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First Bancorp, Inc /ME/  
Form 10-Q  
November 06, 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 September 30, 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  No

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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**  **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**

Indicate the number of shares outstanding of each of the registrant's classes of common stock as of November 4, 2009

**Common Stock: 9,743,070 shares**

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**Part I. Financial Information****Selected Financial Data (Unaudited)**

The First Bancorp, Inc. and Subsidiary

<i>Dollars in thousands, except for per share amounts</i>	<b>For the nine months ended September 30</b>		<b>For the quarters ended September 30</b>	
	<b>2009</b>	2008	<b>2009</b>	2008
<b>Summary of Operations</b>				
Interest Income	<b>\$ 48,093</b>	\$ 53,735	<b>\$ 15,224</b>	\$ 17,891
Interest Expense	<b>14,768</b>	26,353	<b>4,409</b>	8,268
Net Interest Income	<b>33,325</b>	27,382	<b>10,815</b>	9,623
Provision for Loan Losses	<b>7,660</b>	2,314	<b>3,060</b>	875
Non-Interest Income	<b>8,525</b>	7,550	<b>2,977</b>	2,878
Non-Interest Expense	<b>19,892</b>	17,158	<b>6,872</b>	6,306
Net Income	<b>10,380</b>	11,026	<b>2,890</b>	3,832
<b>Per Common Share Data</b>				
Basic Earnings per Share	<b>\$ 0.98</b>	\$ 1.14	<b>\$ 0.26</b>	\$ 0.40
Diluted Earnings per Share	<b>0.98</b>	1.13	<b>0.26</b>	0.39
Cash Dividends Declared	<b>0.585</b>	0.570	<b>0.195</b>	0.195
Book Value	<b>12.65</b>	11.96	<b>12.65</b>	11.96
Tangible Book Value <sup>2</sup>	<b>9.80</b>	9.10	<b>9.80</b>	9.10
Market Value	<b>18.60</b>	19.60	<b>18.60</b>	19.60
<b>Financial Ratios</b>				
Return on Average Equity <sup>1</sup>	<b>11.40%</b>	12.67%	<b>9.28%</b>	12.98%
Return on Average Tangible Equity <sup>1,2</sup>	<b>14.76%</b>	16.63%	<b>11.96%</b>	16.95%
Return on Average Assets <sup>1</sup>	<b>1.02%</b>	1.17%	<b>0.85%</b>	1.17%
Average Equity to Average Assets	<b>10.69%</b>	9.19%	<b>11.01%</b>	9.02%
Average Tangible Equity to Average Assets <sup>2</sup>	<b>8.66%</b>	7.01%	<b>8.95%</b>	6.91%
Net Interest Margin Tax-Equivalent <sup>1,2</sup>	<b>3.65%</b>	3.27%	<b>3.59%</b>	3.31%
Dividend Payout Ratio	<b>59.69%</b>	50.00%	<b>75.00%</b>	48.75%
Allowance for Loan Losses/Total Loans	<b>1.31%</b>	0.86%	<b>1.31%</b>	0.86%
Non-Performing Loans to Total Loans	<b>1.80%</b>	0.78%	<b>1.80%</b>	0.78%
Non-Performing Assets to Total Assets	<b>1.58%</b>	0.74%	<b>1.58%</b>	0.74%
Efficiency Ratio <sup>2</sup>	<b>43.01%</b>	46.73%	<b>47.54%</b>	48.03%
<b>At Period End</b>				
Total Assets	<b>\$1,331,842</b>	\$1,311,262	<b>\$1,331,842</b>	\$1,311,262
Total Loans	<b>973,823</b>	960,897	<b>973,823</b>	960,897
Total Investment Securities	<b>265,052</b>	261,057	<b>265,052</b>	261,057
Total Deposits	<b>960,072</b>	918,992	<b>960,072</b>	918,992
Total Shareholders' Equity	<b>147,614</b>	115,872	<b>147,614</b>	115,872

<sup>1</sup>Annualized using a 365-day basis in 2009 and a 366-day basis in 2008<sup>2</sup>These ratios use non-GAAP financial measures. See Management's Discussion and Analysis of Financial Condition and Results of Operations for additional disclosures and information.

