a benefit plan) unless the Company had redeemed the CPP Shares in full or Treasury had transferred all of the CPP Shares to other parties.

As a condition to Treasury s purchase of the CPP Shares, during the time that Treasury holds any equity or debt instrument the Company issued, the Company will be required to comply with certain restrictions and other requirements relating to the compensation of the Company s chief executive officer, chief financial officer and three other most highly compensated executive officers. These restrictions include a prohibition on severance payments to those executive officers upon termination of their employment and a $500,000 limit on the tax deductions the Company can take for compensation expense for each of those executive officers in a single year as well as a prohibition on bonus compensation to such officers other than limited amounts of long-term restricted stock.

In conjunction with the sale of the CPP Shares, the Company also issued warrants to Treasury giving it the right to purchase from the Company 225,904 shares of the Company s common stock equal at a price of $16.60 per share. The Warrants have a term of ten years and could be exercised by Treasury or a subsequent holder at any time or from time to time during their term. To the extent they had not previously been exercised, the Warrants would expire after ten years. Treasury will not vote any shares of common stock it receives upon exercise of the Warrants, but that restriction would not apply to third parties to whom Treasury transferred the Warrants. The Warrants (and any common stock issued upon exercise of the Warrants) could be transferred to third parties separately from the CPP Shares. The proceeds from the sale of the CPP Shares was allocated between the CPP Shares and Warrants based on their relative fair values on the issue date. The fair value of the Warrants was determined using the Black-Scholes model which includes the following assumptions: common stock price of $16.60 per share, dividend yield of 4.70%, stock price volatility of 24.43%, and a risk-free interest rate of 2.01%. The discount on the CPP Shares was based on the value that was allocated to the Warrants upon issuance, and is being accreted back to the value of the CPP Shares over a five-year period (the expected life of the shares upon issuance) on a straight-line basis.

Note 4 Stock Options

The Company established a shareholder-approved stock option plan in 1995, under which the Company may grant options to its employees for up to 600,000 shares of common stock. The Company believes that such awards align the interests of its employees with those of its shareholders. Only incentive stock options may be granted under the plan. The option price of each option grant is determined by the Options Committee of the Board of Directors, and in no instance shall be less than the fair market value on the date of the grant. An option s maximum term is ten years from the date of grant, with 50% of the options granted vesting two years from the date of grant and the remaining 50% vesting five years from date of grant. As of January 16, 2005, all options under this plan had been granted.

The Company applies the fair value recognition provisions of Statement of Financial Accounting Standards (SFAS) No. 123 (Revised 2004), Share-Based Payment , to stock-based employee compensation. As a result, $9,000 in compensation cost is included in the Company s financial statements for the first three months of 2009. The unrecognized compensation cost to be amortized over a weighted average remaining vesting period of 1.75 years is $65,000, which is for 21,000 options granted in 2005.

The weighted average fair market value per share was $4.41 at the time of grant. The fair market value was estimated using the Black-Scholes option pricing model and the following assumptions: quarterly dividends of $0.12, risk-free interest rate of 4.20%, volatility of 25.81%, and an expected life of ten years, the options maximum term. Volatility is based on the actual volatility of the Company s stock during the quarter in which the options were granted. The risk-free rate for periods within the contractual life of the option is based on the U.S. Treasury yield curve at the time of the option grant.

The following table summarizes the status of the Company s non-vested options as of March 31, 2009:

	Number of Shares	Weighted Average Grant Date Fair Value
Non-vested at December 31, 2008	21,000	$4.41
Granted in 2009	-	-
Vested in 2009	-	-
Forfeited in 2009	-	-
Non-vested at March 31, 2009	21,000	$4.41

During 2009, 3,000 options were exercised, with proceeds paid to the Company of $22,000. The excess of the fair value of the stock issued upon exercise over the exercise price was $32,000. A summary of the status of the Company s Stock Option Plan as of March 31, 2009 and changes during the three-month period then ended, is presented below.

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value (In thousands)
Outstanding at December 31, 2008	76,500	$13.37		
Granted in 2009	-	-		
Vested in 2009	-	-		
Exercised in 2009	(3,000)	7.50		
Forfeited in 2009	-	-		
Outstanding at March 31, 2009	73,500	$13.51	4.0	$469
Exercisable at March 31, 2009	52,500	$11.71	3.3	$429

Note 5 Earnings Per Share

The following table sets forth the computation of basic and diluted earnings per share (EPS) for the three months ended March 31, 2009 and 2008:

In thousands, except number of shares and per share data	Income (Numerator)	Shares (Denominator)	Per-Share Amount
For the three months ended March 31, 2009			
Net income as reported	$3,728		
Less dividends and amortization of premium on preferred stock	150		
Basic EPS: Income available to common shareholders	3,578	9,705,783	$0.37
Effect of dilutive securities: incentive stock options		16,536	
Diluted EPS: Income available to common shareholders plus assumed conversions	$3,578	9,722,319	$0.37
For the three months ended March 31, 2008			
Net income as reported	$3,591		
Basic EPS: Income available to common shareholders	$3,591	9,718,846	$0.37
Effect of dilutive securities: incentive stock options		18,260	
Diluted EPS: Income available to common shareholders plus assumed conversions	$3,591	9,737,106	$0.37

All earnings per share calculations have been made using the weighted average number of shares outstanding during the period. The dilutive securities are incentive stock options granted to certain key members of Management and warrants granted to the U.S. Treasury under the Capital Purchase program. The dilutive number of shares has been calculated using the treasury method, assuming that all granted options and warrants were exercisable at the end of each period.

Note 6 Postretirement Benefit Plans

In December 2006, the Company implemented SFAS No. 158, Employers Accounting for Defined Benefit Pension and Other Postretirement Plans an amendment of FASB Statements No. 87, 88, 106, and 132(R) . This Statement requires an employer to recognize the overfunded or underfunded status of a defined benefit postretirement plan (other than a multiemployer plan) as an asset or liability in its balance sheet and to

recognize changes in the funded status in the year in which the changes occur through comprehensive income of a business entity. The Bank sponsors postretirement benefit plans which provide certain life insurance and health insurance benefits for certain retired

employees and health insurance for retired directors. None of these plans are pre-funded. The following table sets forth the accumulated postretirement benefit obligation and funded status:

	At March 31,	
In thousands of dollars	**2009**	2008
Change in benefit obligation		
Benefit obligation at beginning of year	**$ 1,990**	$ 1,949
Service cost	**5**	4
Interest cost	**34**	34
Benefits paid	**(39)**	(48)
Benefit obligation at end of period	**1,990**	1,939
Funded status		
Benefit obligation at end of period	**(1,990)**	(1,939)
Accrued benefit cost	**$(1,990)**	$(1,939)

The following table sets forth the net periodic pension cost:

	For three months ended March 31,	
In thousands of dollars	**2009**	2008
Components of net periodic benefit cost		
Service cost	**$ 4**	$ 4
Interest cost	**34**	34
Amortization of unrecognized transition obligation	**7**	7
Amortization of prior service credit	**(1)**	(1)
Amortization of accumulated losses	**5**	1
Net periodic benefit cost	**$ 49**	$ 45

Amounts not yet reflected in net periodic benefit cost and included in accumulated other comprehensive income are as follows:

	At March 31,	
In thousands of dollars	**2009**	2008
Unamortized prior service credit	**$ 1**	$ 5
Unamortized net actuarial loss	**(296)**	(275)
Unrecognized transition obligation	**(114)**	(143)
	(409)	(413)
Deferred tax benefit at 35%	**143**	144
Net unrecognized postretirement benefits included in accumulated other comprehensive income	**$ (266)**	$ (269)

A weighted average discount rate of 7.0% was used in determining the accumulated benefit obligation and the net periodic benefit cost. The measurement date for benefit obligations was as of year-end for prior years presented. The expected benefit payments for the second quarter of 2009 are $39,000 and the expected benefit payments for all of 2009 are $157,000. There is no expected contribution for 2009. Plan expense for 2009 is estimated to be $175,000.

