FIRST BANCORP /NC/
Form DEF 14A
March 20, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities

Exchange Act of 1934 (Amendment No. _____)

Filed by the Registrant ý

Filed by a Party other than the Registrant o

Check the appropriate box:

o Preliminary Proxy Statement
o Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
ý Definitive Proxy Statement
o Definitive Additional Materials
o Soliciting Material Under Rule 14a-12

First Bancorp

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):
ý No fee required.
o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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o Fee paid previously with preliminary materials.

o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

(1) Amount previously paid:

(2) Form, schedule or registration statement no.:

(3) Filing party:

(4) Date filed:

300 SW Broad Street

Southern Pines, North Carolina 28387

Telephone (910) 246-2500

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD WEDNESDAY, MAY 2, 2018

To Our Shareholders:

The annual meeting of shareholders of First Bancorp (the "Company") will be held at the Company's Main Office located at 300 SW Broad Street, Southern Pines, North Carolina on Wednesday, May 2, 2018 at 1:30 p.m. local time, for the purpose of considering and acting on the following matters:

1. To elect fourteen (14) nominees to the Board of Directors to serve until the 2019 annual meeting of shareholders, or until their successors are elected and qualified.

2. To ratify the appointment of Elliott Davis, PLLC as the independent auditors of the Company for 2018.

3. To approve, on a non-binding advisory basis, the compensation paid to the Company's named executive officers, as disclosed in the accompanying proxy statement ("say on pay").

4. To provide an advisory vote on the frequency of future shareholder "say on pay" advisory votes.

5. Such other business as may properly come before the annual meeting and any adjournment thereof.

Only shareholders of record as of the close of business on March 7, 2018 are entitled to notice of and to vote at the annual meeting and any adjournment thereof. We first mailed the Notice of Internet Availability of Proxy Materials to our shareholders on or about March 20, 2018.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Shareholders to be Held on May 2, 2018:

The Meeting Notice and Proxy Statement and the Company's 2017 Annual Report on Form 10-K are available on the Internet at www.proxyvote.com.

The Proxy Statement accompanying this notice sets forth further information concerning the proposals to be considered at the annual meeting. You are urged to study this information carefully. The 2017 Annual Report on Form 10-K includes the Company's financial statements and other required disclosures, but does not constitute proxy solicitation material.

By Order of the
Board of Directors

Elizabeth B.
Bostian
Secretary

March 20, 2018

Important notice regarding the availability of proxy materials

for the annual shareholder meeting to be held on May 2, 2018.

The Proxy Statement and 2017 Annual Report on Form 10-K

are also available at www.proxyvote.com.

First Bancorp

300 SW Broad Street

Southern Pines, North Carolina 28387

Telephone (910) 246-2500

PROXY STATEMENT

Introduction. This Proxy Statement is furnished to the shareholders (“shareholders, “you, or “your”) of First Bancorp (the “Company”, “us”, “we” or “our”) by the Board of Directors (hereinafter sometimes referred to as the “Board” or the “Board of Directors”) in connection with its solicitation of proxies for use at the annual meeting of shareholders of the Company (the “Annual Meeting”) to be held on Wednesday, May 2, 2018 at 1:30 p.m. local time, at the Main Office of First Bank, 300 SW Broad Street, Southern Pines, North Carolina, and at any adjournment thereof. Action will be taken at the Annual Meeting on the items described in this Proxy Statement and on any other business that properly comes before the meeting.

The Company will bear the entire cost of preparing this Proxy Statement and of soliciting proxies. Proxies may be solicited by employees of the Company, either personally, by mail, or by telephone. Employees will not receive additional compensation for the solicitation of proxies. The Company also will request brokers and others to send solicitation material to beneficial owners of stock and will reimburse their costs for this purpose.

Internet Availability of Proxy Materials. We are providing proxy materials to our shareholders primarily via the Internet, instead of mailing printed copies of those materials to each shareholder. By doing so, we save costs and reduce the environmental impact of our Annual Meeting. On or about March 20, 2018, we mailed a Notice of Internet Availability of Proxy Materials (“Notice”) to certain of our shareholders. The Notice contains instructions about how to access our proxy materials and vote online or vote by telephone. If you would like to receive a paper copy of our proxy materials, please follow the instructions included in the Notice. If you previously chose to receive our proxy materials electronically, you will continue to receive access to these materials via email unless you elect otherwise.

