



# Important Information

---

## 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; 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 writedown assets; the amount of our loan portfolio collateralized by real estate, and the 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 recent 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 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 year ended December 31, 2016 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.

# 2016 Highlights

---

## Results / Strategic Initiatives

Q4 2016 EPS of \$0.40 - up 21.2% over Q4 2015

Loan Growth - 8.9% Q4 Annualized, 7.6% year-over-year

Continued expansion into high growth markets – Charlotte, Raleigh, Greensboro

Branch exchange

Termination of all FDIC Loss Share Agreements

- One time charge of \$5.7 million
- Indemnification asset expense eliminated for future periods

Noninterest Income

- Rollout of nationwide SBA lending platform - \$1.4 million in Q3 & Q4 loan sale gains
- SBA consulting firm acquisition – Fees of \$3.2 million for May-December 2016
- Insurance agency income – \$1.9 million in 2016 - up 108% – 1/1/16 acquisition

Carolina Bank integration planning

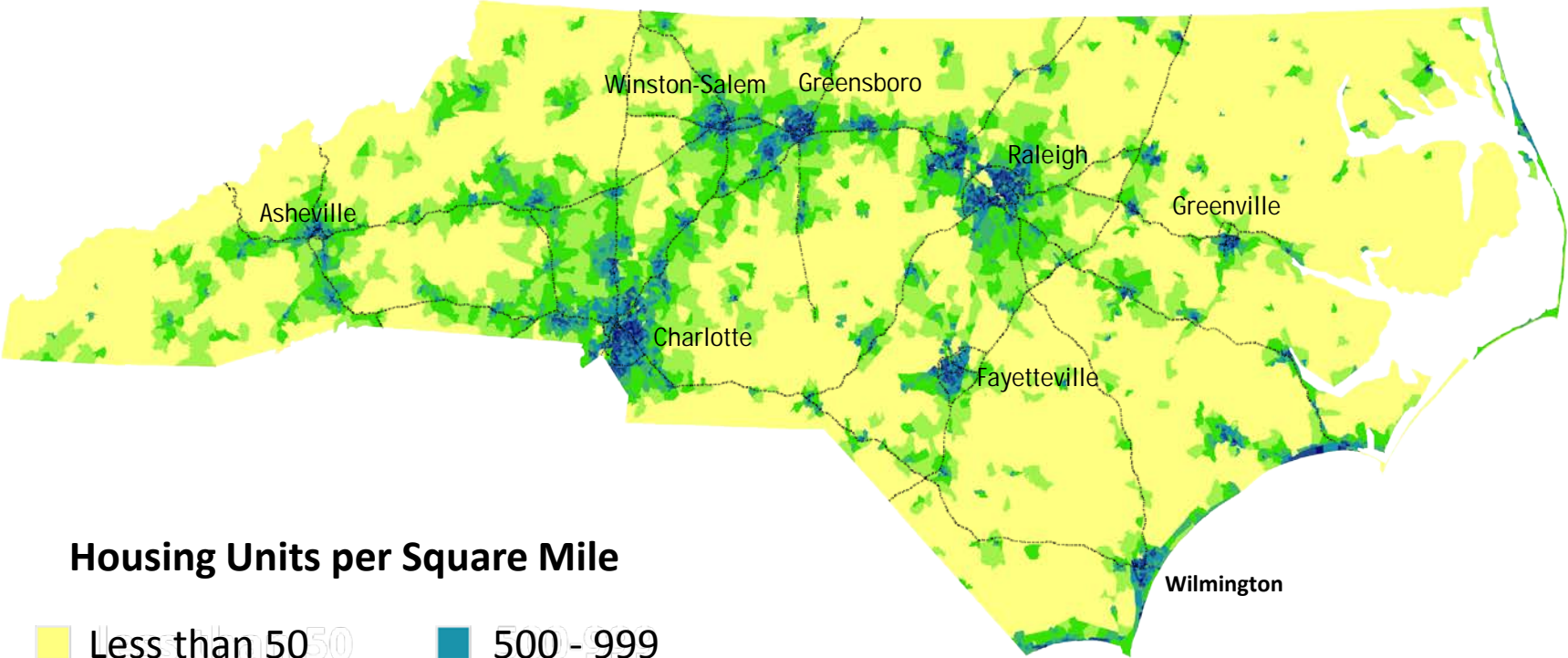
## Company Profile\*

---

<b>Bank Holding Company</b>	<b>First Bancorp</b>
<b>Subsidiary Bank</b>	<b>First Bank</b>
<b>Headquarters</b>	<b>Southern Pines, North Carolina</b>
<b>Established</b>	<b>1935 as Bank of Montgomery</b>
<b>Assets</b>	<b>\$3.6 billion</b>
<b>Loans</b>	<b>\$2.7 billion</b>
<b>Deposits</b>	<b>\$2.9 billion</b>
<b>Branches</b>	<b>89 in NC &amp; SC</b>
<b>Employees</b>	<b>833 full-time equivalent employees</b>
<b>Ranking</b>	<b>7<sup>th</sup> largest bank headquartered in NC</b>
<b>Market Capitalization</b>	<b>\$595 million – Ticker FBNC</b>
<b>Insider Ownership</b>	<b>5%</b>
<b>Institutional Ownership</b>	<b>49%</b>
<b>Member of Russell 2000</b>	<b>Yes</b>

\* All data as of 12/31/16; Market Capitalization as of 1/24/17

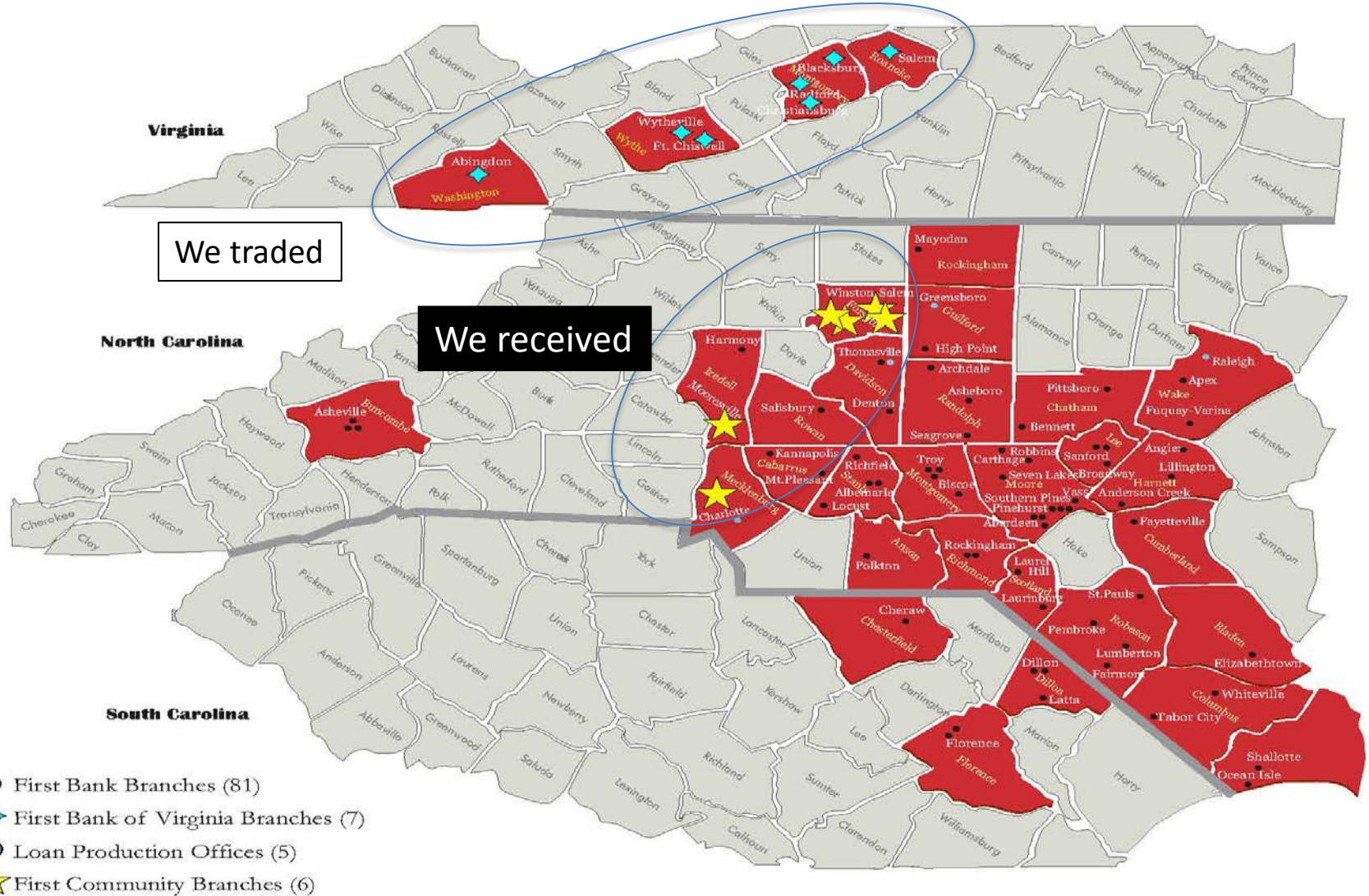
# North Carolina's Most Populous Markets