Note 7 Goodwill and Other Intangible Assets

As of December 31, 2008, in accordance with SFAS No. 142, Goodwill and Other Intangible Assets, the Company completed its annual review of goodwill and determined there has been no impairment.

Note 8 Mortgage Servicing Rights

SFAS No. 156, Accounting for Servicing of Financial Assets , requires all separately recognized servicing assets and servicing liabilities to be initially measured at fair value, if practicable. Servicing assets and servicing liabilities are reported using the amortization method or the fair value measurement method. In evaluating the carrying values of mortgage servicing rights, the Company obtains third party valuations based on loan level data including note rate, type and term of the underlying loans. The model utilizes several assumptions, the most significant of which is loan prepayments, calculated using a three-month moving average of weekly prepayment data published by the Public Securities Association (PSA) and modeled against the serviced loan portfolio, and the discount rate to discount future cash flows. As of March 31, 2009, the prepayment assumption using the PSA model was 391, which translates into an anticipated prepayment rate of 23.49%. The discount rate is the quarterly average ten-year U.S. Treasuries plus 5.0%. Other assumptions include delinquency rates, foreclosure rates, servicing cost inflation, and annual unit loan cost. All assumptions are adjusted periodically to reflect current circumstances. Amortization of mortgage servicing rights, as well as write-offs due to prepayments of the related mortgage loans, are recorded as a charge against mortgage servicing fee income.

For the three months ended March 31, 2009 and 2008, servicing rights capitalized totaled $286,000 and $76,000, respectively. Servicing rights amortized for the three month periods ended March 31, 2009 and 2008, were $137,000 and $117,000, respectively. At March 31, 2009 and 2008, the Bank serviced loans for others totaling $186.6 million and $170.0 million, respectively. Mortgage servicing rights are included in other assets and detailed in the following table:

	At March 31,	
In thousands of dollars	**2009**	2008
Mortgage servicing rights	**$ 4,239**	$ 3,828
Accumulated amortization	**(3,412)**	(3,027)
Impairment reserve	**(224)**	(60)
	$ 603	$ 741

Note 9 Income Taxes

In June 2006, the Financial Accounting Standards Board (FASB) issued Interpretation No. 48, Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement 109 (FIN 48). This statement clarifies the criteria that an individual tax position must satisfy for some or all of the benefits of that position to be recognized in a company s financial statements. FIN 48 prescribes a recognition threshold of more-likely-than-not, and a measurement attribute for all tax positions taken or expected to be taken on a tax return, in order for those tax positions to be recognized in the financial statements. Effective January 1, 2007, the Company has adopted the provisions of FIN 48 and there was no material effect on the financial statements, and no cumulative effect. The Company is currently open to audit under the statute of limitations by the IRS for the years ended December 31, 2006 through 2008.

Note 10 Reclassifications

Certain items from the prior year were reclassified in the financial statements to conform with the current year presentation. These do not have a material impact on the balance sheet or statement of income presentations.

Note 11 Fair Value Disclosures

Certain assets and liabilities are recorded at fair value to provide additional insight into the Company s quality of earnings. Some of these assets and liabilities are measured on a recurring basis while others are measured on a nonrecurring basis, with the determination based upon applicable existing accounting pronouncements. For example, securities available for sale and derivative financial instruments are recorded at fair value on a recurring basis. Other assets, such as, mortgage servicing rights, loans held for sale, and impaired loans, are recorded at fair value on a nonrecurring basis using the lower of cost or market methodology to determine impairment of individual assets.

Under Statement of Financial Accounting (SFAS) No. 157, Fair Value Measurements, the Company groups assets and liabilities which are recorded at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. A financial instrument s level within the

fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement (with level 1 considered highest and level 3 considered lowest). A brief description of each level follows.

Level 1 Valuation is based upon quoted prices for identical instruments in active markets.

Level 2 Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.

Level 3 Valuation is generated from model-based techniques that use at least one significant assumption not observable in the market. These unobservable assumptions reflect estimates that market participants would use in pricing the asset or liability. Valuation techniques include use of discounted cash flow models and similar techniques.

The most significant instruments that The First Bancorp fair values include investment securities, all of which fall into Level 2 in the fair value hierarchy. The securities in the available for sale portfolio are priced by independent providers. In obtaining such valuation information from third parties, the Company has evaluated their valuation methodologies used to develop the fair values in order to determine whether the valuations are representative of an exit price in the Company s principal markets. The Company s principal markets for its securities portfolios are the secondary institutional markets, with an exit price that is predominantly reflective of bid level pricing in those markets.

Assets and Liabilities Recorded at Fair Value on a Recurring Basis

Securities Available for Sale. Investment securities available for sale are recorded at fair value on a recurring basis. Fair value measurement is based upon quoted prices for similar assets, if available. If quoted prices are not available, fair values are measured using matrix pricing models, or other model-based valuation techniques requiring observable inputs other than quoted prices such as yield curves, prepayment speeds, and default rates. Recurring Level 1 securities would include U.S. Treasury securities that are traded by dealers or brokers in active over-the-counter markets. Recurring Level 2 securities include federal agency securities, mortgage-backed securities, collateralized mortgage obligations, municipal bonds and corporate debt securities.

The following table presents the balances of assets and liabilities that were measured at fair value on a recurring basis as of March 31, 2009.

	At March 31, 2009			
In thousands of dollars	**Level 1**	**Level 2**	**Level 3**	**Total**
Securities available for sale	$ -	$ 26,584	$ -	$ 26,584
Total Assets	$ -	$ 26,584	$ -	$ 26,584

Assets and Liabilities Recorded at Fair Value on a Non-Recurring Basis

Mortgage Servicing Rights. Mortgage servicing rights represent the value associated with servicing residential mortgage loans. Servicing assets and servicing liabilities are reported using the amortization method or the fair value measurement method. In evaluating the carrying values of mortgage servicing rights, the Company obtains third party valuations based on loan level data including note rate, type and term of the underlying loans. As such, the Company classifies mortgage servicing rights as nonrecurring Level 2.

Loans Held for Sale. Mortgage loans held for sale are recorded at the lower of carrying value or market value. The fair value of mortgage loans held for sale is based on what secondary markets are currently offering for portfolios with similar characteristics. As such, the Company classifies mortgage loans held for sale as nonrecurring Level 2.

Other Real Estate Owned. Real estate acquired through foreclosure is recorded at the lower of carrying value or market value. The fair value of other real estate owned is based on property appraisals and an analysis of similar properties currently available. As such, the Company records other real estate owned as nonrecurring Level 2.

