



### FORWARD LOOKING STATEMENTS

Information in this presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements involve risks and uncertainties that could cause actual results to differ materially, including without limitation, reduced earnings due to larger than expected credit losses in the sectors of our loan portfolio secured by real estate due to economic factors, including declining real estate values, increasing interest rates, increasing unemployment, or changes in payment behavior or other factors; reduced earnings due to larger credit losses because our loans are concentrated by loan type, industry segment, borrower type, or location of the borrower or collateral; the rate of delinquencies and amount of loans charged-off; the adequacy of the level of our allowance for loan losses and the amount of loan loss provisions required in future periods; costs or difficulties related to the integration of the companies we acquired or may acquire may be greater than expected; factors relating to our acquisition of ASB Bancorp, Inc. ("ASBB"); difficulties and delays in integrating the businesses of ASBB or fully realizing cost savings and other benefits; business disruption following the ASBB transaction; the reaction to the ASBB transaction of the companies' customers, employees and counterparties; results of examinations by our regulatory authorities, including the possibility that the regulatory authorities may, among other things, require us to increase our allowance for loan losses or write down assets; the amount of our loan portfolio collateralized by real estate, and weakness in the commercial real estate market; our ability to maintain appropriate levels of capital; adverse changes in asset quality and resulting credit risk-related losses and expenses; increased funding costs due to market illiquidity, increased competition for funding, and increased regulatory requirements with regard to funding; significant increases in competitive pressure in the banking and financial services industries; changes in political conditions or the legislative or regulatory environment, including the effect of financial reform legislation on the banking industry; general economic conditions, either nationally or regionally and especially in our primary service area, becoming less favorable than expected resulting in, among other things, a deterioration in credit quality; our ability to retain our existing customers, including our deposit relationships; changes occurring in business conditions and inflation; changes in monetary and tax policies; ability of borrowers to repay loans; risks associated with a failure in or breach of our operational or security systems or infrastructure, or those of our third party vendors and other service providers or other third parties, including as a result of cyber-attacks, which could disrupt our businesses, result in the disclosure or misuse of confidential or proprietary information, damage our reputation, increase our costs and cause losses; changes in accounting principles, policies or guidelines; changes in the assessment of whether a deferred tax valuation allowance is necessary; our reliance on secondary sources such as FHLB advances, sales of securities and loans, federal funds lines of credit from correspondent banks and out-of-marker time deposits, to meet our liquidity needs; loss of consumer confidence and economic disruptions resulting from terrorist activities or other military actions; and changes in the securities markets.

Additional factors that could cause actual results to differ materially are discussed in the Company's filings with the Securities and Exchange Commission ("SEC"), including without limitation its Annual Report on Form 10-K, its Quarterly Reports on Form 10-Q, and its Current Reports on Form 8-K. The forward-looking statements in this presentation speak only as of the date of the presentation and the Company does not assume any obligation to update such forward-looking statements.

### NON-GAAP MEASURES

Statements included in this presentation include non-GAAP measures and should be read along with the earnings release and accompanying Financial Summary for the quarter and period ended December 31, 2017 which provide a reconciliation of non-GAAP measures to GAAP measures. Management believes that these non-GAAP measures provide additional useful information that allows readers to evaluate the ongoing performance of the Company. Non-GAAP measures should not be considered as an alternative to any measure of performance or financial condition as promulgated under GAAP, and investors should consider the Company's performance and financial condition as reported under GAAP and all other relevant information when assessing the performance or financial condition of the Company. Non-GAAP measures have limitations as analytical tools, and investors should not consider them in isolation or as a substitute for analysis of the Company's results or financial condition as reported under GAAP.

## COMPANY PROFILE\*

# FIRST BANCORP

<b>Bank Holding Company</b>	First Bancorp
<b>Subsidiary Bank</b>	First Bank
<b>Headquarters</b>	Southern Pines, North Carolina
<b>Established</b>	1935 as Bank of Montgomery
<b>Assets</b>	\$5.6 billion
<b>Loans</b>	\$4.1 billion
<b>Deposits</b>	\$4.5 billion
<b>Branches</b>	102 in NC & SC
<b>Employees</b>	1,061 full-time equivalent employees
<b>Ranking</b>	4 <sup>th</sup> largest bank headquartered in NC
<b>Market Capitalization</b>	\$1.1 billion – Ticker FBNC
<b>Insider Ownership</b>	2%
<b>Institutional Ownership</b>	63%
<b>Member of Russell 2000</b>	Yes

Data on this page is as of 3/31/18  
Market Capitalization as of 5/2/18

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**Richard Moore, CEO, First Bancorp – Director since 2010/CEO since 2012**

- Former Managing Director, Relational Investors, Investment advisor to some of the largest pension funds in the world
- Former State Treasurer of North Carolina – oversaw more than \$80 billion in pension funds
- Finalist, Institutional Investor, Public Funds Manager of the Year
- National Public Official of the Year, Governing Magazine
- Director of NYSE; Former Trustee of Wake Forest University
- Honors Graduate of Wake Forest University and its School of Law
- Graduate degree in Accounting and Finance, London School of Economics

**Michael Mayer, CEO/President, First Bank – Since 2014**

- CEO - First Financial Services Corporation/Mountain 1<sup>st</sup> Bank, 2009-2014; negotiated sale to First Citizens in January 2014
- CEO for Carolina Commerce Bank, 2008-2009; negotiated sale to Carolina Trust Bank
- Bank of America, 1982-2006
- Graduate of Clemson University, BS in Business

**Eric Credle, CFO – Since 1997**

- Overseen growth at First Bank from \$370 million in assets in 1997 to over \$5 billion in 2018
- Senior Audit Manager with KPMG LLP, 1990-1997
- Certified Public Accountant since 1992
- Graduate of Wake Forest University, BS in Accounting

## Q1 2018 HIGHLIGHTS

## FIRST BANCORP

Percentages annualized where applicable	Q1 2018	Q1 2017	CHANGE
<b>Net income</b>	\$20.7 million	\$7.6 million	+173.6%
<b>EPS Common – Diluted</b>	\$0.70	\$0.34	+105.9%
<b>Return on Average Assets</b>	1.51%	0.79%	+72 bps
<b>Return on Average Common Equity</b>	11.95%	7.18%	+477 bps
<b>Return on Average Tangible Common Equity <sup>(1)</sup></b>	18.86%	9.79%	+907 bps
<b>Total Loans</b>	\$4.1 billion	\$3.3 billion	+25.1%
<b>Total Deposits</b>	\$4.5 billion	\$3.6 billion	+23.9%
<b>Annualized Organic Loan/Deposit Growth</b>	7.2% / 8.2%	12.0% / 13.1%	
<b>Nonperforming Assets to Total Assets</b>	0.92%	1.35%	-43 bps
<b>Net Interest Margin <sup>(2)</sup></b>	4.19%	4.07%	+12 bps
<b>Cost of Funds</b>	0.38%	0.26%	+12 bps
<b>Tangible Common Equity to Tangible Assets</b>	8.35%	7.79%	+56 bps

(1) Annualized net income divided by: average common shareholders' equity less average total intangible assets