Proxy Card. The Board has designated Peter A. Seitz and Richard H. Moore to serve as Proxies for the Annual Meeting. As Proxies, they will vote the shares represented by proxies at the Annual Meeting. If you sign, date and return your Proxy Card but do not specify how to vote your shares, the Proxies will vote FOR the election of all of the Director nominees, FOR ratification of Elliott Davis PLLC as the Company’s independent auditors, FOR approval of the advisory vote on the compensation of our named executive officers, and EVERY ONE YEAR for the advisory vote on the frequency of the advisory vote on compensation of our named executive officers. The Proxies will also have discretionary authority to vote in accordance with their judgment on any other matter that may properly come before the Annual Meeting.

Quorum and Shares Outstanding. A quorum, which is a majority of the total shares outstanding as of the record date, must be present to hold the Annual Meeting. A quorum is calculated based on the number of shares represented by shareholders attending in person or by proxy. On March 7, 2018, 29,643,538 shares of our common stock were outstanding. We also count broker non-votes, which we describe below, as shares present or represented at the Annual Meeting for the purpose of determining whether a quorum exists. If a quorum is not present or represented at the Annual Meeting, the shareholders present and entitled to vote have the power to adjourn the Annual Meeting from time to time, without notice other than announcement at the Annual Meeting, until a quorum is present or represented. At any such adjourned meeting at which a quorum is present or represented, any business may be transacted that might have been transacted at the Annual Meeting as originally notified.

Election of Director Nominees. Each share is entitled to one vote, except in the election of Directors where a shareholder may cumulate votes as to candidates nominated prior to voting, but only when a shareholder gives notice of intent to cumulate votes prior to the voting at the Annual Meeting. If any shareholder gives such notice, all shareholders may cumulate their votes for nominees. Under cumulative voting, each share carries as many votes as the number of Directors to be elected, and the shareholder may cast all of such votes for a single nominee or distribute them in any manner among as many nominees as desired. This Proxy Statement solicits the discretionary authority to cumulate votes and allocate them in the Proxy Holders' discretion if any shareholder requests cumulative voting. In the election of Directors, the 14 nominees receiving the highest number of votes will be elected. If your proxy is marked “Withhold” with regard to the election of any nominee, your shares will be counted toward a quorum and for other nominees, but they will not be voted for the election of that nominee. If you attend the Annual Meeting and have already voted, you may vote in person in order to rescind your previous vote.

Vote Required; Effect of Abstentions and Broker Non-Votes. The shares of a shareholder whose Proxy Card on any or all proposals is marked as “abstain” will be included in the number of shares present at the Annual Meeting to determine whether a quorum is present. If you are the beneficial holder of shares held by a broker or other custodian, you may instruct your broker how to vote your shares through the voting instruction form included with this Proxy Statement. If you wish to vote the shares you own beneficially at the Annual Meeting, you must first request and obtain a proxy from your broker or other custodian. Abstentions from the vote on a particular proposal and broker non-votes will be counted as present for purposes of determining if a quorum is present, but will not be counted as votes on the proposal in question.

Your vote is very important and we hope that you will attend the Annual Meeting. However, whether or not you plan to attend the Annual Meeting, please vote by proxy.

Registered Holders. If your shares are registered directly in your name with the Company’s transfer agent, Computershare Investor Services, LLC, you are considered a registered holder of those shares. Please vote by proxy in accordance with the instructions on your Proxy Card, or the instructions contained in the Notice.

A registered holder can vote in one of the following four ways:

- **Via the Internet**. Go to the website noted on your Proxy Card in order to vote via the Internet. Internet voting is available 24 hours a day. We encourage you to vote via the Internet, as it is the most cost-effective way to vote. When voting via the Internet, you do not need to return your Proxy Card.

- **By Telephone**. Call the toll-free telephone number indicated on your Proxy Card and follow the voice prompt instructions to vote by telephone. Telephone voting is available 24 hours a day. When voting by telephone, you do not need to return your Proxy Card.

- **By Mail**. Mark your Proxy Card, sign and date it, and return it in the enclosed postage-paid envelope. If you elected to electronically access the Proxy Statement, you will not be receiving a Proxy Card and must vote via the Internet or by telephone.

- **In person**. You may vote your shares at the Annual Meeting if you attend in person, even if you previously submitted a Proxy Card or voted via Internet or telephone. Whether or not you plan to attend the Annual Meeting, however, we strongly encourage you to vote your shares by proxy before the Annual Meeting.