Impaired Loans. A loan is considered to be impaired when it is probable that all of the principal and interest due under the original underwriting terms of the loan may not be collected. Impairment is measured based on the fair value of the underlying collateral. The Company measures impairment on all nonaccrual loans for which it has established specific reserves as part of the specific allocated allowance component of the allowance for loan losses. As such, the Company records impaired loans as nonrecurring Level 2.

The following table includes assets measured at fair value on a nonrecurring basis that have had a fair value adjustment since their initial recognition as of March 31, 2008. Other real estate owned is presented net of an

allowance for losses of $325,000. Impaired loans are presented net of their related specific allowance for loan losses of $2,264,000.

	At March 31, 2009			
In thousands of dollars	**Level 1**	**Level 2**	**Level 3**	**Total**
Mortgage servicing rights	$ -	$ 603	$ -	$ 603
Loans held for sale	-	1,949	-	1,949
Other real estate owned	-	2,652	-	2,652
Impaired loans	-	10,809	-	10,809
Total Assets	$ -	$ 16,013	$ -	$ 16,013

Note 12 Impact of Recently Issued Accounting Standards

In February 2008, the FASB issued FSP FAS 157-2, Effective Date of FASB Statement No. 157, which delays the effective date for all nonfinancial assets and nonfinancial liabilities, except those that are recognized or disclosed at fair value on a recurring basis (at least annually) to fiscal years beginning after November 15, 2008, and interim periods within those fiscal years. Although this Statement does not require any new fair value measurements, it has expanded fair value disclosures.

In October 2008, FASB issued FSP FAS 157-3, Determining the Fair Value of a Financial Asset When the Market for That Asset Is Not Active. FSP FAS 157-3 clarifies the application of SFAS No. 157 in a market that is not active and provides an example to illustrate key considerations in determining the fair value of a financial asset when the market for that financial asset is not active. Management has adopted FSP FAS 157-3 and there was no material impact on the financial statements of the Company.

In April 2009, the FASB issued FSP FAS 157-4, Determining Fair Value When the Volume and Level of Activity for the Asset or Liability has Significantly Decreased and Identifying Transactions that are Not Orderly, which provides guidance in determining when and how to use modeled values, as opposed to broker price quotes. The FSP should result in a greater use of models for estimating fair value, as well as more consistent approaches in modeling. Management does not expect implementation of FSP 157-4 during the second quarter of 2009 to have a material impact on the financial statements of the Company.

In April 2009, the FASB issued FSP FAS 115-2, Recognition and Presentation of Other-Than-Temporary-Impairments, which changes how entities will recognize other than temporary impairment (OTTI) of the value of debt securities. Under the FSP, for many securities with OTTI, only the amount of the estimated credit loss is recorded through earnings, while the remaining mark-to-market loss is recognized through other comprehensive income. The change is retroactive, meaning entities will reclassify amounts back into retained earnings related to non-credit-related market losses on certain investments held at the beginning of the period. Management does not expect implementation of FSP 115-2 during the second quarter of 2009 to have a material impact on the financial statements of the Company.

In April 2009, the FASB issued FSP FAS 107-1, Interim Disclosures About Fair Value of Financial Instruments, which requires the current public company disclosures of fair value to be reported each quarter, in additon to annually. Management will implement FSP FAS 107-1 during the second quarter of 2009, which will expand the fair value disclosure of the Company s interim reports.

Item 2 Management s Discussion and Analysis of Financial Condition

and Results of Operations

The First Bancorp, Inc. and Subsidiary

Critical Accounting Policies

Management s discussion and analysis of the Company s financial condition is based on the consolidated financial statements which are prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of such financial statements requires Management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. On an ongoing basis, Management evaluates its estimates, including those related to the allowance for loan losses, the valuation of mortgage servicing rights, and goodwill. Management bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis in making judgments about the carrying values of assets that are not readily apparent from other sources. Actual results could differ from the amount derived from Management s estimates and assumptions under different assumptions or conditions.

Allowance for Loan Losses. Management believes the allowance for loan losses requires the most significant estimates and assumptions used in the preparation of the consolidated financial statements. The allowance for loan losses is based on Management s evaluation of the level of the allowance required in relation to the estimated loss exposure in the loan portfolio. Management believes the allowance for loan losses is a significant estimate and therefore regularly evaluates it for adequacy by taking into consideration factors such as prior loan loss experience, the character and size of the loan portfolio, business and economic conditions and Management s estimation of potential losses. The use of different estimates or assumptions could produce different provisions for loan losses.

Goodwill. Management utilizes numerous techniques to estimate the value of various assets held by the Company, including methods to determine the appropriate carrying value of goodwill as required under SFAS No. 142. In addition, goodwill from a purchase acquisition is subject to ongoing periodic impairment tests, which include an evaluation of the ongoing assets, liabilities and revenues from the acquisition and an estimation of the impact of business conditions.

Mortgage Servicing Rights. The valuation of mortgage servicing rights is a critical accounting policy which requires significant estimates and assumptions. The Bank often sells mortgage loans it originates and retains the ongoing servicing of such loans, receiving a fee for these services, generally 0.25% of the outstanding balance of the loan per annum. Mortgage servicing rights are recognized when they are acquired through the sale of loans, and are reported in other assets. They are amortized into non-interest income in proportion to, and over the period of, the estimated future net servicing income of the underlying financial assets. Management uses an independent firm which specializes in the valuation of mortgage servicing rights to determine the fair value which is recorded on the balance sheet. The most important assumption is the anticipated loan prepayment rate, and increases in prepayment speed results in lower valuations of mortgage servicing rights. The valuation also includes an evaluation for impairment based upon the fair value of the rights, which can vary depending upon current interest rates and prepayment expectations, as compared to amortized cost. Impairment is determined by stratifying rights by predominant characteristics, such as interest rates and terms. The use of different assumptions could produce a different valuation. All of the assumptions are based on standards the Company believes would be utilized by market participants in valuing mortgage servicing rights and are consistently derived and/or benchmarked against independent public sources.

Executive Summary

Net income for the three months ended March 31, 2009 was $3,728,000, an increase of $137,000 or 3.8% over net income of $3,591,000 for the comparable period of 2008. The declining interest rate environment over the past year has been very positive for the Company, resulting in funding costs dropping faster than our yield on assets and improving our net interest margin. This, in turn, led to increased net interest income. The Company also saw good growth in earning assets year-to-date. The net interest margin on a tax-equivalent basis increased to 3.68% for the first three months of 2009 from 3.24% for the same period in 2008. Fully diluted earnings per share for the three months ended March 31, 2009 were $0.37, even with the first quarter 2008.

With the economy continuing to weaken, we have experienced a deterioration in asset quality in our loan portfolio. Our level of non-performing loans stood at 1.32% on March 31, 2009 compared to 1.27% of total loans on December 31, 2008 and 0.36% of total loans on March 31, 2008. Net chargeoffs for the first quarter were $645,000.

During the first quarter 2009, the Company took an after-tax charge of $596,000 for other-than-temporary impairment related to one automotive company holding in the investment portfolio. In the past six months, the Company has sold most of the corporate securities held to reduce the level of credit risk in the investment portfolio.

