

The First Bancorp, Inc.

Audit Committee Charter

Reviewed October 2020

Committee Membership

The Audit Committee of The First Bancorp, Inc. (the "Company") shall be comprised of at least three directors each of whom is (i) "independent" under the rules of the Nasdaq Stock Market, Inc., except as provided below, and under the Sarbanes-Oxley Act of 2002, and the rules promulgated thereunder, (ii) does not accept, directly or indirectly, any consulting, advisory or other compensatory fee from the Company or any of its subsidiaries other than in his or her capacity as a member of the Board or any committee of the Board, (iii) is not an "affiliate" of the Company or any subsidiary of the Company, as such term is defined in Rule 10A-3 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), (iv) has not participated in the preparation of the financial statements of the Company or any subsidiary at any time during the preceding three years, (v) a person none of whose Family Members has served as an executive officer of the Company or any subsidiary at any time during the preceding three years, or as an executive officer of another entity where at any time during the preceding three years any of the executive officers of the Company or any subsidiary served on that other entity's compensation committee, and (vi) a person none of whose Family Members is a current partner of the Company's outside auditor, or was a partner or employee of the Company's outside auditor who worked on the Company's audit at any time during any of the preceding three years. For purposes hereof, "affiliate" means a person who directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the person specified. A person is deemed not to be in control of an entity if he or she is not an executive officer of the entity and is not the beneficial owner, directly or indirectly, of more than 10% of any class of voting equity securities of the entity. "Indirect" acceptance by a Committee member of any consulting, advisory or compensatory fee includes acceptance of such a fee by a spouse, parent, child, sibling, or anyone sharing a home with the Committee member (a "Family Member"), or an entity in which such Committee member or Family Member is a partner, member, an officer such as "managing director" occupying a comparable position or executive officer, or occupies a similar position (except limited partners, non-managing members and those occupying similar positions who, in each case, have no active role in providing services to the Company or any subsidiary) and which entity provides accounting, consulting, legal, investment banking or financial advisory services to the Company or any subsidiary. With respect to clause (ii) of this paragraph, payments received (directly or indirectly) from the Company or any subsidiary by a Committee member or Family Member during the three years prior shall not render such Committee member not "independent" if such payments did not exceed, in any year, the greater of (a) \$200,000, or (b) 5% of the recipient's consolidated gross revenues.

All members of the Committee must be able to read and understand fundamental financial statements, including a company's balance sheet, income statement, and cash flow statement.

Notwithstanding the second preceding paragraph, one director who is not "independent" under the rules of the Nasdaq Stock Market, Inc., who does not accept any consulting, advisory or other compensatory fee from the Company or any subsidiary other than in his or her capacity as a member of the Board or any committee of the Board, who is not an "affiliate" of the Company or any subsidiary of the Company, as such term is defined in Rule 10A-3 under the Exchange Act, and who is not a current officer or employee, or a spouse, parent, child or sibling, whether by blood, marriage or adoption, of, or a person who has the same residence as, any current officer or employee of the Company or any subsidiary, may be appointed to the Committee if the Board, under exceptional and limited circumstances, shall have determined that such individual's membership on the Committee is required by the best interests of the Company and its stockholders, and the Board discloses, in the next annual meeting proxy statement subsequent to such

determination, the nature of the relationship, and the reasons for the determination. Any such member appointed to the Committee may only serve for up to two years and may not chair the Committee.

Members shall be appointed by the Board based on nominations recommended by the Company's Nominating Committee and shall serve at the pleasure of the Board and for such term or terms as the Board may determine.

Committee Purposes

The purpose of the Audit Committee is to oversee the accounting and financial reporting processes of the Company and the audits of the financial statements of the Company, and to function as the Company's "qualified legal compliance committee" as required under 17 C.F.R. Part 205.

The function of the Committee is oversight with respect to the matters described above, and to ensure the independence of the Company's independent auditors. The management of the Company is responsible for the preparation, presentation and integrity of the Company's consolidated financial statements. Management is responsible for maintaining appropriate accounting and financial reporting principles and policies as well as internal controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations. The independent public accountants are responsible for planning and performing proper audits, including an audit of the Company's annual consolidated financial statements filed on Form 10-K, and certain other accounting procedures, including reviews of the Company's unaudited interim consolidated financial statements prior to the filing of each quarterly report on Form 10-Q. The Committee is responsible for maintaining open communication between the Committee and the independent public accountants, internal auditors, management, and the Board of Directors with respect to the matters within the scope of the Committee's responsibilities as set forth in this Charter.