Beneficial Shareholders. If your shares are held in a brokerage account in the name of your bank, broker, or other holder of record ("beneficial holder" or "street name"), you are not a registered holder, but rather are considered a beneficial holder of those shares. Your bank, broker, or other holder of record will send you instructions on how to vote your shares. If you are a beneficial holder, you must obtain a proxy, executed in your favor, from the holder of record to be able to vote in person at the Annual Meeting.

Voting Deadlines. The Internet and telephone voting facilities for eligible shareholders of record will close at 11:59 p.m. Eastern Daylight Savings Time on May 1, 2018.

Revocation of Proxy. Registered holders who vote by proxy, whether by telephone, Internet or mail, may revoke that proxy at any time before it is voted at the Annual Meeting. You may do this by: (a) signing another Proxy Card with a later date and delivering it to us prior to the Annual Meeting or sending a notice of revocation to the Corporate Secretary of First Bancorp at 300 SW Broad Street, Southern Pines, NC 28387; (b) voting at a later time by telephone or on the Internet prior to 11:59 p.m., Eastern Daylight Savings Time, on May 1, 2018; or (c) attending the Annual Meeting in person and casting a ballot. If you are a beneficial holder, you may change your vote by submitting new voting instructions to your broker or other nominee.

Additional Information

Householding. As permitted by the Securities Exchange Act of 1934 (the "Exchange Act") only one envelope containing two or more Notices is being delivered to shareholders residing at the same address, unless such shareholders have notified their bank, broker, Computershare Investor Services, or other holder of record that they wish to receive separate mailings. If you are a beneficial holder and own your shares of the Company in street name, contact your broker, bank or other holder of record to discontinue householding and receive your own separate copy of the Notice in future years. If you are a registered holder and own your shares through Computershare Investor Services, contact Computershare toll-free at 800-368-5948 or in writing directed to Computershare Investor Services, 250 Royall Street, Mail Stop 1A, Canton, MA 02021 to discontinue householding and receive multiple Notices in future years. To receive an additional Annual Report on Form 10-K or Proxy Statement this year, contact us at Shareholder Relations at 910-246-2500 or follow the instructions on the Notice. Mailing of dividends, dividend reinvestment statements, and special notices will not be affected by your election to discontinue duplicate mailings of the Notice.

Electronic Access to Proxy Materials and Annual Report. This Proxy Statement and the 2017 Annual Report on Form 10-K are available at www.proxyvote.com. If you hold your common stock in street name through a broker, a bank or other nominee, you may have the option of receiving your Proxy Statement and Annual Report on Form 10-K via the Internet. If you submit your proxy this year electronically, you may also elect to receive future Proxy Statements, Annual Reports on Form 10-K and other materials electronically by following the instructions given by your bank, broker, or other holder of record when you vote.

PRINCIPAL HOLDERS OF VOTING SECURITIES

The Exchange Act requires that any person who acquires the beneficial ownership of more than five percent of the Company's common stock notify the Securities and Exchange Commission (the "SEC") and the Company. Following is certain information, as of the most recent practicable date, regarding those persons or groups who held of record, or who are known to the Company to own beneficially, more than five percent of our outstanding common stock.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
Wellington Management Company, LLP 280 Congress Street Boston, MA 02210	1,797,316 shares of common stock (1)	6.1%
BlackRock Inc. 40 East 52nd Street	1,876,045 shares of common stock (2)	6.3%

New York, NY 10022		
RMB Capital Holdings, LLC 115 S. LaSalle Street, 34th Floor Chicago, IL 60603	1,499,517 shares of common stock (3)	5.1%

(1) This is based on a Schedule 13G/A filed by Wellington Management Group, LLP on February 8, 2018, and the Schedule indicates shared power to vote or dispose of these shares.

(2) This is based on a Schedule 13G/A filed by BlackRock Inc. on January 25, 2018, and the Schedule indicates sole power to vote and dispose of these shares.

(3) This is based on a Schedule 13G filed by RMB Capital Holdings, LLC on February 13, 2018, and the Schedule indicates shared power to vote and dispose of these shares.

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PROPOSAL 1 - ELECTION OF DIRECTORS

Article 3, Section 2 of the Company's Bylaws provides that the number of directors on our Board of Directors will be not less than seven nor more than 25, as may be fixed by resolution duly adopted by the Board of Directors at or prior to the annual meeting at which such directors are to be elected. In accordance with the Bylaws, the size of the Board has been fixed at 14 members.