Net Interest Income

Total interest income of $16.6 million for the three months ended March 31, 2009 is a 9.3% decrease from total interest income of $18.3 million in the comparable period of 2008. Total interest expense of $5.5 million for the first three months of 2009 is an 41.7% decrease from total interest expense of $9.5 million for the first three months of 2008. Net interest income increased 25.6% or $2.3 million to $11.1 million for the three months ended March 31, 2009, from the $8.8 million reported for the same period in 2008.

The Company s net interest margin on a tax-equivalent basis increased from 3.24% in the first three months of 2008 to 3.68% for the three months ended March 31, 2009. This increase was due to a combination of lower interest rates and growth in earning assets.

Tax-exempt interest income amounted to $1,066,000 and $1,055,000 for the three months ended March 31, 2009 and 2008, respectively. The following table presents the effect of tax-exempt income on the calculation of the net interest margin, using a 35.0% tax rate in 2009 and 2008:

	For the three months ended	
	March 31,	
	2009	2008
Net interest income as presented	**$11,073**	$8,817
Effect of tax-exempt income	**574**	568
Net interest income, tax equivalent	**$11,647**	$9,385

The following table presents the amount of interest earned or paid, as well as the average yield or rate on an annualized basis, for each major category of assets or liabilities for the three months ended March 31, 2009 and 2008. Tax-exempt income is calculated on a tax-equivalent basis, using a 35.0% tax rate in 2009 and 2008.

Three months ended March 31,	**2009**		2008	
Dollars in thousands	**Amount of interest**	**Average Yield/Rate**	Amount of interest	Average Yield/Rate
Interest on earning assets				
Investments	**$ 4,085**	**5.57%**	$ 3,402	5.94%
Loans held for sale	**22**	**5.41%**	38	6.95%
Loans	**13,085**	**5.38%**	15,458	6.69%
Total interest-earning assets	**17,192**	**5.43%**	18,898	6.54%
Interest-bearing liabilities				
Deposits	**3,645**	**1.71%**	6,439	3.55%
Other borrowings	**1,900**	**2.72%**	3,074	3.91%
Total interest-bearing liabilities	**5,545**	**1.96%**	9,513	3.66%
Net interest income	**$11,647**		$ 9,385	
Interest rate spread		**3.47%**		2.89%
Net interest margin		**3.68%**		3.24%

The following table presents changes in interest income and expense attributable to changes in interest rates and volume for interest-earning assets and interest-bearing liabilities for the three months ended March 31, 2009 compared to 2008. Tax-exempt income is calculated on a tax-equivalent basis, using a 35.0% tax rate in 2009 and 2008.

Three months ended March 31, 2009 compared to 2008				
Dollars in thousands	Volume	Rate	Rate/Volume[1]	Total
Interest on earning assets				
Investment securities	$ 990	$ (238)	$ (69)	$ 683
Loans held for sale	(10)	(9)	3	(16)
Loans	943	(3,125)	(191)	(2,373)
Total interest income	1,923	(3,372)	(257)	(1,706)
Interest expense				
Deposits	1,192	(3,363)	(623)	(2,794)
Other borrowings[2]	(317)	(956)	99	(1,174)
Total interest expense	875	(4,319)	(524)	(3,968)
Change in net interest income	$1,048	$ 947	$ 267	$ 2,262

[1] Represents the change attributable to a combination of change in rate and change in volume.

[2] Includes federal funds purchased.

Provision for Loan Losses

A $1,650,000 provision to the allowance for loan losses was made during the first three months of 2009, compared to a $500,000 provision made for the same period of 2008. As a result, the allowance for loan losses has increased $1.0 million since year end (net of 2009 net chargeoffs) and stands at 0.99% of loans outstanding, an increase from 0.90% of loans outstanding at December 31, 2008.

While the weakness in the national economy has not hit coastal Maine as hard as many other parts of the country, the Company has seen an increase in the level of past-due and non-performing loans. At this point, this has not translated into a significantly higher level of losses, with net chargeoffs of $645,000 for the first three months of 2009. This translates to an annualized loss ratio of 0.28% of average loans outstanding, which is equal to the loss ratio for the entire year of 2008. Given the number of economic uncertainties at this time, however, Management views it prudent to continue to increase the allowance for loan losses.

Non-Interest Income

Non-interest income was $2,586,000 for the three months ended March 31, 2009, an increase of 18.8% from the $2,176,000 reported for the first three months of 2008. This increase was attributable to an increase in mortgage origination and servicing income.   Non-Interest Expense

Non-interest expense of $6,787,000 for the three months ended March 31, 2009, is an increase of 24.6% compared to non-interest expense of $5,449,000 for the same period in 2008. This increase was attributable to the other-than- temporary impairment charge as well as an increase in other operating expense.

Income Taxes

Income taxes on operating earnings were $1,494,000 for the three months ended March 31, 2009, up from $1,453,000 in the same period a year ago. This is in line with the increase in the Company s level of income before taxes.

In June 2006, the FASB issued Interpretation No. 48, Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement 109 (FIN 48). This statement clarifies the criteria that an individual tax position must satisfy for some or all of the benefits of that position to be recognized in a company s financial statements. FIN 48 prescribes a recognition threshold of more-likely-than-not, and a measurement attribute for all tax positions taken or expected to be taken on a tax return, in order for those tax positions to be recognized in the financial statements. Effective January 1, 2007, the Company adopted the provisions of FIN 48 and there was no material effect on the financial statements. As a result, there was no cumulative effect related to adopting FIN 48. However, certain amounts

have been reclassified in the statement of financial position in order to comply with the requirements of the statement. The Company is currently open to audit under the statute of limitations by the Internal Revenue Service for the years ending December 31, 2006 through 2008.

Investments

The Company s investment portfolio increased by $61.3 million or 23.3% to $323.8 million between December 31, 2008, and March 31, 2009. At March 31, 2009, the Company s available for sale portfolio had an unrealized loss, net of taxes, of $0.3 million. Between March 31, 2008, and March 31, 2009, the Company s investment portfolio increased by $91.0 million or 39.0%.

During the first quarter 2009, the Company took an after-tax charge of $596,000 for other-than-temporary impairment related to one automotive company holding in the investment portfolio. In the past six months, the Company has sold most of the corporate securities held to reduce the level of credit risk in the investment portfolio. As of March 31, 2009, corporate securities totaled only $3.1 million, of which $1.5 million is rated sub-investment grade. These securities are less than 0.5% of the Company s $323.8 million investment portfolio and had an after-tax unrealized loss of $70,000 as of March 31, 2009. In Management s opinion, no additional writedown for other-than-temporary impairment is warranted for these sub-investment-grade securities.

Loans

During the first three months of 2009, loans grew by $10.7 million or 1.1%. The growth in commercial loans was $18.1 million or 4.3% while municipal loans increased by $8.4 million or 23.2%. The residential mortgage portfolio decreased by $15.3 million or 4.0% and home equity lines of credit increased $4.3 million or 5.8% year-to-date. Between March 31, 2008 and March 31, 2009 the loan portfolio increased $56.2 million or 6.0%, as a result of customer demand.