## Housing Units per Square Mile

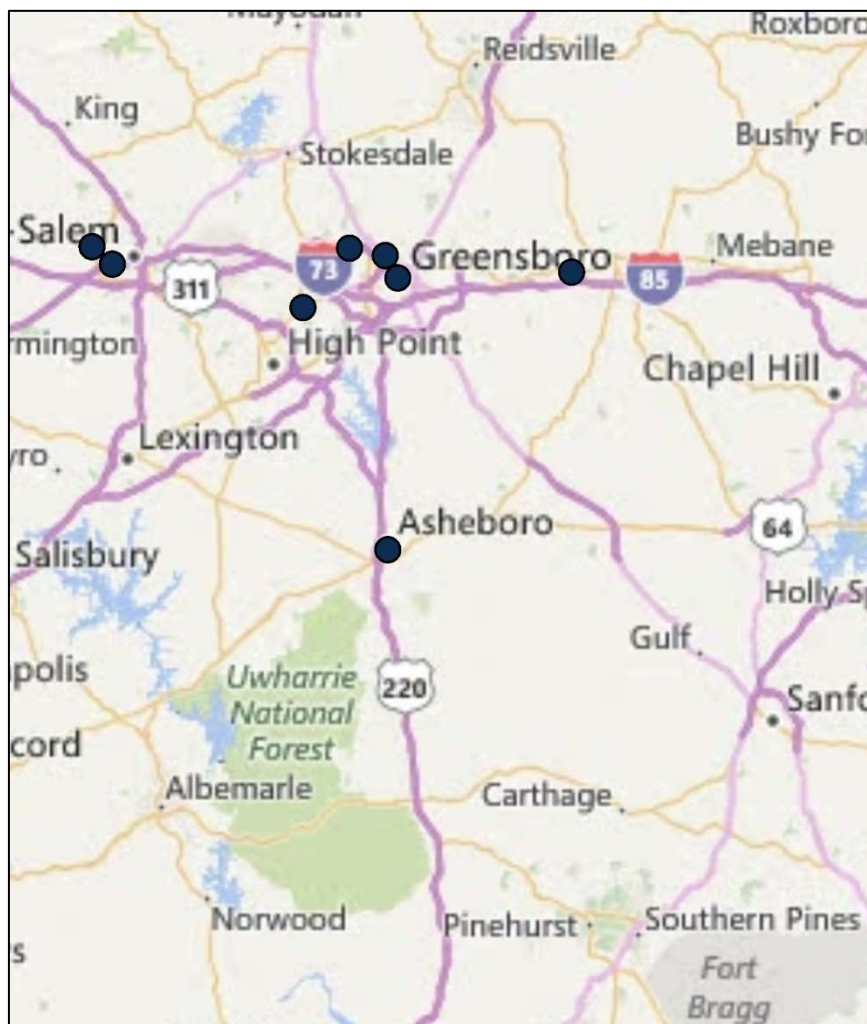
- Less than 50
- 50 - 99
- 100 - 249
- 250 - 499
- 500 - 999
- 1,000 - 1,999
- 2,000 units or more

# First Community Bank/First Bank Branch Exchange



# Carolina Bank Holdings, Inc.- Announced 6/22/16

## Branch Network



## Financial Highlights

### Company Overview

Headquarters	Greensboro, NC
Year Established	1996

### Balance Sheet (dollars in millions)

Total Assets	\$706
Total Loans	491
Deposits	601
Loans / Deposits	81.7 %
% Core Deposits	87.1

### LTM Profitability

ROAA	0.75 %
ROATCE	8.67
Net Interest Margin	3.71
Efficiency Ratio	75.1
Noninterest Inc. / Avg. Assets	1.82
Noninterest Exp. / Avg. Assets	4.03