(2) Tax-equivalent net-interest income divided by average earning assets

## 2017 HIGHLIGHTS

## FIRST BANCORP

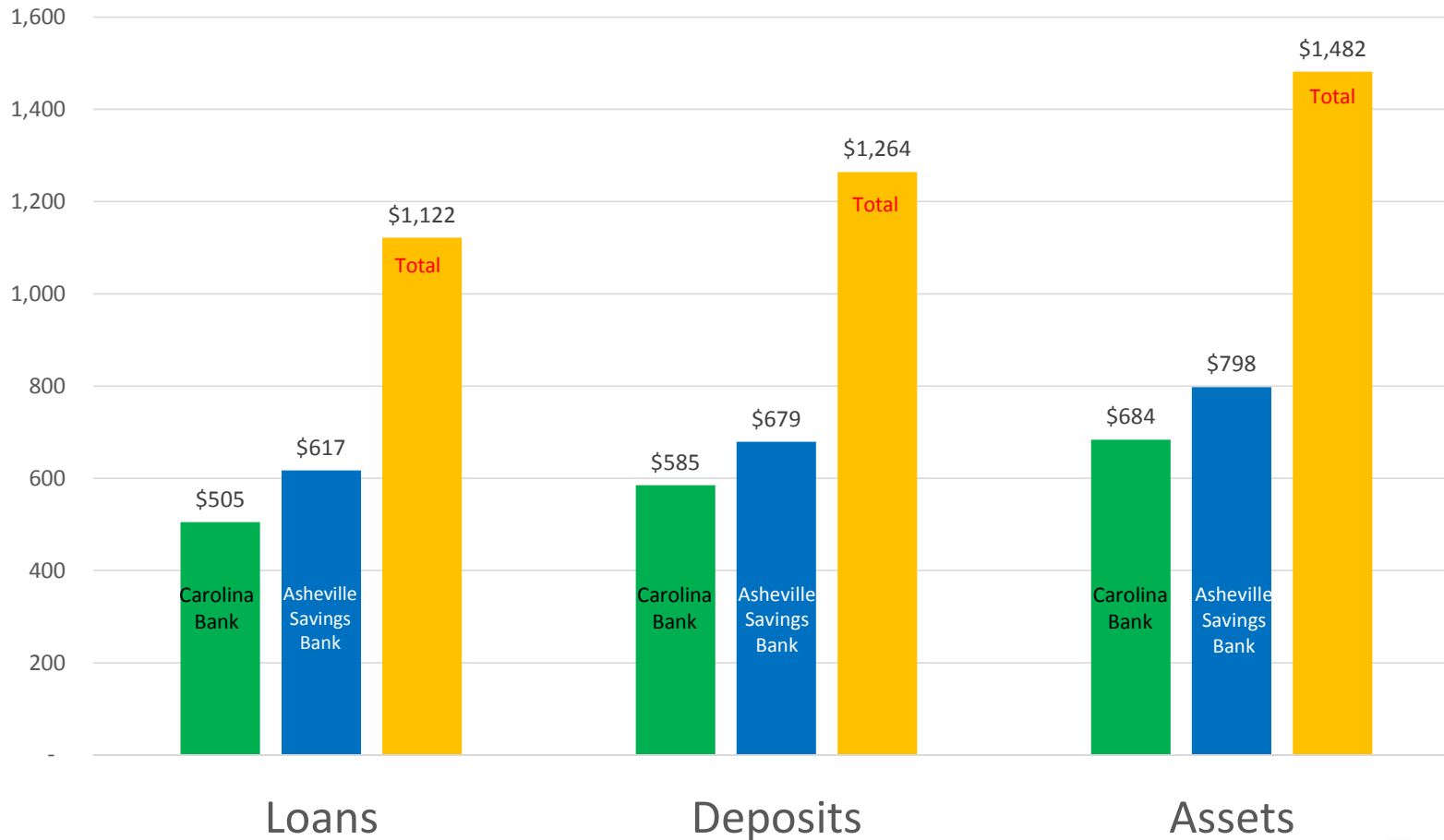
Percentages annualized where applicable	2017	2016	CHANGE
<b>Net income</b>	\$46.0 million	\$27.3 million	+68.2%
<b>EPS Common – Diluted</b>	\$1.82	\$1.33	+36.8%
<b>Return on Average Assets</b>	1.00%	0.80%	+20 bps
<b>Return on Average Common Equity</b>	8.62%	7.73%	+89 bps
<b>Return on Average Tangible Common Equity <sup>(1)</sup></b>	12.55%	9.81%	+274 bps
<b>Total Loans</b>	\$4.0 billion	\$2.7 billion	+49.1%
<b>Total Deposits</b>	\$4.4 billion	\$2.9 billion	+49.5%
<b>Organic Loan/Deposit Growth</b>	8.4% / 6.6%	7.6% / 5.7%	
<b>Nonperforming Assets to Total Assets</b>	0.96%	1.64%	-68 bps
<b>Net Interest Margin <sup>(2)</sup></b>	4.08%	4.03%	+5 bps
<b>Cost of Funds</b>	0.31%	0.25%	+6 bps
<b>Tangible Common Equity to Tangible Assets</b>	8.23%	8.16%	+7 bps

(1) Annualized net income divided by: average common shareholders' equity less average total intangible assets