Allowance for Loan Losses

The allowance for loan losses represents the amount available for credit losses inherent in the Company s loan portfolio. Loans are charged off when deemed uncollectible, after giving consideration to factors such as the customer s financial condition, underlying collateral and guarantees, as well as general and industry economic conditions.

Adequacy of the allowance for loan losses is determined using a consistent, systematic methodology, which analyzes the risk inherent in the loan portfolio. In addition to evaluating the collectibility of specific loans when determining the adequacy of the allowance for loan losses, Management also takes into consideration other factors such as changes in the mix and size of the loan portfolio, historic loss experience, the amount of delinquencies and loans adversely classified, and economic trends. The adequacy of the allowance for loan losses is assessed by an allocation process whereby specific loss allocations are made against certain adversely classified loans, and general loss allocations are made against segments of the loan portfolio that have similar attributes. The Company s historical loss experience, industry trends, and the impact of the local and regional economy on the Company s borrowers, are considered by Management in determining the adequacy of the allowance for loan losses.

The allowance for loan losses is increased by provisions charged against current earnings. Loan losses are charged against the allowance when Management believes that the collectibility of the loan principal is unlikely. Recoveries on loans previously charged off are credited to the allowance. While Management uses available information to assess possible losses on loans, future additions to the allowance may be necessary based on increases in non-performing loans, changes in economic conditions, growth in loan portfolios, or for other reasons. Any future additions to the allowance would be recognized in the period in which they were determined to be necessary. In addition, various regulatory agencies periodically review the Company s allowance for loan losses as an integral part of their examination process. Such agencies may require the Company to record additions to the allowance based on judgments different from those of Management.

Credit quality of the commercial portfolios is quantified by a credit rating system designed to parallel regulatory criteria and categories of loan risk. Individual loan officers monitor their loans to ensure appropriate rating assignments are made on a timely basis. Risk ratings and quality of the commercial loan portfolio are also assessed on a regular basis by an independent loan review consulting firm. Ongoing portfolio trend

analyses and individual credit reviews to evaluate loan risk and compliance with corporate lending policies are also performed. The level of allowance allocable to each group of risk-rated loans is then determined by applying a loss factor that estimates the amount of probable loss in each category. The assigned loss factor for each risk rating is based upon Management s

assessment of historical loss data, portfolio characteristics, economic trends, overall market conditions and past experience.

Consumer loans, which include residential mortgages, home equity loans/lines, and direct/indirect loans, are generally evaluated as a group based on product type and on the basis of delinquency data and other credit data available due to the large number of such loans and the relatively small size of individual credits. Allocations for these loan categories are principally determined by applying loss factors that represent Management s estimate of inherent losses. In each category, inherent losses are estimated based upon Management s assessment of historical loss data, portfolio characteristics, economic trends, overall market conditions and past experience. In addition, certain loans in these categories may be individually risk-rated if considered necessary by Management.

The other method used to allocate the allowance for loan losses entails the assignment of reserve amounts to individual loans on the basis of loan impairment. Certain loans are evaluated individually and are judged to be impaired when Management believes it is probable that the Company will not collect all of the contractual interest and principal payments as scheduled in the loan agreement. Under this method, loans are selected for evaluation based on internal risk ratings or non-accrual status. A specific reserve is allocated to an individual loan when that loan has been deemed impaired and when the amount of a probable loss is estimable on the basis of its collateral value, the present value of anticipated future cash flows, or its net realizable value.

All of these analyses are reviewed and discussed by the Directors Loan Committee, and recommendations from these processes provide Management and the Board of Directors with independent information on loan portfolio condition. As a result of these analyses, the Company has concluded that the level of the allowance for loan losses was adequate as of March 31, 2009. As of that date, the balance of $9.8 million was 0.99% of total loans, compared to 0.90% at December 31, 2008 and 0.77% at March 31, 2008. Loans considered to be impaired according to SFAS Nos. 114/118 totaled $13.1 million at March 31, 2009 compared to $12.4 million at December 31, 2008. At March 31, 2009 impaired loans with specific reserves totaled $7.9 million compared to $7.4 million at December 31, 2008. The portion of the allowance for loan losses allocated to impaired loans at March 31, 2009, was $2.3 million compared to $2.0 million at December 31, 2008.

In Management s opinion, the level of the Company s allowance for loan losses is adequate. Although the allowance is lower as a percentage of loans than many peers, the Bank s loan portfolio has a higher percentage of residential mortgage loans than peers, which typically reflects a much lower level of credit risk. In coastal Maine, the geographic area which the Company serves, the level of foreclosures has been much lower than in many parts of the United States, and the Company has maintained very high standards when underwriting residential mortgage loans. In addition, the Company s actual historical loan loss experience has been much lower than most of its peer banks, again reflective of our loan portfolio composition. This was demonstrated by the Bank s 2008 losses of 0.28% of average loans outstanding, which compares to 0.75% of average loans outstanding for its peer group.

Non-Performing Assets

At March 31, 2009, loans on non-accrual status totaled $13.1 million, which compares to non-accrual loans of $12.4 million as of December 31, 2008. In addition to loans on non-accrual status at March 31, 2009, loans past due 90 days or more and accruing (calculated on a constant 30-day month basis) totaled $3.9 million which compares to $5.0 million as of December 31, 2008. The Company continues to accrue interest on these loans because it believes collection of the interest is reasonably assured. The level of non-performing loans stood at 1.32% on March 31, 2009 compared to 1.27% of total loans on December 31, 2008 and 0.36% of total loans on March 31, 2008. In comparison, our peer group s non-performing loans stood at 2.30% as of December 31, 2008.

Goodwill

On January 14, 2005, the Company completed the acquisition of FNB Bankshares of Bar Harbor, Maine, and its subsidiary, The First National Bank of Bar Harbor, which was merged into the Bank. The total value of the transaction was $48.0 million, and all of the voting equity interest of FNB Bankshares was acquired in the transaction. As of December 31, 2007, in accordance with SFAS No. 142, the Company completed its annual review of goodwill and determined there has been no impairment.

Deposits

During the first three months of 2009, total deposits increased by $61.7 million or 6.7% over December 31, 2008. Low-cost deposits (demand, NOW, and savings accounts) decreased by $13.4 million or 5.2% in the first three months

of 2009, and during the same period, certificates of deposit increased $92.6 million or 17.2%. Between March 31, 2008, and March 31, 2009, deposits increased by 19.5%, or $161.0 million. Certificates of deposit increased by $169.9 million, while low-cost deposits increased by $6.5 million and money market accounts decreased $15.5 million or 12.1%. The majority of the growth in certificates of deposit, both year-to-date and year-over-year, was primarily from wholesale and brokered sources, resulting from a change in funding from borrowed funds to certificates of deposit. The decline in low-cost deposits in the first quarter of 2009 is typical of the seasonality we experience each year in our marketplace.

Borrowed Funds

The Company uses funding from the Federal Home Loan Bank of Boston, the Federal Reserve System and repurchase agreements, enabling it to grow its balance sheet and its revenues. This funding may also be used to carry out interest rate risk management strategies, and is increased to replace or supplement other sources of funding, including core deposits and certificates of deposit. During the three months ended March 31, 2009, borrowed funds decreased $18.0 million or 6.6% from December 31, 2008, as a result of the deposit growth previously noted and a shift in strategy to increase the Bank s immediate sources of liquidity. Between March 31, 2008 and March 31, 2009, borrowed funds decreased by $41.1 million or 13.9%.