**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 September 30, 2009 and 2008 and for the three-month and nine-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

November 6, 2009





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*Consolidated Balance Sheets (Unaudited)*

The First Bancorp, Inc. and Subsidiary

<i>In thousands of dollars</i>	<b>September 30, 2009</b>	December 31, 2008	September 30, 2008
<b>Assets</b>			
Cash and due from banks	<b>\$ 16,421</b>	\$ 16,856	\$ 21,667
Overnight funds sold	<b>7,500</b>	-	-
Securities available for sale	<b>38,575</b>	13,072	20,613
Securities to be held to maturity			
(fair value \$216,921 at September 30, 2009, \$229,460 at December 31, 2008 and \$219,483 at September 30, 2008)	<b>211,784</b>	234,767	225,751
Federal Home Loan Bank and Federal Reserve Bank stock, at cost	<b>14,693</b>	14,693	14,693
Loans held for sale (fair value approximates cost)	<b>2,794</b>	1,298	1,203
Loans	<b>973,823</b>	979,273	960,897
Less: allowance for loan losses	<b>12,800</b>	8,800	8,303
Net loans	<b>961,023</b>	970,473	952,594
Accrued interest receivable	<b>5,648</b>	5,783	6,785
Premises and equipment	<b>18,357</b>	16,028	16,301
Other real estate owned	<b>2,995</b>	2,428	2,168
Goodwill	<b>27,684</b>	27,684	27,684
Other assets	<b>24,368</b>	22,662	21,803
<b>Total Assets</b>	<b>\$1,331,842</b>	\$1,325,744	\$1,311,262
<b>Liabilities</b>			
Demand deposits	<b>\$ 74,049</b>	\$ 68,399	\$ 75,753
NOW deposits	<b>112,087</b>	108,188	110,365
Money market deposits	<b>101,352</b>	129,333	123,157
Savings deposits	<b>93,363</b>	82,867	85,230
Certificates of deposit under \$100,000	<b>228,835</b>	246,152	413,913
Certificates \$100,000 and over	<b>350,386</b>	290,797	110,574
Total deposits	<b>960,072</b>	925,736	918,992
Borrowed funds	<b>213,061</b>	272,074	264,617
Other liabilities	<b>11,095</b>	10,753	11,781
Total Liabilities	<b>1,184,228</b>	1,208,563	1,195,390
<b>Shareholders Equity</b>			
Preferred stock	<b>24,582</b>	-	-
Common stock	<b>97</b>	97	97
Additional paid-in capital	<b>45,003</b>	44,117	43,995
Retained earnings	<b>78,000</b>	74,057	72,939
Accumulated other comprehensive income (loss)			
Net unrealized gain (loss) on securities available for sale	<b>189</b>	(819)	(899)
Net unrealized loss on postretirement benefit costs	<b>(257)</b>	(271)	(260)
Total Shareholders Equity	<b>147,614</b>	117,181	115,872
<b>Total Liabilities &amp; Shareholders Equity</b>	<b>\$1,331,842</b>	\$1,325,744	\$1,311,262
<b>Common Stock</b>			
Number of shares authorized	<b>18,000,000</b>	18,000,000	18,000,000
Number of shares issued and outstanding	<b>9,725,405</b>	9,696,397	9,689,711
Book value per share	<b>\$ 12.65</b>	\$ 12.09	\$ 11.96

See Report of Independent Registered Public Accounting Firm.