### Asset Quality

NPAs / Assets	2.86 %
NPAs (excl. TDRs) / Assets	1.15
Reserves / Loans	1.22

### Capitalization

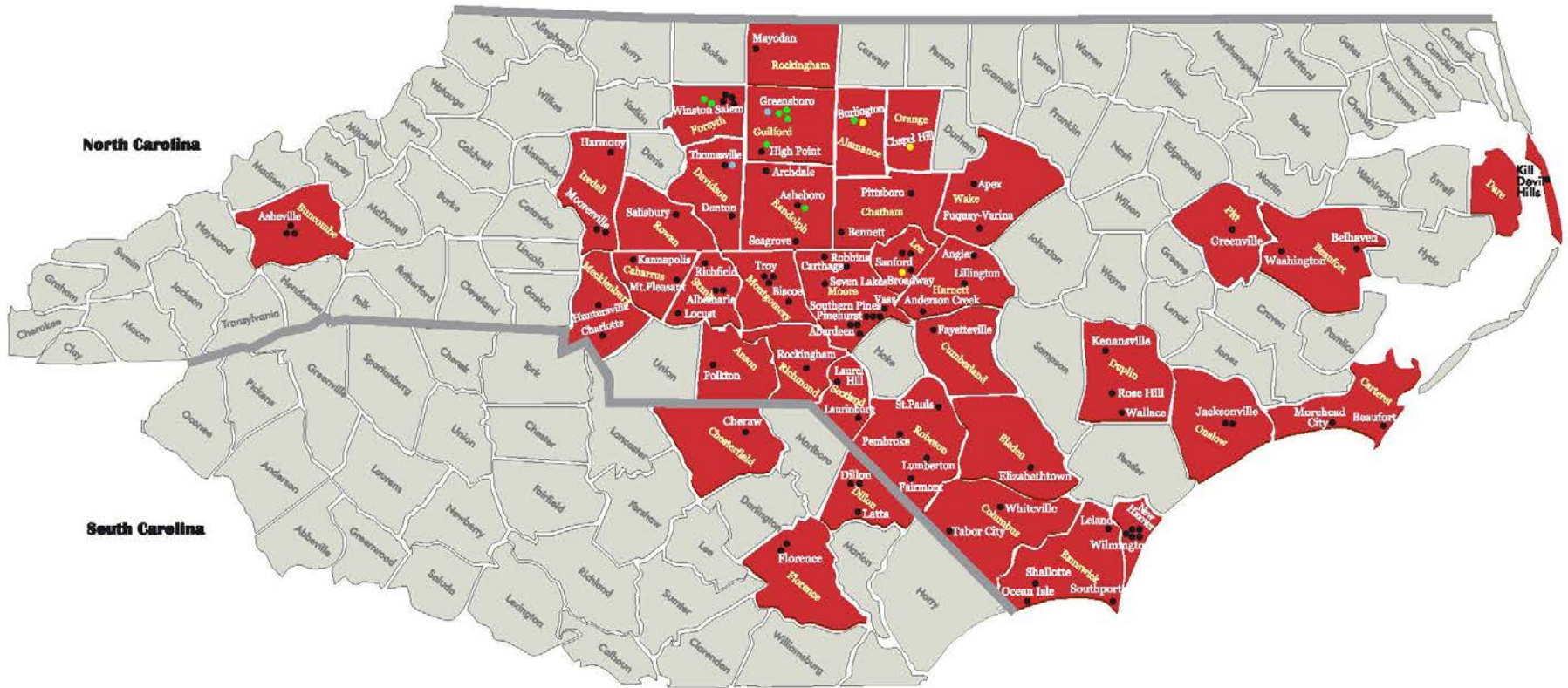
Tang. Com. Equity / Assets	8.88 %
Leverage Ratio	9.74
CET1 Ratio	12.62
Total Capital Ratio	14.40





# FIRST BANK

Branch Locations – January 2017



- First Bank Branches (89)
  - First Bank Loan Production Office (2)
  - Carolina Bank Branches (8)
  - Carolina Bank Loan Production Office (3)
- TOTAL BRANCHES 96**

# Bank Consolidation in North Carolina

	Community Banks at 12/31/14 *	Asset Size
1	Yadkin Bank	\$7.5 billion
2	Bank of North Carolina	\$5.7 billion
3	First Bancorp	\$3.5 billion
4	Square 1 Bank	\$3.1 billion
5	Park Sterling Bank	\$3.1 billion
6	Home Trust Bank	\$2.7 billion
7	NewBridge Bank	\$2.6 billion
8	CommunityOne Bank	\$2.4 billion
9	Southern Bank & Trust	\$2.4 billion
10	Fidelity Bank	\$1.8 billion
11	Paragon Commercial Bank	\$1.3 billion
12	Peoples Bank	\$1.1 billion
13	Macon Bank	\$1.1 billion
14	Piedmont Federal Savings Bank	\$0.9 billion
15	First South Bank	\$0.9 billion
16	High Point Bank & Trust	\$0.9 billion