In the absence of any specifications to the contrary, proxies will be voted for the election of all 14 of the nominees listed in the table below by casting an equal number of votes for each such nominee. If, at or before the time of the Annual Meeting, any of the nominees listed below becomes unavailable for any reason, the Proxies have the discretion to vote for a substitute nominee or nominees. The Board currently knows of no reason why any nominee listed below is likely to become unavailable. The 14 nominees receiving a plurality of votes cast shall be elected. This means that the 14 nominees with the most votes will be elected. Only votes "FOR" a nominee will affect the outcome.

NOMINATIONS FOR DIRECTOR

Nominees for election to the Board of Directors are selected by the incumbent board prior to each annual meeting, and the nominees listed below were selected in that manner. Nominations from shareholders must be made in accordance with the Bylaws, which generally require such nominations to be made in writing and not less than 50 nor more than 75 days before the first anniversary of the date of the distribution of the Company's proxy statement for the last meeting of shareholders called for the election of directors.

A copy of the Bylaw provision setting forth the complete procedure for shareholder nominations of directors may be obtained upon written request to First Bancorp, 300 SW Broad Street, Southern Pines, North Carolina 28387, Attention: Elizabeth B. Bostian, Secretary.

The Company's Bylaws state that the maximum age at which a director may stand for election is 72, absent specific approval of an exception by the Board. All current and nominee directors are less than the age of 72 other than Thomas F. Phillips, whose age of 72 received specific approval of an exception by the Board when it decreased the maximum age at which a director may stand for election in 2016.

See also "Director Nomination Process" included in the section entitled "Corporate Governance Policies and Practices" below.

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DIRECTORS, NOMINEES AND EXECUTIVE OFFICERS

Except as noted below, the following table sets forth certain information as of December 31, 2017, with respect to the Company's current directors, the 14 nominees for election to the Board of Directors and the executive officers of the Company. The 14 nominees are each current directors, with 12 of the 14 having served on the Board of Directors since the 2017 Annual Meeting. Suzanne S. DeFerie and John B. Gould were appointed to the Board of Directors on October 1, 2017 upon completion of the Company's acquisition of ASB Bancorp, Inc. ("ASB Bancorp").

The Board of Directors recommends a vote "FOR" the election of these nominees.

TABLE OF DIRECTORS, NOMINEES AND EXECUTIVE OFFICERS

Name (Age)**	Current Director (D), Nominee (N), or Position with Company	Common Stock Beneficially Owned (1) Number of Shares Owned (excluding options)		Number of Shares That May Be Acquired within 60 Days by Exercising Options	Total Number of Shares Beneficially Owned	Percent of Class
Directors and Nominees						
Richard H. Moore (57)	CEO (D) (N)	128,050	(2)	-	128,050	*
Michael G. Mayer (58)	President & CEO of First Bank & President of First Bancorp (D) (N)	23,678	(3)	-	23,678	*
Donald H. Allred (71)	(D) (N)	14,037	(4)	-	14,037	*
Daniel T. Blue, Jr. (68)	(D) (N)	14,132		-	14,132	*
Mary Clara Capel (59)	(D) (N)	13,746		4,500	18,246	*
James C. Crawford, III (61)	(D) (N)	76,821	(5)	-	76,821	*
Suzanne S. DeFerie (61)	(D) (N)	120,608	(6)	-	120,608	*
Abby J. Donnelly (55)	(D) (N)	7,466	(7)	-	7,466	*
John B. Gould (65)	(D)(N)	50,403		-	50,403	*
Thomas F. Phillips (72)	(D) (N)	81,100	(8)	4,500	85,600	*
O. Temple Sloan, III (57)	(D) (N)	8,668		-	8,668	*
Frederick L. Taylor, II (48)	(D) (N)	25,240		4,500	29,740	*
Virginia C. Thomasson (66)	(D) (N)	23,151		4,500	27,651	*
Dennis A. Wicker (65)	(D) (N)	35,934	(9)	-	35,934	*

Non-Director Executive Officers

Eric P. Credle (49)	Executive Vice President & Chief Financial Officer	38,490	(10)	6,270	44,760	*
Directors/Nominees and Non-Director Executive Officers as a Group (15 persons)		661,524	(11)	24,270	685,794	2.3%

* Indicates beneficial ownership of less than 1%.