Shareholders Equity

Shareholders equity as of March 31, 2009 was $144.6 million, compared to $117.2 million as of December 31, 2008. The Company s earnings in the first three months of 2009 net of dividends paid, plus participation in the U.S. Treasury Capital Purchase Program, added to shareholders equity. The net unrealized loss on available-for-sale securities, presented in accordance with SFAS 115, decreased by $0.5 million from December 31, 2008.

In 2009, a cash dividend of 19.5 cents per share was declared in the first quarter compared to 18.5 cents in the first quarter of 2008. The dividend payout ratio was 52.70% in the first quarter of 2009 compared to 50.00% in the first quarter of 2008. In determining future dividend payout levels, the Board of Directors carefully analyzes capital requirements and earnings retention, as set forth in the Company s Dividend Policy. The ability of the Company to pay cash dividends to its shareholders depends on receipt of dividends from its subsidiary, the Bank. The subsidiary may pay dividends to its parent out of so much of its net profits as the Bank s directors deem appropriate, subject to the limitation that the total of all dividends declared by the Bank in any calendar year may not exceed the total of its net profits of that year combined with its retained net profits of the preceding two years. The amount available for dividends in 2009 is this year s net income plus $12.3 million.

On November 21, 2008, the Company received approval for a $25 million preferred stock investment by the U.S. Treasury under the Capital Purchase Program (CPP). The Company completed the CPP investment transaction on January 9, 2009. The CPP Shares call for cumulative dividends at a rate of 5.0% per year for the first five years, and at a rate of 9.0% per year in following years. The CPP Shares qualify as Tier 1 capital on the Company s books for regulatory purposes and will rank senior to the Company s common stock and senior or at an equal level in the Company s capital structure to any other shares of preferred stock the Company may issue in the future.

On August 16, 2007, the Company announced that its Board of Directors had authorized a program for the repurchase of up to 300,000 shares of the Company s common stock or approximately 3.1% of the outstanding shares. The Company expects such repurchases to be effected from time to time, in the open market, in private transactions or otherwise, during a period of up to 24 months. The amount and timing of shares to be purchased will be subject to market conditions and will be based on several factors, including the price of the Company s stock and the level of stock issuances under the Company s employee stock plans. No assurance can be given as to the specific timing of the share repurchases or as to whether and to what extent the share repurchase will be consummated. As a consequence of

the Company s issuance of securities under the U.S. Treasury s CPP program, its ability to repurchase stock while such securities remain outstanding is restricted to purchases from employee benefit plans. In the first three months of 2009, the Company repurchased 2,563 from employee benefit plans at an average price of $15.18 per share and for total proceeds of $39,000. As of March 31, 2009, the Company had repurchased 178,038 shares under the new repurchase plan at an average price of $15.53 and at a total cost of $2.8 million.

Regulatory leverage capital ratios for the Company were 8.71% and 7.07% at March 31, 2009 and December 31, 2008, respectively. The Company had a tier one risk-based capital ratio of 12.99% and tier two risk-based capital ratio of 14.10% at March 31, 2009, compared to 10.11% and 11.13%, respectively, at December 31, 2008. The increase in capital ratios is the result of issuance of $25 million of preferred stock

to the U.S. Treasury under the Capital Purchase

Program. These ratios are comfortably above the standards to be rated well-capitalized by regulatory authorities qualifying the Company for lower deposit-insurance premiums.

Average Daily Balance Sheets

The following table shows the Company s average daily balance sheets for the three-month period ended March 31, 2009 and 2008.

	For the three months ended March 31,	
In thousands of dollars	**2009**	2008
Assets		
Cash and due from banks	**$ 13,277**	$ 13,857
Securities available for sale	**27,687**	41,085
Securities to be held to maturity	**269,931**	180,422
Loans held for sale (fair value approximates cost)	**1,649**	2,200
Loans	**985,777**	929,110
Allowance for loan losses	**(9,270)**	(6,920)
Net loans	**976,507**	922,190
Accrued interest receivable	**6,333**	6,394
Premises and equipment	**16,400**	16,384
Other real estate owned	**2,468**	1,317
Goodwill	**27,684**	27,684
Other assets	**19,896**	16,561
Total Assets	**$1,361,832**	$1,228,094
Liabilities & Shareholders' Equity		
Demand deposits	**$ 61,502**	$ 57,139
NOW deposits	**103,005**	96,820
Money market deposits	**120,020**	130,388
Savings deposits	**82,355**	85,426
Certificates of deposit	**231,510**	321,785
Certificates $100M and over	**328,664**	95,942
Total deposits	**927,056**	787,500
Borrowed funds	**283,406**	315,957
Dividends payable	**904**	813
Other liabilities	**7,982**	9,220
Total Liabilities	**1,219,348**	1,113,490
Shareholders' Equity		
Preferred stock	**22,778**	-
Common stock	**97**	97
Additional paid-in capital	**44,232**	44,490
Retained earnings	**76,462**	69,858
Accumulated other comprehensive (loss) income		
Net unrealized gains (losses) on available-for-sale securities	**(814)**	433
Net unrealized loss on postretirement benefit costs	**(271)**	(274)
Total Shareholders' Equity	**142,484**	114,604
Total Liabilities & Shareholders' Equity	**$1,361,832**	$1,228,094

Off-Balance Sheet Financial Instruments

No material off-balance sheet risk exists that requires a separate liability presentation.

Sale of Loans

No recourse obligations have been incurred in connection with the sale of loans.

Contractual Obligations

The following table sets forth the contractual obligations of the Company as of March 31, 2009:

In thousands of dollars	**Total**	**Less than 1 year**	**1-3 years**	**3-5 years**	**More than 5 years**
Borrowed funds	**$254,124**	113,942	50,000	20,000	70,182
Operating leases	**963**	207	358	180	218
Certificates of deposit	**629,533**	565,654	52,759	11,120	-
Total	**$884,620**	679,803	103,117	31,300	70,400
Unused line, collateralized by residential real estate	$ 78,083	78,083	-	-	-
Other unused commitments	$ 50,126	50,126	-	-	-
Standby letters of credit	$ 1,466	1,466	-	-	-
Commitments to extend credit	$ 20,869	20,869	-	-	-
Total loan commitments and unused lines of credit	**$154,218**	154,218	-	-	-

Liquidity Management

As of March 31, 2009 the Bank had primary sources of liquidity of $274.3 million. It is Management s opinion this is adequate. In its Asset/Liability policy, the Bank has guidelines for liquidity. The Company is not aware of any recommendations by the regulatory authorities which, if they were to be implemented, would have a material effect on the Company s liquidity, capital resources or results of operations.

Forward-Looking Statements

Certain disclosures in Management s Discussion and Analysis of Financial Condition and Results of Operations contain certain forward-looking statements (as defined in the Private Securities Litigation Reform Act of 1995). In preparing these disclosures, Management must make assumptions, including, but not limited to, the level of future interest rates, prepayments on loans and investment securities, required levels of capital, needs for liquidity, and the adequacy of the allowance for loan losses. These forward-looking statements may be subject to significant known and unknown risks uncertainties, and other factors, including, but not limited to, those matters referred to in the preceding sentence.