(2) Tax-equivalent net-interest income divided by average earning assets

# Acquired Growth

FIRST BANK



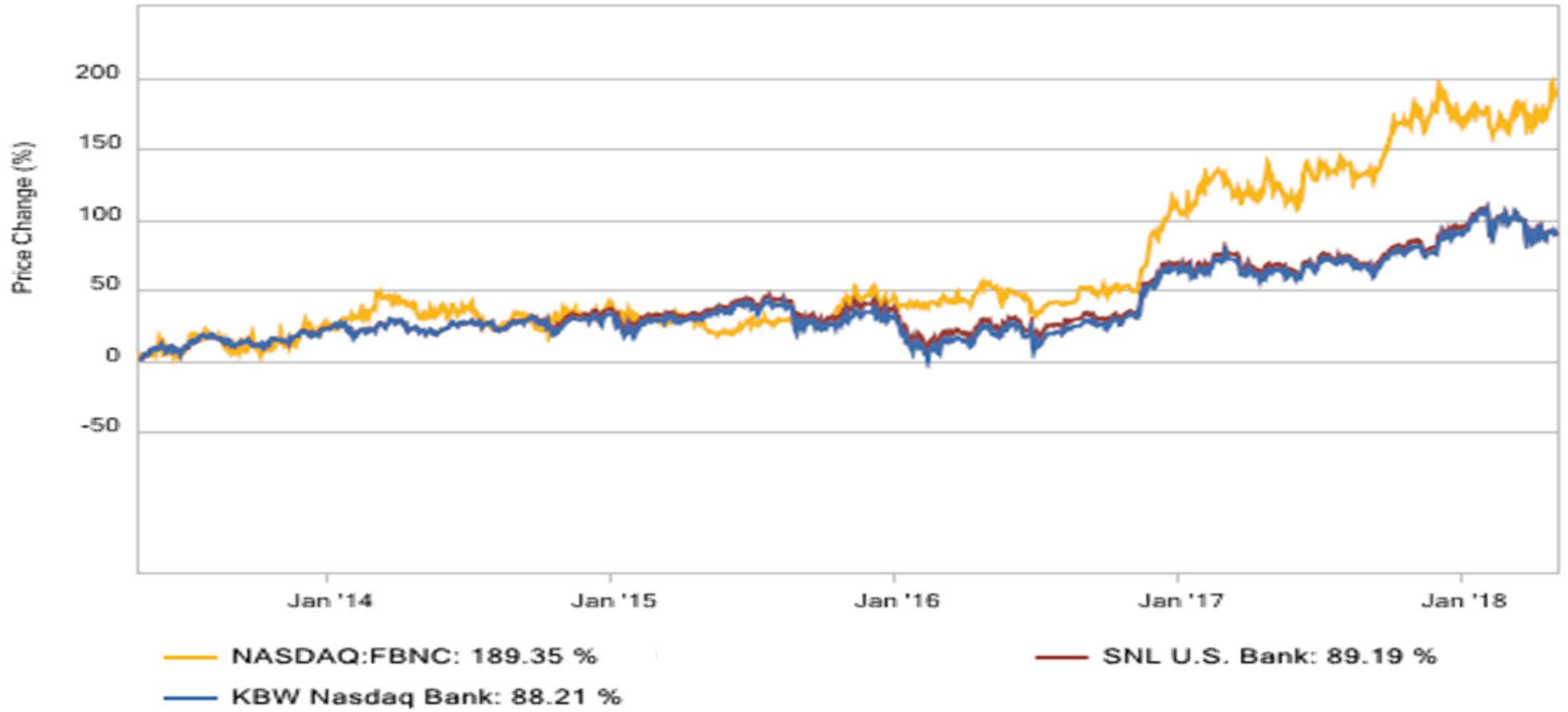
Appx. 40% growth from these two acquisitions in 2017