The Committee is entitled to place reasonable reliance on (i) the integrity of those persons and organizations within and outside the Company from whom and from which it receives information and (ii) the accuracy of the financial and other information provided to the Committee by such persons or organizations.

The Company's independent auditors shall submit to the Audit Committee annually a formal written statement (the "Auditors' Statement") describing: the auditors' internal quality-control procedures; any material issues raised by the most recent internal quality-control review or peer review of the auditors, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the auditors, and any steps taken to deal with any such issues; and (to assess the auditors' independence) all relationships between the independent auditors and the Company or any subsidiary, including each non-audit service provided to the Company or any subsidiary and at least the matters set forth in Independence Standards Board No. 1.

The independent auditors shall submit to the Audit Committee annually a formal written statement of the fees billed in each of the last two fiscal years for each of the following categories of services rendered to the Company or any subsidiary by the independent auditors: (i) the audit of the Company's annual financial statements and the reviews of the financial statements included in the Company's Quarterly Reports on Form 10-Q or services that are normally provided by the independent auditors in connection with statutory and regulatory filings or engagements; (ii) assurance and related services not included in clause (i) that are reasonably related to the performance of the audit or review of the Company's financial statements, in the aggregate and by each service; (iii) tax compliance, tax advice and tax planning services, in the aggregate and by each service; and (iv) all other products and services rendered by the independent auditors, in the aggregate and by each service.

Committee Duties and Responsibilities

To carry out its purposes, the Audit Committee shall have the following duties and responsibilities.

- A. With respect to the Company's independent auditors,
- i. to be directly responsible for the appointment, compensation, retention and oversight of the work of the independent auditors (including the resolution of disagreements between management and the independent auditors regarding financial reporting), who shall report directly to the Audit Committee; provided that the auditor appointment shall be subject to shareholder ratification;
 - ii. to be directly responsible for the appointment, compensation, retention and oversight of the work of any other registered public accounting firm engaged for the purpose of preparing or issuing an audit report or to perform audit, review or attestation services for the Company, which firm shall also report directly to the Audit Committee;
 - iii. to pre-approve, or to adopt appropriate procedures to pre-approve, all audit and non-audit services to be provided by the independent auditors; (iv) to ensure that the independent auditors prepare and deliver annually an Auditors' Statement (it being understood that the independent auditors are responsible for the accuracy and completeness of this Statement), and to discuss with the independent auditors any relationships or services disclosed in this Statement that may impact the quality of audit services or the objectivity and independence of the Company's independent auditors;
 - iv. to obtain from the independent auditors in connection with any audit a timely report relating to the Company's annual audited financial statements describing all critical accounting policies and practices used, all alternative treatments within generally accepted accounting principles for policies and practices related to material items that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditors, and any material written communications between the independent auditors and management, such as any "management" letter or schedule of unadjusted differences;
 - v. to review and evaluate the qualifications, performance and independence of the lead partner of the independent auditors;
 - vi. to discuss with management the timing and process for implementing the rotation of the lead audit partner, the concurring partner and any other active audit engagement team partner and consider whether there should be a regular rotation of the audit firm itself; and
 - vii. to take into account the opinions of management and the Company's internal auditors in assessing the independent auditors' qualifications, performance and independence.
- B. With respect to the internal auditing function,
- i. to review the appointment and replacement of the third party engaged to perform the internal audit function; and
 - ii. to advise the third party engaged to perform the internal audit function that he, she or it is expected to provide to the Audit Committee summaries of and, as appropriate, the significant reports to management prepared by the third party engaged to perform the internal audit function and management's responses thereto.
 - iii. to ensure the management remediates and resolves all audit issues on a timely basis, approving any extensions of proposed resolution dates.
 - iv. To ensure that appropriate resources are expended to ensure a quick resolution of any high-risk audit issues. This should include, but not be limited to, bringing the third-party internal audit firm in on a more frequent basis to audit the affected area, and, as necessary, the hiring of an outside firm to assist with the remediation efforts.
 - v. to ensure that all medium risk comments are resolved by the appropriate departments and that the resolution is validated by an independent member of management.
- C. With respect to accounting principles and policies, financial reporting and internal audit control over financial reporting,
- i. to advise management, the third party engaged to perform the internal audit function and the independent auditors that they are expected to provide to the Audit Committee a timely

analysis of significant issues and practices relating to accounting principles and policies, financial reporting and internal control over financial reporting;