Although The First Bancorp, Inc. believes that the expectations reflected in such forward-looking statements are reasonable, actual results may differ materially from the results discussed in these forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. The Company undertakes no obligation to republish revised forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events. Readers are also urged to carefully review and consider the various disclosures made by the Company, which attempt to advise interested parties of the facts that affect the Company s business.

Item 3 Quantitative and Qualitative Disclosures About Market Risk

Market-Risk Management

Market risk is the risk of loss arising from adverse changes in the fair value of financial instruments due to changes in interest rates. The First Bancorp, Inc. s market risk is composed primarily of interest rate risk. The Bank s Asset/Liability Committee (ALCO) is responsible for reviewing the interest rate sensitivity position of the Company and establishing policies to monitor and limit exposure to interest rate risk. All guidelines and policies established by ALCO have been approved by the Board of Directors.

Asset/Liability Management

The primary goal of asset/liability management is to maximize net interest income within the interest rate risk limits set by ALCO. Interest rate risk is monitored through the use of two complementary measures: static gap analysis and earnings simulation modeling. While each measurement has limitations, taken together they represent a reasonably comprehensive view of the magnitude of interest rate risk in the Company, the level of risk through time, and the amount of exposure to changes in certain interest rate relationships.

Static gap analysis measures the amount of repricing risk embedded in the balance sheet at a point in time. It does so by comparing the differences in the repricing characteristics of assets and liabilities. A gap is defined as the difference between the principal amount of assets and liabilities that reprice within a specified time period. The Bank s cumulative one-year gap at March 31, 2009, was -1.31% of total assets. Core deposits with non-contractual maturities are presented based upon historical patterns of balance attrition and pricing behavior, which are reviewed at least annually.

The gap repricing distributions include principal cash flows from residential mortgage loans and mortgage-backed securities in the time frames in which they are expected to be received. Mortgage prepayments are estimated by applying industry median projections of prepayment speeds to portfolio segments based on coupon range and loan age.

A summary of the Company s static gap, as of March 31, 2009 is presented in the following table:

	0-90 Days	**90-365 Days**	**1-5 Years**	**5+ Years**
Investment securities at amortized cost	$140,884	$ 58,870	$ 78,680	$ 45,870
Loans held for sale	-	-	-	1,949
Loans	421,891	150,004	322,291	95,828
Other interest-earning assets	-	9,235	-	-
Non-rate-sensitive assets	-	-	-	72,998
Total assets	**562,775**	**218,109**	**400,971**	**216,645**
Interest-bearing deposits	496,256	181,256	63,903	189,863
Borrowed funds	98,942	15,009	70,048	70,125
Non-rate-sensitive liabilities and equity	1,850	5,850	38,800	166,598
Total liabilities and equity	**597,048**	**202,115**	**172,751**	**426,586**
Period gap	**$(34,273)**	**$ 15,994**	**$ 228,220**	**$(209,941)**
Percent of total assets	-2.45%	1.14%	16.32%	-15.01%
Cumulative gap (current)	(34,273)	(18,279)	209,941	-
Percent of total assets	-2.45%	-1.31%	15.01%	0.00%

The earnings simulation model forecasts capture the impact of changing interest rates on one-year and two-year net interest income. The modeling process calculates changes in interest income received and interest expense paid on all interest-earning assets and interest-bearing liabilities reflected on the Company s balance sheet. None of the assets used in the simulation are held for trading purposes. The modeling is

done for a variety of scenarios that incorporate changes in the absolute level of interest rates as well as basis risk, as represented by changes in the shape of the yield curve and changes in interest rate relationships. Management evaluates the effects on income of alternative interest rate scenarios against earnings in a stable interest rate environment. This analysis is also most useful in determining the

short-run earnings exposures to changes in customer behavior involving loan payments and deposit additions and withdrawals.

The Company s most recent simulation model projects net interest income would increase by approximately 1.17% of stable-rate net interest income if short-term rates affected by Federal Open Market Committee actions fall gradually by one percentage point over the next year, and decrease by approximately 0.03% if rates rise gradually by two percentage points. Both scenarios are well within ALCO s policy limit of a decrease in net interest income of no more than 10.0% given a 2.0% move in interest rates, up or down. Management believes this reflects a reasonable interest rate risk position. In year two, and assuming no additional movement in rates, the model forecasts that net interest income would be lower than that earned in a stable rate environment by 1.67% in a falling-rate scenario, and lower than that earned in a stable rate environment by 6.21% in a rising rate scenario, when compared to the year-one base scenario. A summary of the Bank s interest rate risk simulation modeling, as of March 31, 2009 is presented in the following table:

Changes in Net Interest Income	**2009**
Year 1	
Projected change if rates decrease by 1.0%	+1.17%
Projected change if rates increase by 2.0%	-0.03%
Year 2	
Projected change if rates decrease by 1.0%	-1.67%
Projected change if rates increase by 2.0%	-6.21%

This dynamic simulation model includes assumptions about how the balance sheet is likely to evolve through time and in different interest rate environments. Loans and deposits are projected to maintain stable balances. All maturities, calls and prepayments in the securities portfolio are assumed to be reinvested in similar assets. Mortgage loan prepayment assumptions are developed from industry median estimates of prepayment speeds for portfolios with similar coupon ranges and seasoning. Non-contractual deposit volatility and pricing are assumed to follow historical patterns. The sensitivities of key assumptions are analyzed annually and reviewed by ALCO.

This sensitivity analysis does not represent a Company forecast and should not be relied upon as being indicative of expected operating results. These hypothetical estimates are based upon numerous assumptions including, among others, the nature and timing of interest rate levels, yield curve shape, prepayments on loans and securities, deposit decay rates, pricing decisions on loans and deposits, and reinvestment/ replacement of asset and liability cash flows. While assumptions are developed based upon current economic and local market conditions, the Company cannot make any assurances as to the predictive nature of these assumptions, including how customer preferences or competitor influences might change.

Interest Rate Risk Management

A variety of financial instruments can be used to manage interest rate sensitivity. These may include investment securities, interest rate swaps, and interest rate caps and floors. Frequently called interest rate derivatives, interest rate swaps, caps and floors have characteristics similar to securities but possess the advantages of customization of the risk-reward profile of the instrument, minimization of balance sheet leverage and improvement of liquidity. As of March 31, 2009, the Company had a diminimus interest rate cap for interest rate risk management.

The Company engages an independent consultant to periodically review its interest rate risk position, as well as the effectiveness of simulation modeling and reasonableness of assumptions used. As of March 31, 2009, there were no significant differences between the views of the independent consultant and Management regarding the Company s interest rate risk exposure. Management expects interest rates will remain stable in the next one-to-three quarters and believes that the current level of interest rate risk is acceptable.