Net increase in branches of 15

FIRST BANK

5 YEAR STOCK PERFORMANCE – 5/2/18

**FIRST BANCORP**



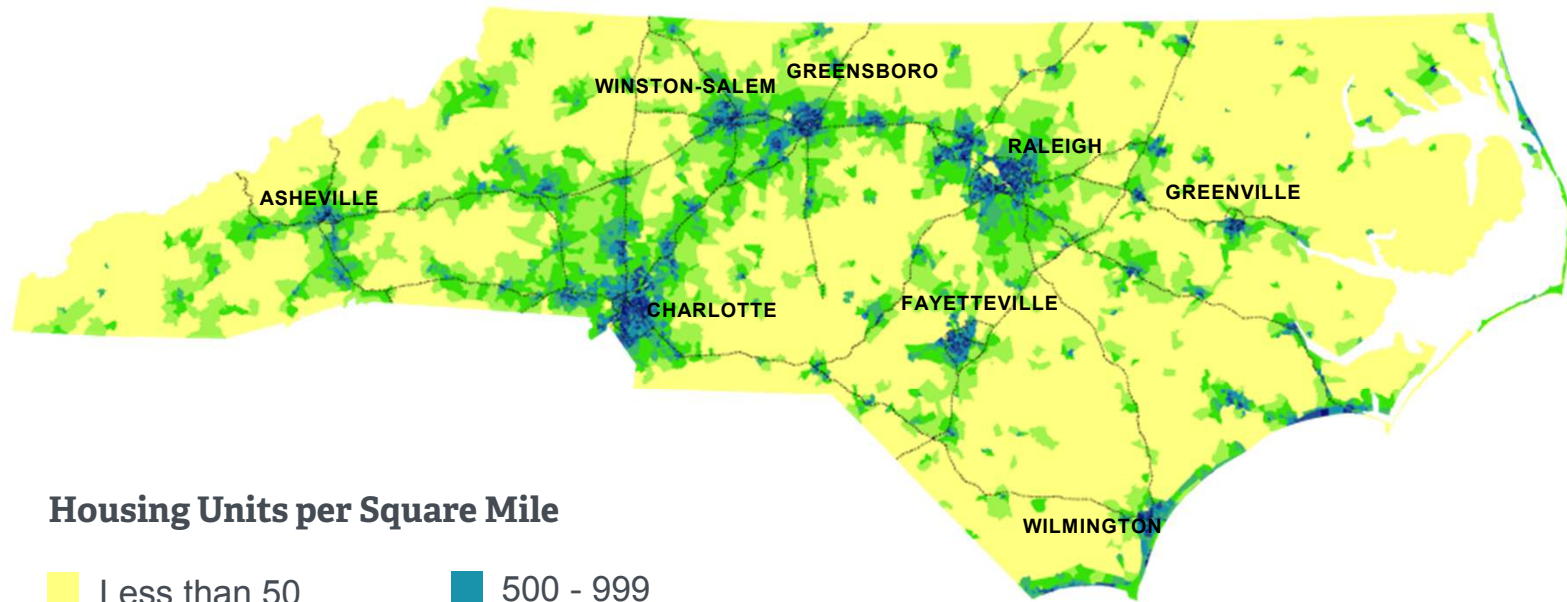


## GROWTH IN TANGIBLE BOOK VALUE (COMMON)

# FIRST BANCORP

Price/Tangible Common Book Value  
**5 Year Increase of 37.4%**



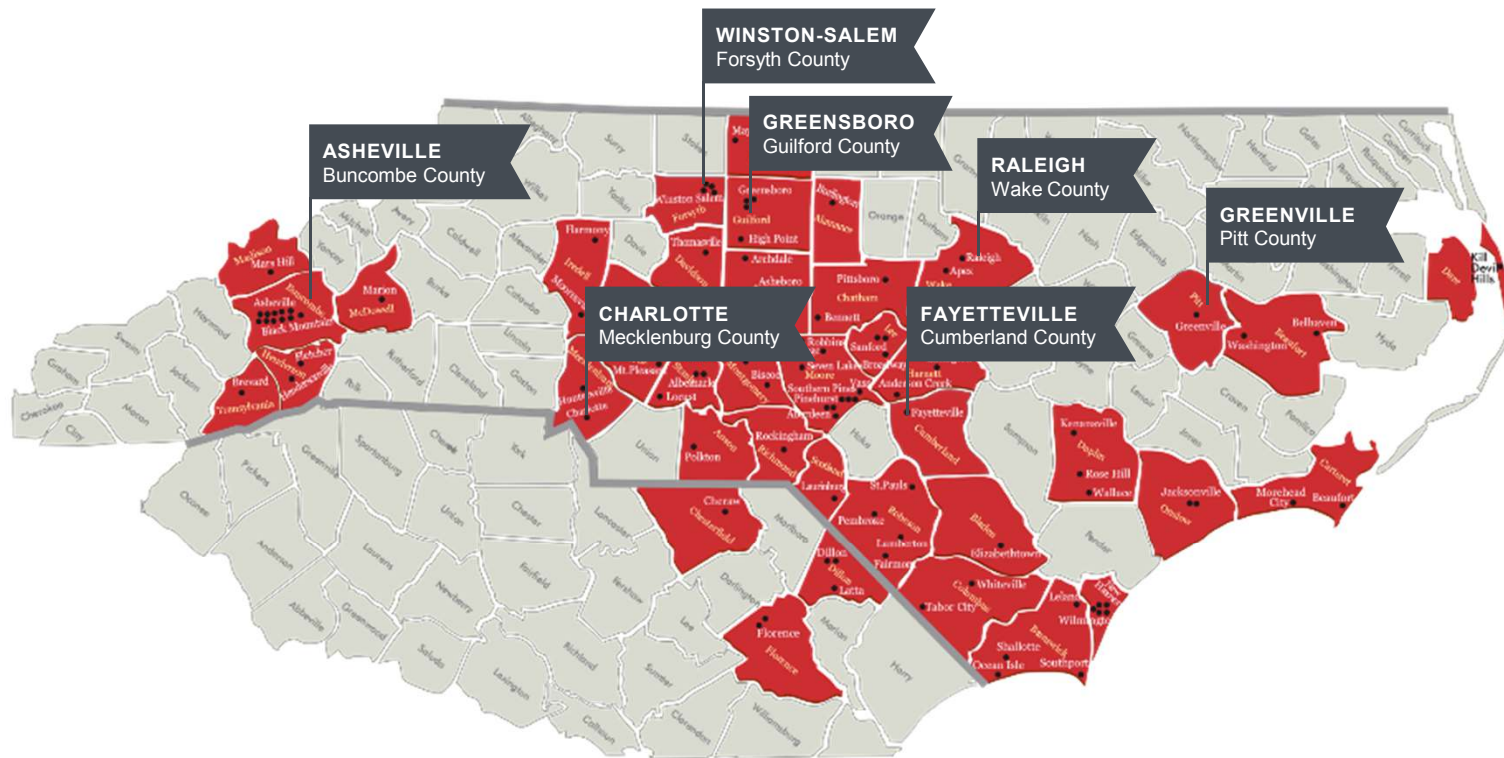


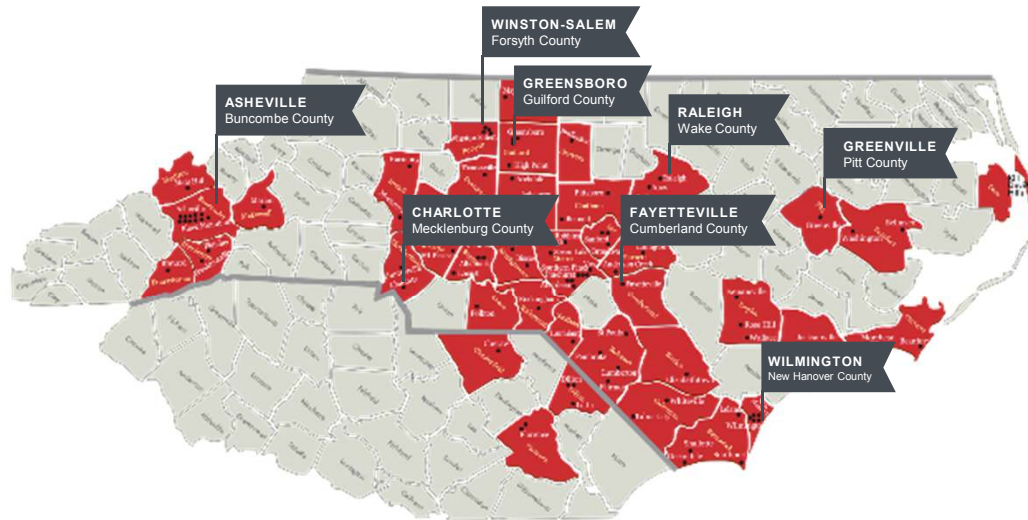
**Housing Units per Square Mile**

- |              |                     |
|--------------|---------------------|
| Less than 50 | 500 - 999           |
| 50 - 99      | 1,000 - 1,999       |
| 100 - 249    | 2,000 units or more |
| 250 - 499    |                     |

# HIGH GROWTH MARKETS RECENTLY ENTERED

# FIRST BANCORP



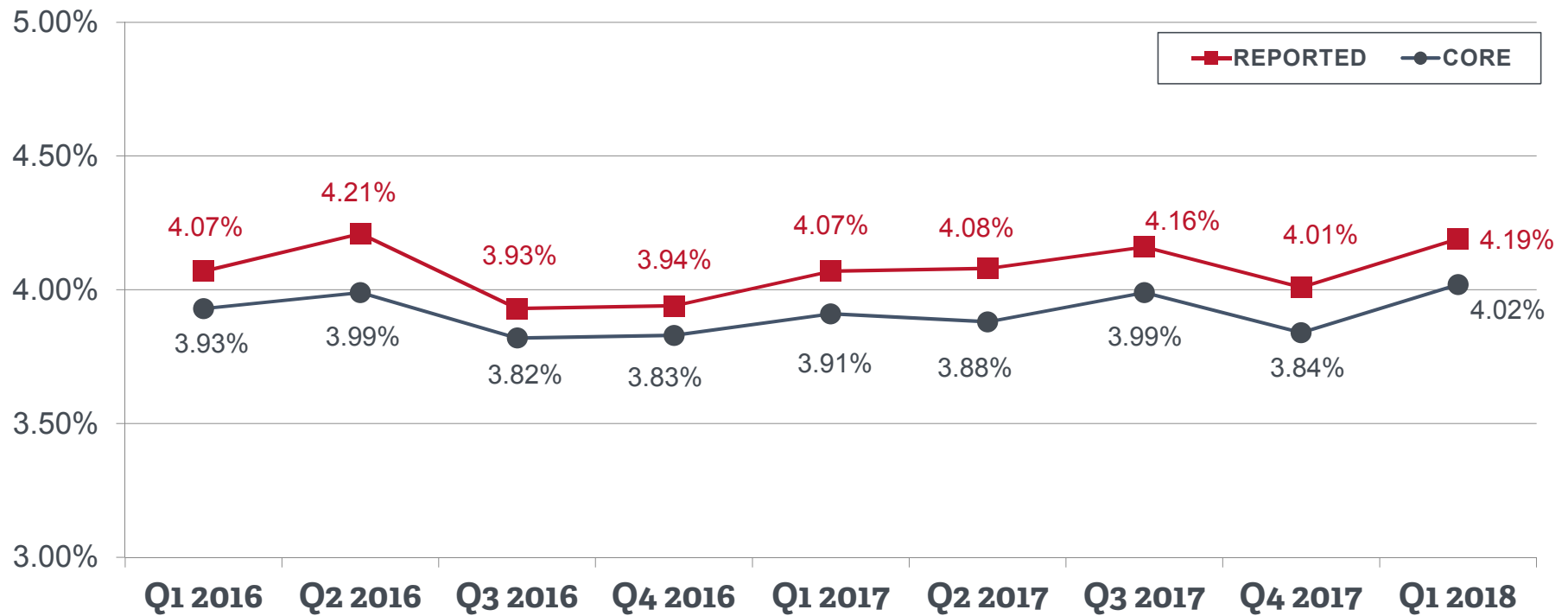


MARKET	NET LOAN GROWTH January 1, 2016-March 31, 2018
Asheville	\$604 million
Triad	\$581 million
Charlotte	\$167 million
Wilmington	\$97 million
Greenville	\$63 million
Raleigh	\$54 million
Fayetteville	\$30 million
All other	(\$1) million
<b>Total</b>	<b>\$1.595 billion</b>

The markets shown in the table held 51% of First Bank’s total loans at March 31, 2018 compared to 21% at January 1, 2016.