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



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*Consolidated Statements of Income (Unaudited)*

The First Bancorp, Inc. and Subsidiary

	<b>For the nine months ended</b>		<b>For the quarters ended</b>	
<i>In thousands of dollars</i>	<b>September 30, 2009</b>	2008	<b>September 30, 2009</b>	2008
<b>Interest income</b>				
Interest and fees on loans	<b>\$37,704</b>	\$44,219	<b>\$12,171</b>	\$14,570
Interest on deposits with other banks	<b>1</b>	-	<b>1</b>	-
Interest and dividends on investments	<b>10,388</b>	9,516	<b>3,052</b>	3,321
Total interest income	<b>48,093</b>	53,735	<b>15,224</b>	17,891
<b>Interest expense</b>				
Interest on deposits	<b>9,403</b>	18,041	<b>2,709</b>	5,692
Interest on borrowed funds	<b>5,365</b>	8,312	<b>1,700</b>	2,576
Total interest expense	<b>14,768</b>	26,353	<b>4,409</b>	8,268
Net interest income	<b>33,325</b>	27,382	<b>10,815</b>	9,623
Provision for loan losses	<b>7,660</b>	2,314	<b>3,060</b>	875
Net interest income after provision for loan losses	<b>25,665</b>	25,068	<b>7,755</b>	8,748
<b>Non-interest income</b>				
Investment management and fiduciary income	<b>998</b>	1,138	<b>320</b>	358
Service charges on deposit accounts	<b>1,754</b>	2,191	<b>596</b>	703
Net securities gains	-	6	<b>1</b>	-
Mortgage origination and servicing income	<b>1,913</b>	370	<b>370</b>	154
Other operating income	<b>3,860</b>	3,845	<b>1,690</b>	1,663
Total non-interest income	<b>8,525</b>	7,550	<b>2,977</b>	2,878
<b>Non-interest expense</b>				
Salaries and employee benefits	<b>7,994</b>	8,625	<b>2,842</b>	2,945
Occupancy expense	<b>1,182</b>	1,150	<b>348</b>	376
Furniture and equipment expense	<b>1,700</b>	1,508	<b>562</b>	566
FDIC insurance premiums	<b>1,276</b>	266	<b>315</b>	128
Net securities losses	<b>147</b>	-	-	22
Other than temporary impairment charge	<b>916</b>	-	-	-
Amortization of identified intangibles	<b>213</b>	213	<b>71</b>	71
Other operating expense	<b>6,464</b>	5,396	<b>2,734</b>	2,198
Total non-interest expense	<b>19,892</b>	17,158	<b>6,872</b>	6,306
Income before income taxes	<b>14,298</b>	15,460	<b>3,860</b>	5,320
Applicable income taxes	<b>3,918</b>	4,434	<b>970</b>	1,488
<b>NET INCOME</b>	<b>\$10,380</b>	\$11,026	<b>\$ 2,890</b>	\$ 3,832
Less preferred stock dividends and premium amortization	<b>824</b>	-	<b>337</b>	-
Net income available to common shareholders	<b>\$ 9,556</b>	\$11,026	<b>\$ 2,553</b>	\$ 3,832
<b>Earning per common share</b>				
Basic earnings per share	<b>\$0.98</b>	\$1.14	<b>\$0.26</b>	\$0.40
Diluted earnings per share	<b>\$0.98</b>	\$1.13	<b>\$0.26</b>	\$0.39
Weighted average number of shares outstanding	<b>9,716,129</b>	9,703,901	<b>9,723,757</b>	9,689,053
Incremental shares	<b>26,808</b>	20,103	<b>52,629</b>	21,290
Cash dividends declared per share	<b>\$0.585</b>	\$0.570	<b>\$0.195</b>	\$0.195
See Report of Independent Registered Public Accounting Firm.				