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

# **Our Promise to Service Excellence**

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

# Service Excellence Principles

## COURTEOUS SERVICE

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

## CONVENIENCE & EASE

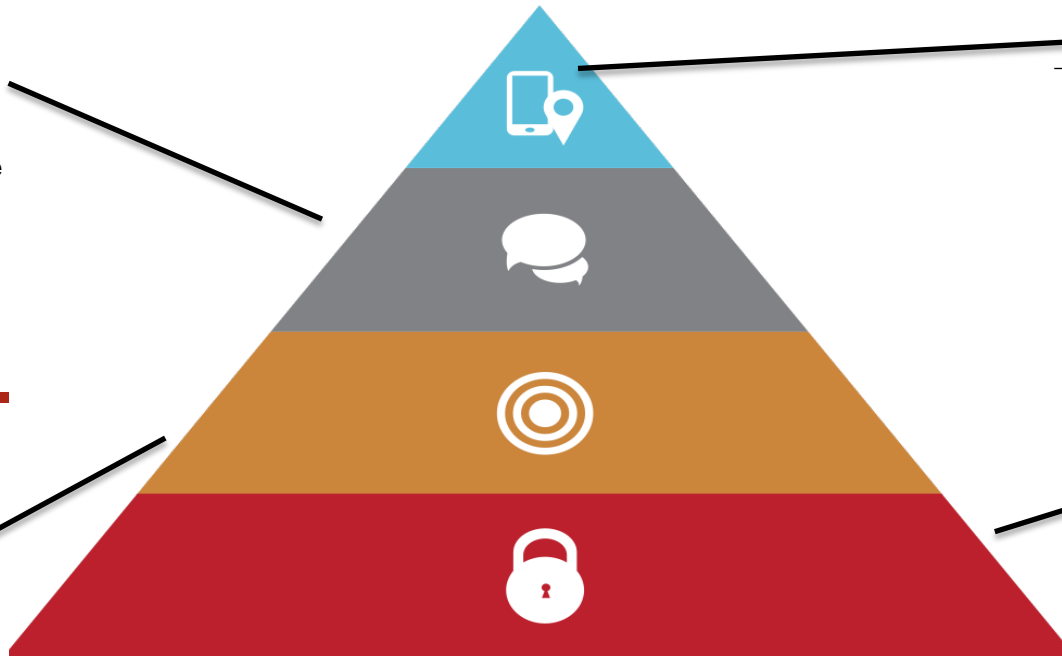
Our customers choose when, where and how they do business with us.

## KNOWLEDGE & ACCURACY

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

## SAFETY & SOUNDNESS

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



# Q4 2016 – Highlights<sup>(1)</sup>

Percentages annualized where applicable	Q4 2016	Q4 2015	Change
Net income	\$8.4 million	\$6.8 million	+23.6%
EPS Common - Diluted	\$0.40	\$0.33	+21.2%
Return on Average Assets	0.94%	0.82%	+12 bps
Return on Avg. Common Equity	9.17%	7.96%	+121 bps
Loans	\$2.7 billion	\$2.5 billion	+7.6%
Deposits	\$2.9 billion	\$2.8 billion	+4.8%
Nonperforming Assets to Total Assets	1.64%	2.66%	-102 bps
Net Interest Margin <sup>(2)</sup>	3.94%	4.05%	-11 bps
Cost of Funds	0.25%	0.24%	+ 1 bp
Noninterest Income (Core) <sup>(3)</sup> /Avg. Assets	1.10%	0.91%	+19 bps

(1) All information at or for the periods ended December 31, 2016 is preliminary and based on Company information available at time of presentation.

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

(3) Excludes foreclosed property gains/losses, indemnification asset expense, other miscellaneous gains/losses.

# 2016 – Full Year Highlights<sup>(1)</sup>

	2016	2015	Change
Net income - common	\$27.3 million	\$26.4 million	+3.4%
EPS Common - Diluted	\$1.33	\$1.30	+2.3%
Nonperforming Assets	\$59.1 million	\$89.3 million	-33.8%
Net Interest Margin <sup>(2)</sup>	4.03%	4.13%	- 10 bps
Cost of Funds	0.25%	0.24%	+1 bp
Tier I Leverage Ratio	10.09%	10.38%	- 29 bps
Total Risk Based Capital Ratio	13.33%	14.45%	-112 bps
Tangible Book Value Per Share - Common	\$13.85	\$13.56	+2.1%

(1) All information at or for the periods ended December 31, 2016 is preliminary and based on Company information available at time of presentation.