## NET INTEREST MARGIN

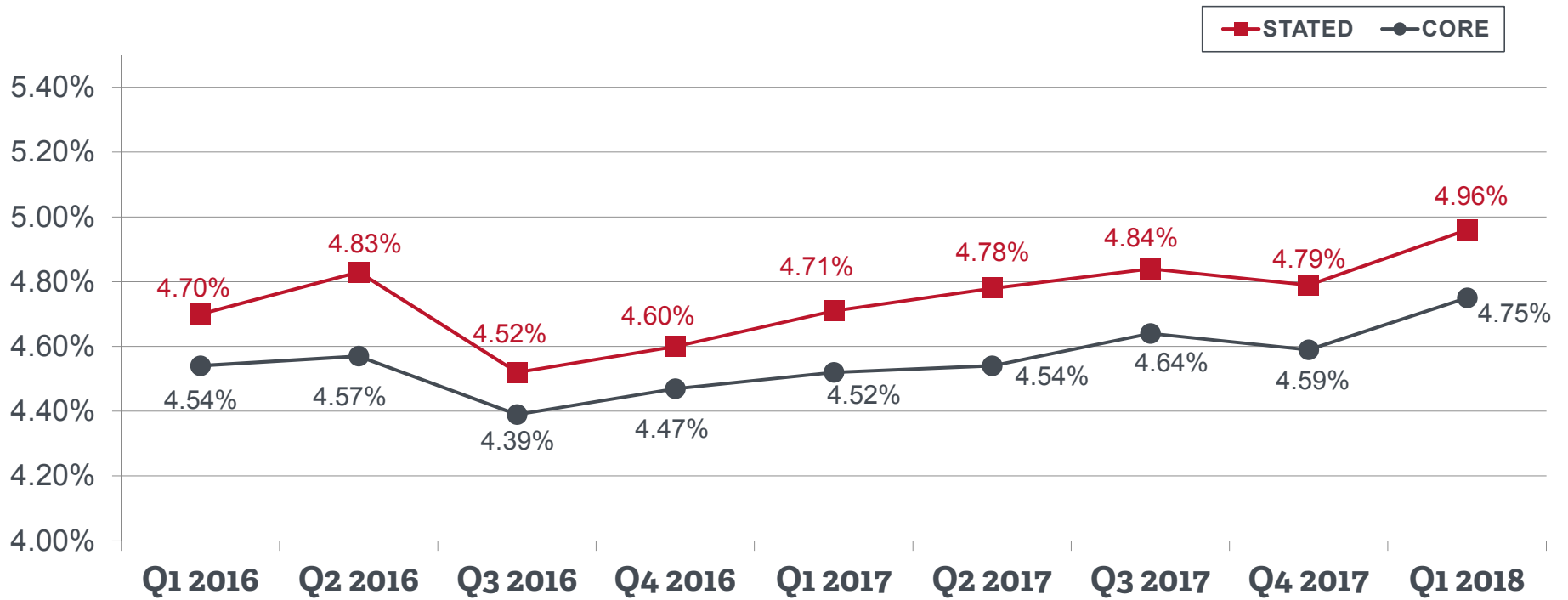
## FIRST BANCORP



Net interest margin is calculated by dividing tax-equivalent net interest income by average earning assets  
 Core net interest margin excludes loan discount accretion income