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



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*Consolidated Statements of Changes in Shareholders Equity (Unaudited)*

The First Bancorp, Inc. and Subsidiary

<i>In thousands of dollars, except number of shares</i>	Preferred stock	Common stock and additional paid-in capital		Retained earnings	Accumulated other comprehensive income (loss)	Total shareholders equity
	Shares	Amount				
<b>Balance at December 31, 2007</b>	\$ -	<b>9,732,493</b>	<b>\$ 44,859</b>	<b>\$ 67,432</b>	<b>\$ 162</b>	<b>\$ 112,453</b>
Net income	-	-	-	11,026	-	11,026
Net unrealized loss on securities available for sale, net of tax benefit of \$719	-	-	-	-	(1,335)	(1,335)
Unrecognized transition obligation for postretirement benefits, net of taxes of \$8	-	-	-	-	14	14
Comprehensive income	-	-	-	11,026	(1,321)	9,705
Dividends declared on common stock	-	-	-	(5,527)	-	(5,527)
Equity compensation expense	-	-	28	-	-	28
Payment to repurchase common stock	-	(84,868)	(1,347)	-	-	(1,347)
Proceeds from sale of common stock	-	42,086	552	-	-	552
Tax benefit of disqualifying disposition of incentive stock option shares	-	-	-	8	-	8
<b>Balance at September 30, 2008</b>	<b>\$ -</b>	<b>9,689,711</b>	<b>\$ 44,092</b>	<b>\$ 72,939</b>	<b>\$ (1,159)</b>	<b>\$ 115,872</b>
<b>Balance at December 31, 2008</b>	<b>\$ -</b>	<b>9,696,397</b>	<b>\$ 44,214</b>	<b>\$ 74,057</b>	<b>\$ (1,090)</b>	<b>\$ 117,181</b>
Net income	-	-	-	10,380	-	10,380
Net unrealized gain on securities available for sale, net of taxes of \$543	-	-	-	-	1,008	1,008
Unrecognized transition obligation for postretirement benefits, net of taxes of \$7	-	-	-	-	14	14
Comprehensive income	-	-	-	10,380	1,022	11,402
Dividends declared on common stock	-	-	-	(5,687)	-	(5,687)
Dividends declared on preferred stock	-	-	-	(750)	-	(750)
Equity compensation expense	-	-	28	-	-	28
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	75	-	(75)	-	-	-
Payment to repurchase common stock	-	(7,685)	(138)	-	-	(138)
Proceeds from sale of common stock	-	36,693	578	-	-	578
<b>Balance at September 30, 2009</b>	<b>\$ 24,582</b>	<b>9,725,405</b>	<b>\$ 45,100</b>	<b>\$ 78,000</b>	<b>\$ (68)</b>	<b>\$ 147,614</b>

See Report of Independent Registered Public Accounting Firm.

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

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*Consolidated Statements of Cash Flows (Unaudited)*

The First Bancorp, Inc. and Subsidiary

	<b>For nine months ended</b>	
	<b>September 30,</b>	
	<b>2009</b>	2008
<i>In thousands of dollars</i>		
<b>Cash flows from operating activities</b>		
Net income	<b>\$ 10,380</b>	\$ 11,026
<b>Adjustments to reconcile net income to net cash provided by operating activities</b>		
Depreciation	<b>1,112</b>	923
Provision for loan losses	<b>7,660</b>	2,314
Loans originated for resale	<b>(98,868)</b>	(16,543)
Proceeds from sales and transfers of loans	<b>97,372</b>	17,157
Net loss (gain) on sale or call of investment securities	<b>147</b>	(6)
Other-then-temporary impairment charge	<b>916</b>	-
Equity compensation expense	<b>28</b>	28
Net increase in other assets and accrued interest	<b>(2,146)</b>	(4,313)
Net increase (decrease) in other liabilities	<b>243</b>	(2,734)
Net amortization of premiums on investments	<b>(2,359)</b>	(3,496)
Net acquisition amortization	<b>126</b>	180
Provision for losses on other real estate owned	<b>412</b>	-
Net loss on disposal of assets	<b>3</b>	2
Net cash provided by operating activities	<b>15,026</b>	4,538