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

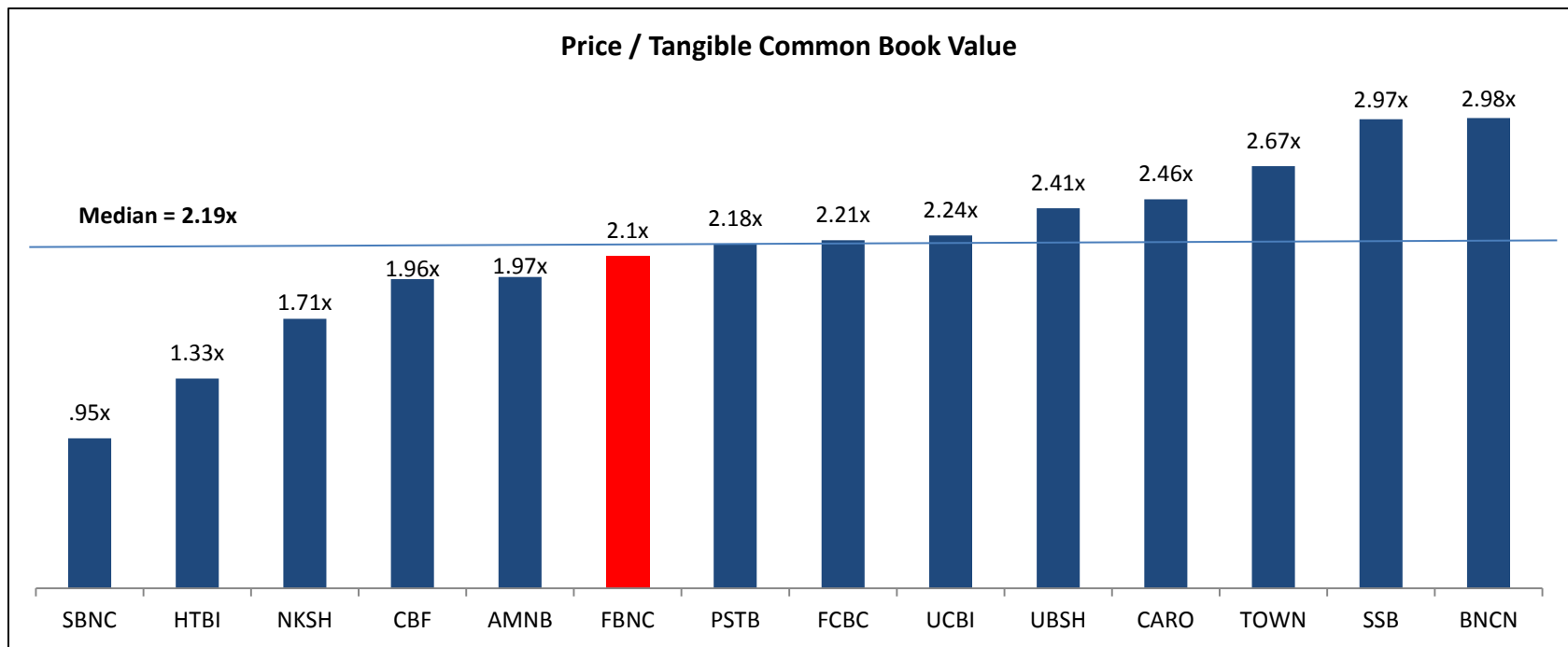
## Investment Thesis

---

- Bank that offers many of the product capabilities found in larger regional banks but delivers those services with a local community bank focus
  - 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
  - 2016 cost of funds was 0.25%
- 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

- Closing stock price on January 25, 2017 = \$29.06
  - Price to tangible book value – 2.10x
    - Based on 12/31/16 tangible book value – common – \$13.85





## Valuation – Price to Trailing 12 Month Earnings

- Price to trailing twelve month earnings – 21.8x
  - Based on trailing 12 month diluted common earnings per share of \$1.33 and 1/25/17 share price of \$29.06
- 2016 Full Year Negatively Impacted by Q3 FDIC Loss Share Agreement Termination
  - Based on EPS of \$1.60 (Q4 2016 annualized), the price to earnings ratio is 18.2x