## LOAN YIELDS

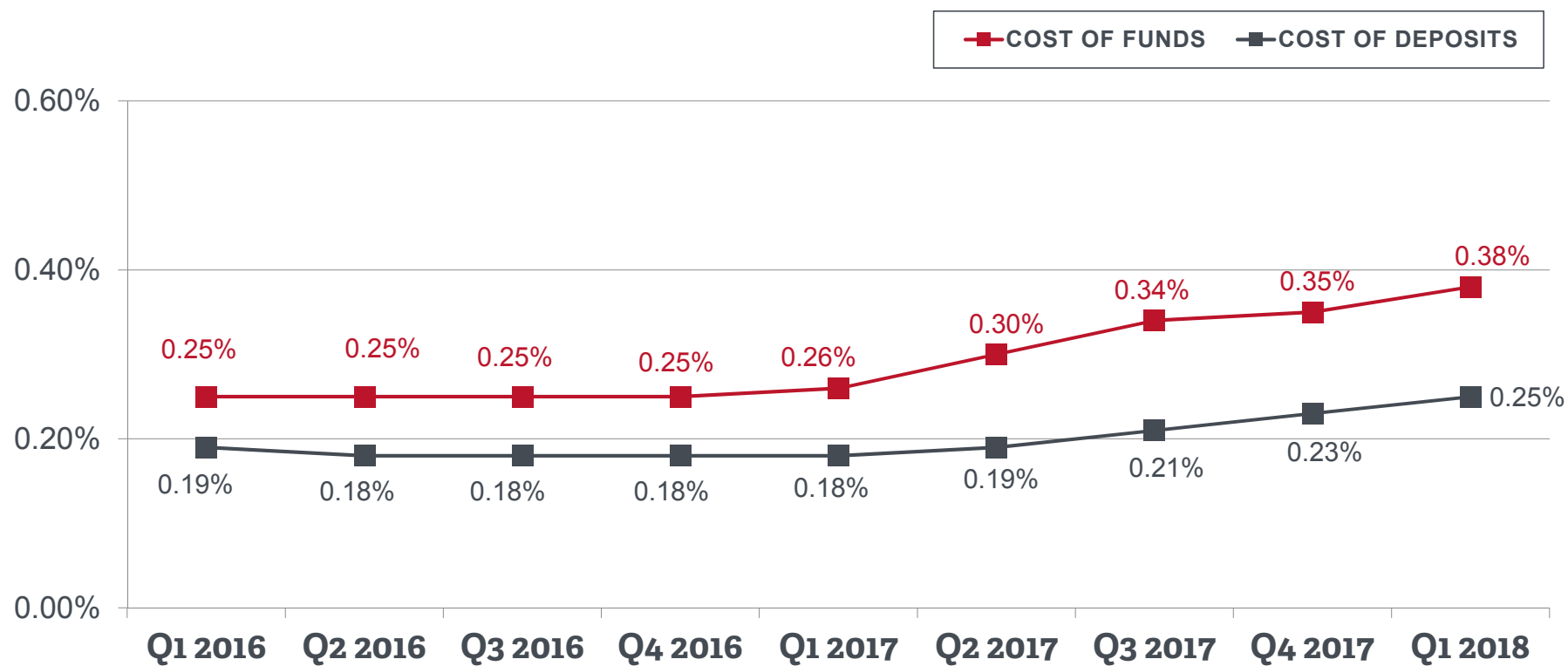
## FIRST BANCORP



Core excludes loan discount accretion

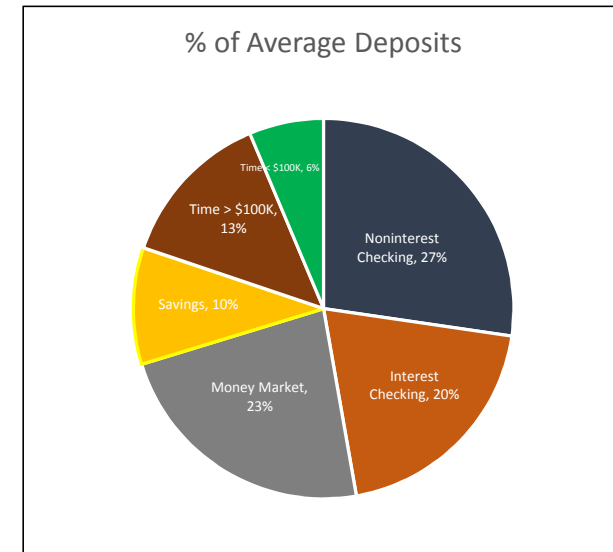
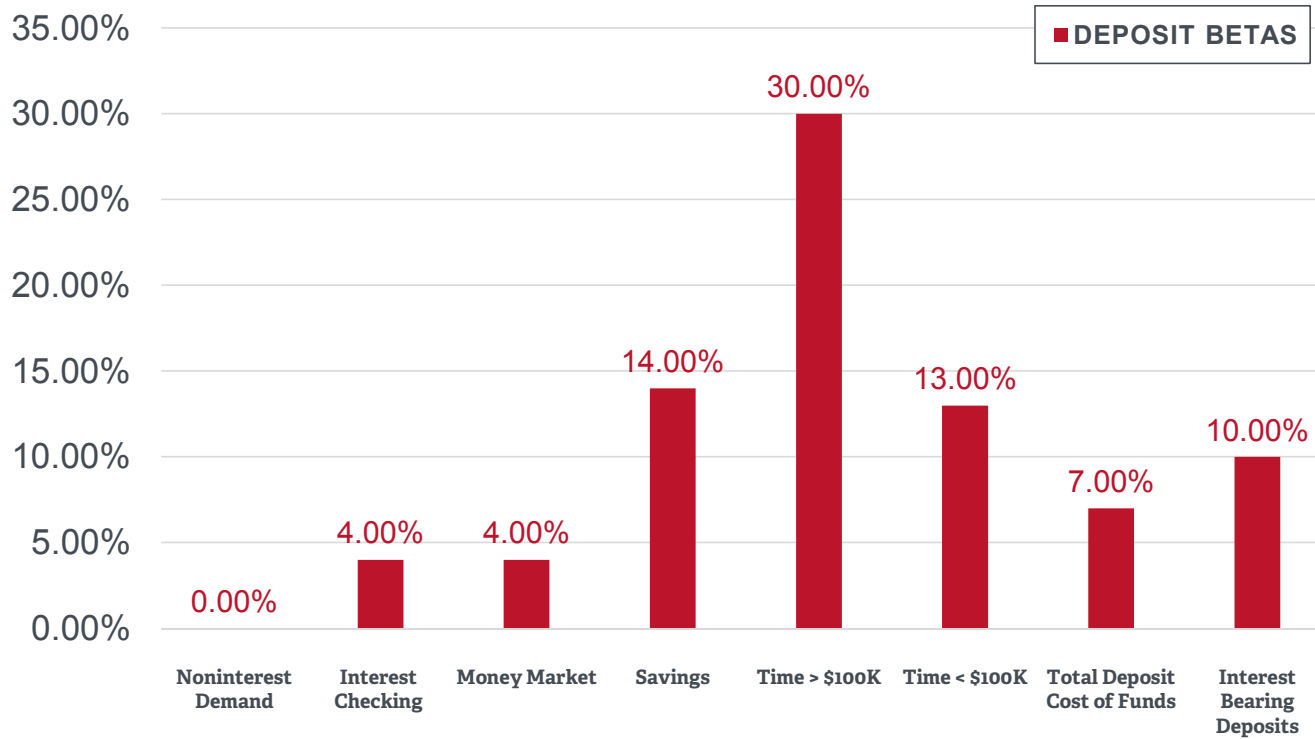
## COST OF FUNDS

## FIRST BANCORP



## DEPOSIT BETAS

## FIRST BANCORP



Based on Q1 2018 vs. Q4 2016 Average Deposit Cost Vs. 98 bp Increase in Average Fed Funds Rate



## BANK CONSOLIDATION IN NORTH CAROLINA

# FIRST BANCORP

COMMUNITY BANKS at December 31, 2014*		ASSET SIZE
1	<b>Yadkin Bank</b>	\$7.5 billion
2	<b>Bank of North Carolina</b>	\$5.7 billion
3	<b>First Bancorp</b>	\$3.5 billion
4	<b>Square 1 Bank</b>	\$3.1 billion
5	<b>Park Sterling Bank</b>	\$3.1 billion
6	<b>HomeTrust Bank</b>	\$2.7 billion
7	<b>NewBridge Bank</b>	\$2.6 billion
8	<b>CommunityOne Bank</b>	\$2.4 billion
9	<b>Southern Bank &amp; Trust</b>	\$2.4 billion
10	<b>Fidelity Bank</b>	\$1.8 billion
11	<b>Paragon Commercial Bank</b>	\$1.3 billion
12	<b>Peoples Bank</b>	\$1.1 billion
13	<b>Macon Bank</b>	\$1.1 billion
14	<b>Piedmont Federal Savings Bank</b>	\$0.9 billion
15	<b>First South Bank</b>	\$0.9 billion
16	<b>High Point Bank &amp; Trust</b>	\$0.9 billion

\*Banks with total assets less than \$20 billion headquartered in North Carolina

**First Bancorp is the largest independent North Carolina community bank, with over \$5 billion in assets**

- Significant opportunities to attract talented bankers
- Excellent customer service and competitive product offerings
- Presence in North Carolina’s most attractive markets

NC Community Bank Ranking				
Company Name	Number of NC Branches	Total NC Deposits 2017 (\$mm)	NC Deposit Market Share	Total Assets MRQ (\$mm)
<b>1 First Bancorp</b>	<b>99</b>	<b>4,171</b>	<b>1.15%</b>	<b>5,547</b>
2 HomeTrust Bancshares Inc.	18	1,236	0.34%	3,251
3 Live Oak Bancshares Inc.	1	1,892	0.52%	2,758
4 Southern BancShares (NC)	51	1,707	0.47%	2,655
5 Entegra Financial Corp.	13	794	0.22%	1,577
6 Select Bancorp Inc.	15	902	0.25%	1,194
7 Peoples Bancorp of NC Inc.	20	896	0.25%	1,092
8 Union Bank	15	600	0.17%	702
9 Uwharrie Capital Corp	9	525	0.14%	576
10 West Town Bancorp Inc.	7	211	0.06%	544

Source: SNL Financial

(1) Defined as NC-headquartered banks with less than \$10 billion in total assets..

