OMB Control Number 1505-0222

ANNUAL USE OF CAPITAL SURVEY - 2009

NAME OF INSTITUTION
(Include Holding Company Where Applicable)

The First Bancorp, Inc.

Person to be contacted regarding this report:	F Stephen Ward	RSSD: (For Bank Holding Companies)	1133932
UST Sequence Number:	186	Holding Company Docket Number: (For Thrift Holding Companies)	
CPP Funds Received:	25,000,000	FDIC Certificate Number: (For Depository Institutions)	
CPP Funds Repaid to Date:	0	City:	Damariscotta
Date Funded (first funding):	Jan 9, 2009	State:	Maine
Date Repaid[1]:	N/A		

[1]If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP). To answer that question, Treasury is seeking responses that describe generally how the CPP investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP investment was deployed or how many CPP dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP funds were outstanding).

☒	Increase lending or reduce lending less than otherwise would have occurred.	While total loans decreased $26.8 million or 2.7% between December 31, 2008 and December 31, 2009, average loans were $32.5 million or 3.4% higher in 2009 that in 2008.
☒	To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).	Commercial loans increased $18.0 million or 4.7% in 2009, while residential term loans decreased by $64.3 million or 14.9% as a result of borrowers refinancing home mortgage loans which were sold by the Bank to the secondary market. Municipal loans increased $11.1 million or 31.9%.
☒	Increase securities purchased (ABS, MBS, etc.).	Total investments increased $24.5 million or 9.9% in 2009. The majority of this increase was in GNMA MBS and CMOs.

☐	Make other investments	
☒	Increase reserves for non-performing assets	Between December 31, 2008 and December 31, 2009, nonperforming loans as a percentage of total loans increased from 1.27% to 1.95%. The allowance for loan losses increased by $4.8 million or 55.0% during the same period
☒	Reduce borrowings	Total borrowings decreased by $22.3 million or 8.2% in 2009.
☐	Increase charge-offs	
☐	Purchase another financial institution or purchase assets from another financial institution	
☐	Held as non-leveraged increase to total capital	

What actions were you able to avoid because of the capital infusion of CPP funds?

The capital infusion of CPP funds resulted in our total risk-based capital ratio increasing by approximately 3.00% and at December 31, 2009 was at 14.96%, well above the well-capitalized threshold of 10.00%. At the same time, our level of classified assets increased. The additional capital from the CPP funds was downstreamed to the Bank which kept our classified assets to total equity ratio at a lower level. This, in turn, gave us the ability to be more flexible with borrowers experiencing financial difficulty without being pressured from the OCC, the Bank's primary regulator, to clear these assets from our books.

What actions were you able to take that you may not have taken without the capital infusion of CPP funds?

With the strong cushion in our total risk-based capital ratio, we were able to meet all loan demand in our market area. The only reason that total loans decreased in 2009 was due to the high level of residential mortgages that were financed at very low fixed interest rates. These were sold to the secondary market since keeping them on our balance sheet would have created an unacceptable level of interest rate risk.

Please describe any other actions that you were able to undertake with the capital infusion of CPP funds.