** Age information is as of April 1, 2018.

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Notes to Table of Directors, Nominees and Executive Officers:

(1) Unless otherwise indicated, each individual has sole voting and investment power with respect to all shares beneficially owned by such individual. The "Number of Shares Owned" in the table above includes executive officers' reported shares in our 401(k) defined contribution plan, which are voted by the plan trustee and not by the shareholder for whom such shares are listed.

(2) Mr. Moore's shares also include 6,310 shares held in the 401(k) defined contribution plan.

(3) Mr. Mayer's shares include 907 shares held in the 401(k) defined contribution plan.

(4) Mr. Allred's shares include 8,910 shares held in a Rabbi Trust for director fees accumulated during his service as a director of Carolina Bank.

(5) Mr. Crawford's shares include 8,325 shares held by his spouse and 6,600 shares held jointly with his children.

(6) Ms. DeFerie's shares include 7,200 shares held by her spouse.

(7) Ms. Donnelly's shares include 5,108 shares held in a Rabbi Trust for director fees accumulated during her service as a director of Carolina Bank.

(8) Mr. Phillips' shares include 1,965 shares held by his spouse and 186 shares that his spouse owns jointly with two of their children.

(9) Mr. Wicker's shares include 5,000 shares held by his spouse.

(10) Mr. Credle's shares include 10,399 shares held in the 401(k) defined contribution plan.

(11) The number of shares held by directors, nominees, and non-director executive officers includes 50,609 shares of the Company's stock that have been pledged as collateral by these persons for loans received from the Company and other financial institutions, as follows: Mr. Phillips – 32,976 shares; and Mr. Credle – 17,633 shares.

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Director Nominees

Donald H. Allred, 71, a resident of Asheboro, NC, is the is the Retired President and former owner of Duel, Inc., a media production company located in Asheboro, which specialized in audio and video projects for individuals and businesses. Mr. Allred served as a board member of Carolina Bank Holdings, Inc. (“CBHI”) from 2012 until CBHI’s merger with the Company in 2017, at which time he joined the Company’s Board of Directors. Mr. Allred also served on Carolina Bank’s Asheboro Advisory Board of Directors beginning in 2004. An Air Force veteran, Mr. Allred served four years of active duty during the Vietnam War. Mr. Allred is very active in the Rotary Club and has volunteered with numerous civic organizations in the Asheboro area. Mr. Allred has attended the North Carolina Bank Directors’ College and the North Carolina Bank Directors’ Assembly.

Mr. Allred brings to the Company 14 years of bank oversight experience with CBHI, and business leadership, innovation, executive decision making and oversight skills as a result his experience in the Air Force and his ownership of a commercial business.

Daniel T. Blue, Jr., 68, is the managing partner of Blue LLP, a law firm located in Raleigh, NC, where he has been an attorney since 1973. In 1980, Mr. Blue was elected to the North Carolina House of Representatives and was re-elected 12 times. From 1991 – 1995, Mr. Blue was twice elected Speaker of the North Carolina House of Representatives. Mr. Blue currently serves in the North Carolina Senate, representing Wake County, and was elected in March 2014 as the Senate Minority Leader. Mr. Blue is a past Chair of the Board of Trustees of Duke University. He is a former member of the Duke University Health System and a former director of Duke University Management Company. Mr. Blue has been a director of the Company and First Bank since 2010.

Mr. Blue has an extensive background in law and public service, and has skills related to executive decision making, as well as oversight, governance and management of large organizations.

Mary Clara Capel, 59, is a former member of senior management as the director of administration and marketing at Capel, Incorporated, a rug manufacturer, importer and exporter located in Troy, NC, where she was employed from 1981 until her retirement in September 2017. She is a past member of the North Carolina Banking Commission and has attended the North Carolina Bank Directors’ College. Ms. Capel has been a director of the Company and First Bank since 2005. Ms. Capel is the immediate past chairman of the Board of Directors.

Ms. Capel brings business executive decision making and oversight skills as a result of her 36 years of experience with a third-generation family business, which has grown from its rug manufacturing operation in Troy, North Carolina to importing and exporting rugs worldwide.

James C. Crawford, III, 61, served on the Board of Directors, including as its Chairman, of Great Pee Dee Bancorp, Inc., a bank holding company headquartered in Cheraw, SC, from 1992 until its acquisition by the Company in April 2008. Mr. Crawford is the retired Chief Executive Officer of B.C. Moore and Sons, Inc., a department store chain. Mr. Crawford has been a director of the Company and First Bank since 2008. Mr. Crawford is the current chairman of the Board of Directors and the Board of Directors of First Bank.