## Fee Income Growth & Expansion

**FIRST BANCORP**



**FIRST BANK**  
Mortgage Services

**FIRST BANK**  
Insurance Services



**FB WEALTH MANAGEMENT**

	<u>Revenue</u>
2015	\$5.1 million
2017	\$20.5 million
Q1 2018 Annualized	\$31.0 million

**First Bank owns its own credit card**

**\$23 million in outstanding receivables**

- 50% increase over past 3+ years

**\$3 million in annual interchange income**

- 7%+ annual growth rate over last four years

**Attractive rewards program**

- Combined debit card/credit card points

**Special emphasis on business customers**

**Customer service through Southern Pines, North Carolina**



## NORTH CAROLINA: A GREAT STATE FOR BUSINESS

## FIRST BANCORP

### North Carolina is currently the 9<sup>th</sup> most populated state – projected 7<sup>th</sup> by 2030

- Projected to grow 31% over the next 20 years – 5<sup>th</sup> highest total growth

### Right to work state – 2<sup>nd</sup> lowest unionized state

- One of five states in which collective bargaining by public employees is illegal

### North Carolina Pension System – 94% funded and ranked 3<sup>rd</sup> strongest in the nation

- All city and county systems are 100% funded

### North Carolina has AAA Bond Rating

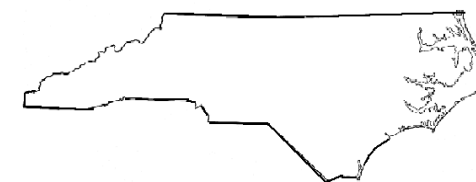
### Strong Education System

- Strong university system with top ranked schools
- Statewide community college system
- Higher education system ranked 2<sup>nd</sup> in the southeast

### Below average utility bill rates

### Tax-friendly state – 3% corporate tax rate

- Ranked 4<sup>th</sup> overall and 1<sup>st</sup> in the Southeast in business tax climate



**FIRST BANCORP**

# Our Promise to Service Excellence

**We help our customers realize their dreams by providing financial solutions and building trusted relationships.**

1

### SAFETY AND SOUNDNESS

We ensure long term financial stability by enhancing trust and confidence and providing a safe environment.

2

### KNOWLEDGE AND ACCURACY

We employ the best associates and ensure all are well trained, establish quality standards, and hold each other accountable.

3

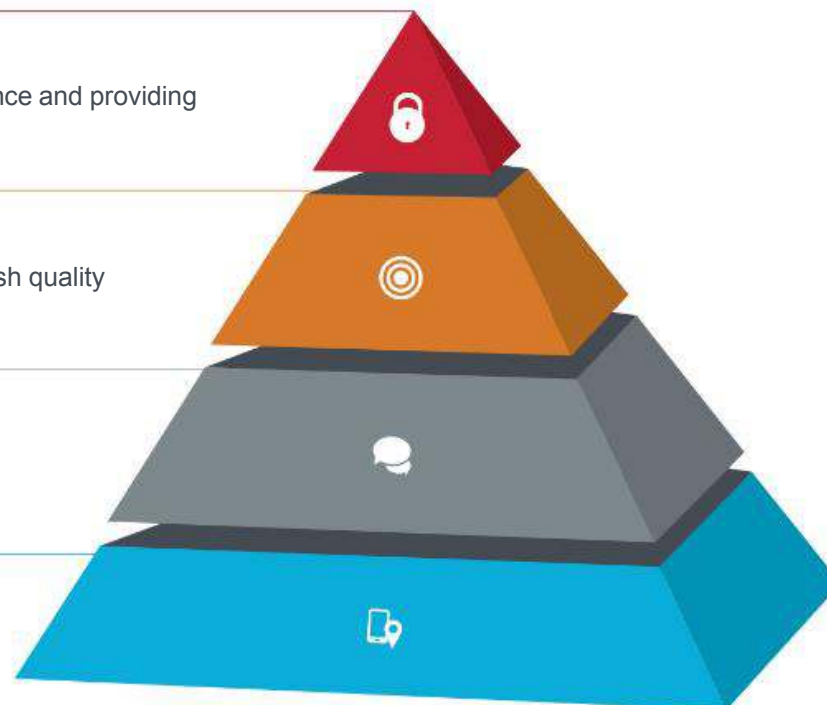
### COURTEOUS SERVICE

We treat customers and fellow associates with respect, effectively communicate, and celebrate our unique contributions.

4

### CONVENIENCE AND EASE

Our customers choose when, where and how they do business with us.



**Bank that offers many of the product capabilities found in larger regional banks but delivers those services with a local community bank focus**

- Strong culture
- Mobile Banking, Wealth Management, Trust Services, Credit Card, Treasury Services, Insurance, and Mortgage Banking

**Centered in one of the fastest-growing regions in the U.S.**

**Focused on high growth markets**

**Stable, low cost core deposit franchise**

- Built over 80 years of serving our communities
- Strength of rural markets
- 2017 cost of funds was 0.31%

**Strong and Improving Performance Metrics**

**Conservative Balance Sheet**

- Minimal credit risk in investment portfolio
- Core funded
- In market loan portfolio – almost no participations