- ii. to consider any reports or communications (and management's and/or third party internal auditor's responses thereto) submitted to the Audit Committee by the independent auditors required by or referred to in SAS 61 (as codified by AU Section 380), as it may be modified or supplemented or other professional standards, including reports and communications related to:

- deficiencies, including significant deficiencies or material weaknesses, in internal control identified during the audit or other matters relating to internal control over financial reporting;
- consideration of fraud in a financial statement audit;
- detection of illegal acts;
- the independent auditors' responsibility under generally accepted auditing standards;
- any restriction on audit scope;
- significant accounting policies;
- management judgments and accounting estimates;
- any accounting adjustments arising from the audit that were noted or proposed by the auditors but were passed (as immaterial or otherwise);
- the responsibility of the independent auditors for other information in documents containing audited financial statements;
- disagreements with management;
- consultation by management with other accountants;
- major issues discussed with management prior to retention of the independent auditors;
- difficulties encountered with management in performing the audit;
- the independent auditors' judgments about the quality of the Company's accounting principles;
- reviews of interim financial information conducted by the independent auditors; and
- the responsibilities, budget and staffing of the Company's internal audit function;

- iii. to meet with management, the independent auditors and, if appropriate, the third party engaged to perform the internal audit function:

- to discuss the scope of the annual audit;
- to discuss the annual audited financial statements and quarterly financial statements, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations";
- to discuss any significant matters arising from any audit, including any audit problems or difficulties, whether raised by management, the third party engaged to perform the informal audit function or the independent auditors, relating to the Company's financial statements;
- to discuss any difficulties the independent auditors encountered in the course of the audit, including any restrictions on their activities or access to requested information and any significant disagreements with management;
- to discuss any "management" or "internal control" letter issued, or proposed to be issued, by the independent auditors to the Company;
- to review the form of opinion the independent auditors propose to render to the Board of Directors and shareholders; and
- to discuss, as appropriate: (a) any major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles, and major issues as to the adequacy of the Company's internal controls and any special audit steps adopted in light of material control deficiencies; (b) analyses prepared by management and/or the independent auditors setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements; and (c) the effect of

regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Company;

- iv. to inquire of the Company's chief executive officer and chief financial officer as to the existence of any significant deficiencies or material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information, and as to the existence of any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting;
 - v. to discuss guidelines and policies governing the process by which senior management of the Company and the relevant departments of the Company assess and manage the Company's exposure to risk, and to discuss the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures;
 - vi. to obtain from the independent auditors assurance that the audit was conducted in a manner consistent with Section 10A of the Exchange Act, which sets forth certain procedures to be followed in any audit of financial statements required under the Exchange Act;
 - vii. to discuss with the Company's counsel any significant legal, compliance or regulatory matters that may have a material effect on the financial statements or the Company's business, financial statements or compliance policies, including material notices to or inquiries received from governmental agencies;
 - viii. to discuss and review the type and presentation of information to be included in earnings press releases;
 - ix. to discuss the types of financial information and earnings guidance provided, and the types of presentations made, to analysts and rating agencies;
 - x. to establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and for the confidential, anonymous submission by Company employees of concerns regarding questionable accounting or auditing matters; and
 - xi. to establish hiring policies for employees or former employees of the independent auditors.
- D. With respect to its role as the Company's qualified legal compliance committee, to review and discuss any reports concerning material violations submitted to it by outside counsel pursuant to the SEC attorney professional responsibility rules (17 C.F.R. Part 205). In connection with such reports, the Audit Committee shall inform the Company's President of any report received by it of evidence of a material violation of federal or state securities laws, a possible material breach of fiduciary duty arising under federal or state law, or a similar material violation of any federal or state law, in each case by the Company or any of its officers, directors, employees or agents (a "Material Violation") and which report contains credible evidence based upon which it would be unreasonable under the circumstances for a prudent and competent attorney not to conclude that it is reasonably likely that a Material Violation has occurred, is ongoing, or is about to occur. Such reports may originate from attorneys representing the Company, from Company employees or otherwise. However, if the Audit Committee determines that informing the President would be futile or otherwise inappropriate, it shall instead inform the Board thereof. The Audit Committee shall determine whether an investigation with respect to such report as to a possible Material Violation is necessary and, if it so determines, shall so notify the Board and initiate such investigation, to be conducted by counsel selected by the Committee with the involvement of such other expert personnel as the Committee deems necessary. At the conclusion of any such investigation, the Committee shall recommend, by majority vote, that the Company implement an appropriate response to evidence of a Material Violation and inform the President and the Board of the results of such investigation and the appropriate remedial measures to be adopted. The Committee has the authority and the responsibility, acting by majority vote, to take all other appropriate action, including the authority to notify the SEC in the event that the Company fails in any material respect to implement an appropriate response that the Committee has recommended the Company to take.