Item 4: Controls and Procedures

As required by Rule 13a-15 under the Securities Exchange Act of 1934, as of March 31, 2009, the end of the quarter covered by this report, the Company carried out an evaluation under the supervision and with the participation of the Company s management, including the Company s Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company s disclosure controls and procedures. In designing and evaluating the Company s disclosure controls and procedures, the Company and its management recognize that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and the Company s management necessarily was required to apply its judgment in evaluating and implementing possible controls and procedures. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company s disclosure controls and procedures were effective at the reasonable assurance level to ensure that information required to be disclosed by the Company in the reports it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission s rules and forms. There was no change in the Company s internal control over financial reporting that occurred during the quarter ended March 31, 2009 that has materially affected, or is reasonably likely to materially affect, the Company s internal control over financial reporting. The Company reviews its disclosure controls and procedures, which may include its internal controls over financial reporting on an ongoing basis, and may from time to time make changes aimed at enhancing their effectiveness and to ensure that the Company s systems evolve with its business.

Part II Other Information

Item 1 Legal Proceedings

The Company was not involved in any legal proceedings requiring disclosure under Item 103 of Regulation S-K during the reporting period.

Item 1A Risk Factors

There have been no material changes to the Risk Factors previously disclosed in Item 1A of the Company s Annual Report on Form 10-K for the period ended December 31, 2008.

Item 2 Unregistered Sales of Equity Securities and Use of Proceeds

a. The Company issues shares to the Bank s 401k Investment and Savings Plan pursuant to an exemption from registration under the Securities Act of 1933, as amended (the Securities Act), contained in Section 3(a)(11) thereof and Rule 147 promulgated thereunder, as presented in the following table:

Month	**Shares**	**Average Price**	**Proceeds**
January 2009	385	$ 16.55	$ 6,378
February 2009	671	14.61	9,807
March 2009	1,513	16.36	24,759
Total	**2,569**	**$ 15.93**	**$ 40,944**

b. None

c. On August 16, 2007, the Company announced that its Board of Directors had authorized a program for the repurchase of up to 300,000 shares of the Company s common stock or approximately 3.1% of the outstanding shares. The Company expects such repurchases to be effected from time to time, in the open market, in private transactions or otherwise, during a period of up to 24 months. The amount and timing of shares to be purchased will be subject to market conditions and will be based on several factors, including the price of the Company s stock and the level of stock issuances under the Company s employee stock plans. No assurance can be given as to the specific timing of the share repurchases or as to whether and to what extent the share repurchase will be consummated. As a consequence of

the Company s issuance of securities under the U.S. Treasury s CPP program, its ability to repurchase stock while such securities remain outstanding is restricted to purchases from employee benefit plans. In the first three months of 2009, the Company repurchased 2,563 from employee benefit plans at an average price of $15.18 per share and for total proceeds of $39,000. As of March 31, 2009, the Company had repurchased 178,038 shares under the new repurchase plan at an average price of $15.53 and at a total cost of $2.8 million. Repurchase transaction from employee benefit plans in 2009 are detailed in the following table:

Month	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of a Publicly Announced Plan or Progr
January 2009	1,077	16.49	1,077
February 2009	820	14.46	820
March 2009	666	13.93	666
Total	**2,563**	**15.18**	**2,563**

In addition, on January 9, 2009, the Company issued 25,000 shares of its Series A Preferred Stock, as well as warrants to purchase up to 225,904 shares of its common stock, to the U.S. Treasury for total proceeds of $25,000,000 pursuant to an exemption from registration under Section 4(2) of the Securities Act.

Item 3 Default Upon Senior Securities

None.

Item 4 Submission of Matters to a Vote of Security Holders

None

Item 5 Other Information

A. None.

B. None.

Item 6 Exhibits

Exhibit 2.1 Agreement and Plan of Merger With FNB Bankshares Dated August 25, 2004, incorporated by reference to Exhibit 2.1 to the Company s Form 8-K dated August 25, 2004, filed under item 1.01 on August 27, 2004.

Exhibit 3.1 Conformed Copy of the Registrant s Articles of Incorporation (incorporated by reference to Exhibit 3.1 to the Company s Form 8-K filed under item 5.03 on October 7, 2004). Exhibit 3.2 Amendment to the Registrant s Articles of Incorporation (incorporated by reference to Exhibit 3.1 to the Company s Form 8-K filed under item 5.03 on May 1, 2008). Exhibit 3.3 Amendment to the Registrant s Articles of Incorporation (incorporated by reference to the Definitive Proxy Statement for the Company s 2008 Annual Meeting filed on March 14, 2008). Exhibit 3.4 Amendment to the Registrant s Articles of Incorporation authorizing issuance of preferred stock (incorporated by reference to Exhibit 3.1 to Current Report on Form 8-K filed on December 29, 2008). Exhibit 3.5 Conformed Copy of the Company s Bylaws (incorporated by reference to Exhibit 3.2 to the Company s Form 8-K filed under item 5.03 on October 7, 2004). Exhibit 10.2(a) Specimen Employment Continuity Agreement entered into with Mr. McKim, incorporated by reference to Exhibit 10.2(a) to the Company s Form 8-K filed under item 1.01 on January 14, 2005.

Exhibit 10.2(b) Specimen Amendment to Employment Continuity Agreement entered into with Mr. McKim, incorporated by reference to Exhibit 10.2(b) to the Company s Form 8-K filed under item 1.01 on January 14, 2005.

Exhibit 10.2(c) Specimen Amendment to Employment Continuity Agreement entered into with Mr. McKim, incorporated by reference to Exhibit 10.1 to the Company s Form 8-K filed under item 1.01 on January 31, 2006.

Exhibit 10.3(a) Specimen Split Dollar Agreement entered into with Mr. McKim with a death benefit of $250,000. Incorporated by reference to Exhibit 10.3(a) to the Company s Form 8-K filed under item 1.01 on January 14, 2005.

Exhibit 10.3(b) Specimen Amendment to Split Dollar Agreement entered into with Mr. McKim, incorporated by reference to Exhibit 10.3(b) to the Company s Form 8-K filed under item 1.01 on January 14, 2005.

Exhibit 10.4 Specimen Amendment to Supplemental Executive Retirement Plan entered into with Messrs. Daigneault and Ward changing the normal retirement age to receive the full benefit under the Plan from age 65 to age 63, incorporated by reference to Exhibit 10.1 to the Company s Form 8-K filed under item 1.01 on December 30, 2008.

Exhibit 14.1 Code of Ethics for Senior Financial Officers, adopted by the Board of Directors on June 19, 2003. Incorporated by reference to Exhibit 14.1 to the Company s Annual Report on Form 10-K filed on March 15, 2006.

Exhibit 14.2 Code of Business Conduct and Ethics, adopted by the Board of Directors on April 15, 2004. Incorporated by reference to Exhibit 14.2 to the Company s Annual Report on Form 10-K filed on March 15, 2006.

Exhibit 31.1 Certification of Chief Executive Officer Pursuant to Rule 13A-14(A) of The Securities Exchange Act of 1934

Exhibit 31.2 Certification of Chief Financial Officer Pursuant to Rule 13A-14(A) of The Securities Exchange Act of 1934

Exhibit 32.1 Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of The Sarbanes-Oxley Act of 2002

Exhibit 32.2 Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of The Sarbanes-Oxley Act of 2002

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

THE FIRST BANCORP, INC.

/s/ Daniel R. Daigneault

Daniel R. Daigneault

President & Chief Executive Officer

Date: May 7, 2009

/s/ F. Stephen Ward

F. Stephen Ward

Executive Vice President & Chief Financial Officer

Date: May 7, 2009