**Market disruptions provide opportunity**

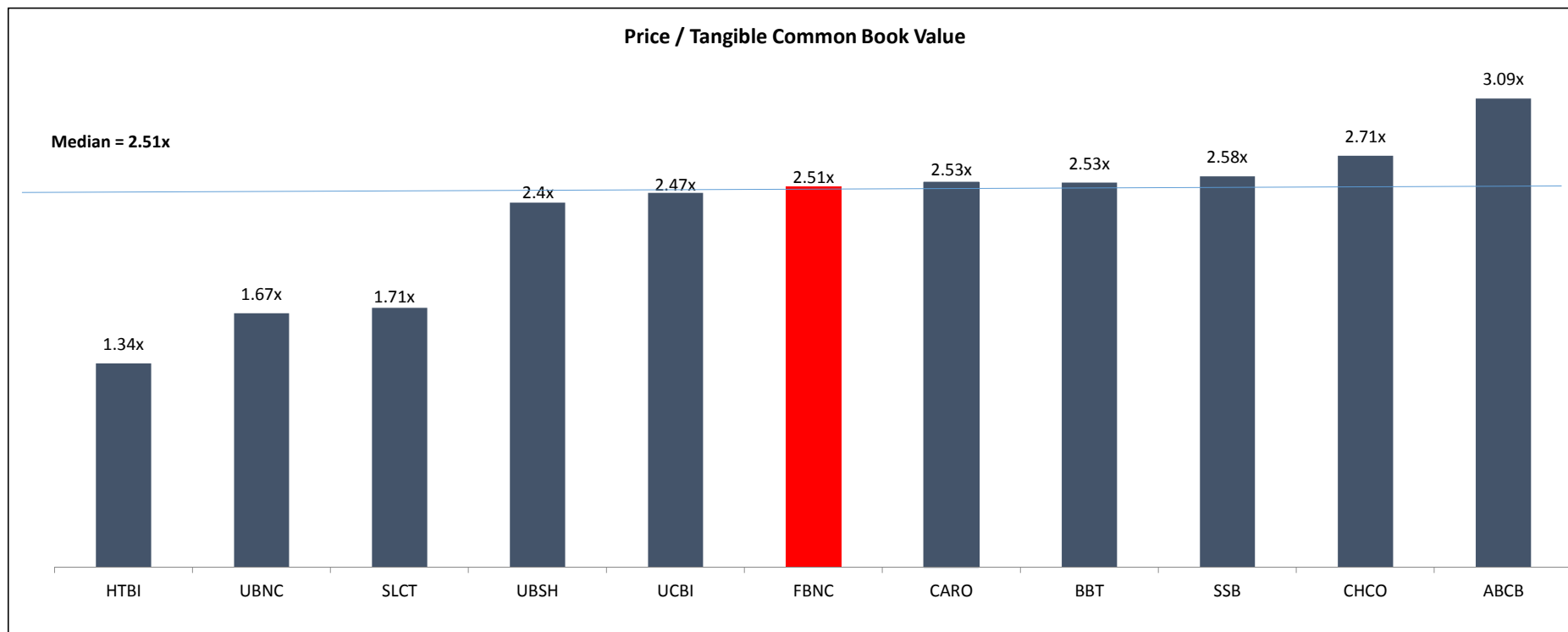


## VALUATION: PRICE TO TANGIBLE COMMON BOOK VALUE

## FIRST BANCORP

Closing stock price on May 2, 2018 = \$38.31

- Price to tangible book – 2.53x
- Based on 3/31/18 tangible book value - \$15.17

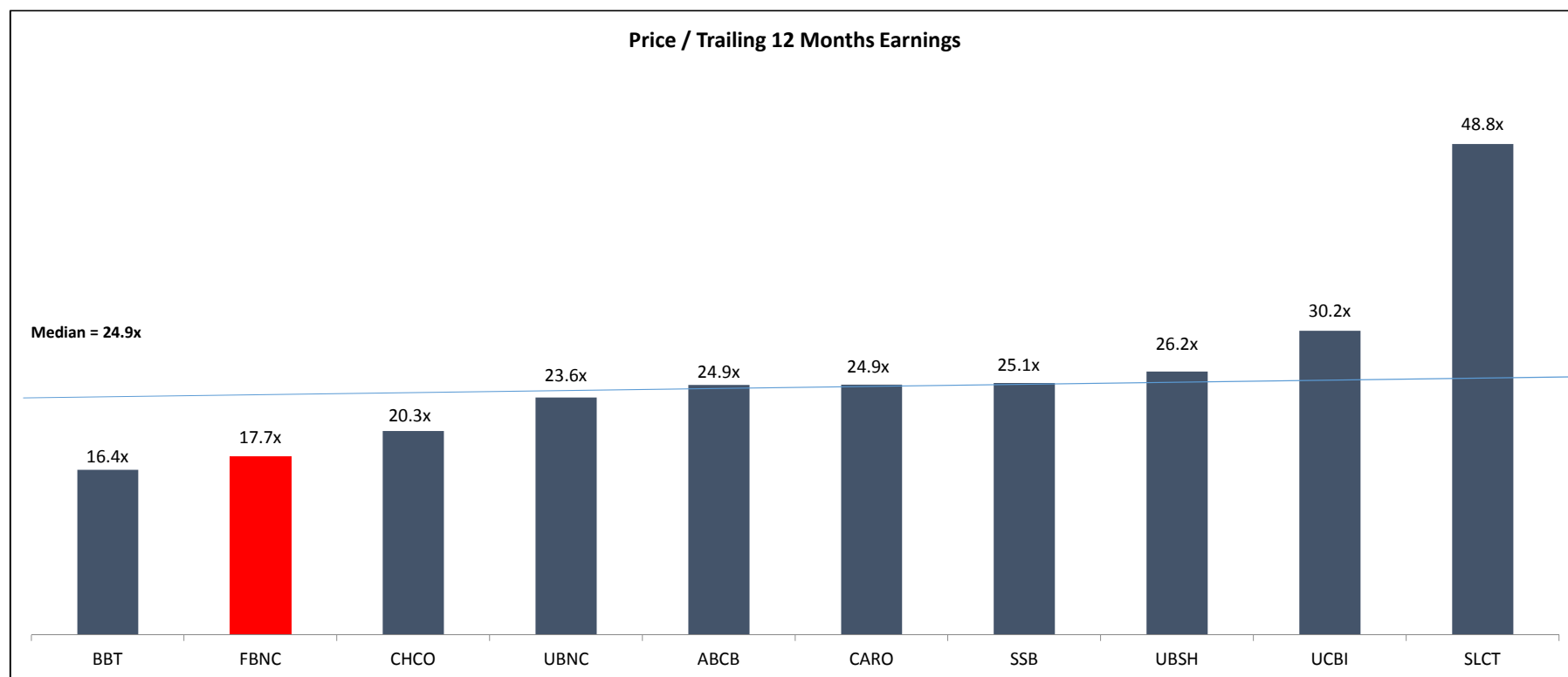


## VALUATION: PRICE TO TRAILING 12 MONTH EARNINGS

## FIRST BANCORP

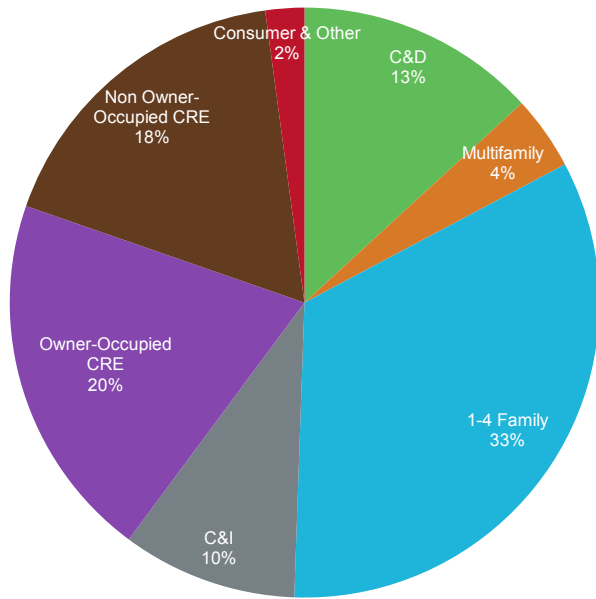
### Price to trailing twelve month earnings – 17.7x

- Based on trailing 12 month diluted common earnings per share of \$2.16 and 5/2/18 share price of \$38.31
- Based on current SNL Mean Diluted Normalized EPS 2018 Estimate of \$2.86, the price to earnings ratio is 13.4x



## LOAN PORTFOLIO: AT 3/31/18

## FIRST BANCORP



LOAN PORTFOLIO	AMT	% OF TOTAL
C&D	\$ 542	13%
Multifamily	167	4%
1-4 Family	1,371	33%
C&I	395	10%
Owner-Occupied CRE	829	20%
Non Owner-Occupied CRE	722	18%
Consumer & Other	88	2%
<b>Total Loans</b>	<b>\$ 4,114</b>	<b>100%</b>