Any report of a Material Violation submitted to the Audit Committee in good faith, and the identity of the person submitting it (if an employee or director), shall be kept confidential (both by the submitting person and the recipient(s) thereof) and disclosed only to Audit Committee members, Board members, legal counsel and other experts retained by the Audit Committee, and senior executives and other personnel of the Company having, in the judgment of the Audit Committee, a need to know the contents of the report in order for the Audit Committee to effectively evaluate and, if appropriate, investigate and take further action with respect to the subject matter of the report. There shall be no retaliatory action whatsoever taken with respect to any person who submits such a report in good faith. The fact that such reports should be submitted to a member of the Audit Committee, and the provisions of this paragraph, should be communicated to all Company employees promptly following the adoption of this Charter, at the time of hiring of any Company employees hired after the adoption of this Charter, and on a recurring basis at least annually.

- E. With respect to reporting and recommendations,
 - i. to prepare any report or other disclosures, including any recommendation of the Audit Committee, required by the rules of the SEC to be included in the Company's annual proxy statement;
 - ii. to review and reassess the adequacy of this Charter at least annually and recommend any changes to the full Board of Directors;
 - iii. to report its activities to the full Board of Directors on a regular basis and to make such recommendations with respect to the above and other matters as the Audit Committee may deem necessary or appropriate; and
 - to prepare and review with the Board an annual performance evaluation of the Audit Committee, which evaluation must compare the performance of the Audit Committee with the requirements of this charter. The performance evaluation by the Audit Committee shall be conducted in such manner as the Audit Committee deems appropriate. The report to the Board may take the form of an oral report by the chairperson of the Audit Committee or any other member of the Audit Committee designated by the Audit Committee to make this report.

Committee Structure and Operations

The Audit Committee Chair is designated by the Company's Board of Directors. The Audit Committee shall meet once every fiscal quarter, or more frequently if circumstances dictate, to discuss with management the annual audited financial statements and quarterly financial statements, as applicable. The Audit Committee should meet periodically without management, the third party engaged to perform the internal audit function and the independent auditors to discuss any matters that the Audit Committee or any of these persons or firms believe should be discussed privately. The Audit Committee may request any officer or employee of the Company or the Company's outside counsel or independent auditors to attend a meeting of the Audit Committee or to meet with any members of, or consultants to, the Audit Committee. Members of the Audit Committee may participate in a meeting of the Audit Committee by means of conference call or similar communications equipment by means of which all persons participating in the meeting can hear each other.

Delegation to Subcommittee

The Audit Committee may, in its discretion, delegate all or a portion of its duties and responsibilities to a subcommittee of the Audit Committee. The Audit Committee may, in its discretion, delegate to one or more of its members the authority to pre-approve any audit or non-audit services to be performed by the independent auditors, provided that any such approvals are presented to the Audit Committee at its next scheduled meeting.

Resources and Authority of the Audit Committee

The Audit Committee shall have the resources and authority appropriate to discharge its duties and responsibilities, including the authority to select, retain, terminate, and approve the fees and other

retention terms of special or independent counsel, accountants or other experts and advisors, as it deems necessary or appropriate, without seeking approval of the Board or management. The Committee will have full access to the Company's books, records, facilities, and personnel. The Committee has the authority and available funding to perform or supervise special investigations and to incur administrative expenses in connection with fulfilling its obligations. The Committee will have the sole authority to approve fees and related terms of such engagements for outside experts.

The Company shall provide for appropriate funding, as determined by the Audit Committee, in its capacity as a committee of the Board, for payment of:

1. Compensation to the independent auditors and any other public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company;
2. Compensation of any advisers employed by the Audit Committee; and
3. Ordinary administrative expenses of the Audit Committee that are necessary or appropriate in carrying out its duties.