Mr. Crawford brings extensive experience with accounting and finance, as well as oversight and management of multiple businesses.

Suzanne S. DeFerie, 61, was named Executive Vice President and Regional President for the Asheville Region of First Bank upon the merger of ASB Bancorp with the Company in October 2017. She served as the President and Chief Executive Officer of ASB Bancorp and Asheville Savings Bank, its banking subsidiary, from 2008 until ASB Bancorp's merger with the Company. Prior to becoming CEO of Asheville Savings Bank, Ms. DeFerie was Executive Vice President and Chief Financial Officer of Asheville Savings Bank for 16 years. Ms. DeFerie holds a CPA license and is active in the banking industry and the Asheville community, currently serving roles with the Federal Home Loan Bank of Atlanta, the Federal Reserve Bank of Richmond, Mission Health System and the Economic Development Coalition of Asheville-Buncombe County.

Ms. DeFerie brings extensive experience in the banking and finance industry and has held numerous leadership positions throughout her professional and volunteer career.

Abby J. Donnelly, 55, is founder and Chief Executive Officer of The Leadership & Legacy Group, a consulting practice in leadership development and executive succession. She is the internationally recognized author of Networking Works!, a workbook and training curriculum on building strong business relationships. Ms. Donnelly served as a director of CBHI from 2014 until its merger with the Company in 2017, at which time she joined the Board of Directors. Ms. Donnelly has been active in volunteering and serving in many leadership roles in various civic organizations in the Greensboro area. She has attended the North Carolina Bank Directors' College and the North Carolina Bank Directors' Assembly.

Ms. Donnelly brings to our Board business leadership, innovation, executive decision making and oversight skills as a result of her work history, community leadership and ownership of a business.

John B. Gould, 65, has served as President of Cason Companies, Inc., a family-owned business, since 1976 and has been instrumental in the mergers and acquisitions that have grown and diversified the business over more than 40 years. He has served as the Vice Chairman of the ASB Bancorp Board, as well as past Chairman of the Henderson County Chamber of Commerce and the Henderson County Partnership for Economic Development. He has recently been appointed to the UNC Healthcare - Pardee Hospital Board of Directors. He joined our Board upon the merger of ASB Bancorp into the Company in 2017.

Mr. Gould is deeply active in his community and brings decades of business, banking and directorial experience to the Company.

Michael G. Mayer, 58, was named the President of First Bank effective March 10, 2014, was appointed as a director of First Bank in October 2014, and was named the Chief Executive Officer of First Bank on February 7, 2017. Mr. Mayer was named the President of the Company on February 23, 2016 and was appointed to the Board of Directors of the Company on February 7, 2017. Prior to joining the Company, Mr. Mayer served as Chief Executive Officer of 1st Financial Services Corporation, the parent company of Mountain 1st Bank & Trust, a position he held from January 2010 until 1st Financial Services Corporation's acquisition in January of 2014. He previously served as President and Chief Executive Officer of Carolina Commerce Bank from 2009 until 2010 and Colony Signature Bank (In Organization) from 2007 to 2009, and has held various senior banking positions over his 30 year banking career.

Mr. Mayer has had an extensive career in the banking industry and brings experience, leadership, and managerial skills as a result of his work history.

Richard H. Moore, 57, was named as President and Chief Executive Officer of the Company in June 2012. Prior to joining the Company, he served as a managing director of San Diego-based Relational Investors LLC. Prior to joining Relational Investors, Mr. Moore served two terms as State Treasurer of North Carolina and served for four years as the Secretary of Crime Control and Public Safety. Mr. Moore also previously served as Chair of the North Carolina

State Banking Commission for eight years. Mr. Moore serves on numerous New York Stock Exchange boards and committees and is the past chair of the NYSE Regulation Board of Directors. Mr. Moore was previously an Assistant U.S. Attorney and also practiced corporate, real estate and tax law for many years. Mr. Moore is a former trustee of Wake Forest University and served on its Investment Committee. Mr. Moore has been a director of the Company and First Bank since 2010.

Mr. Moore’s career has provided him with extensive financial and accounting experience and gives him keen insight with respect to budget and audit matters, as well as the oversight, governance and management of larger organizations.

Thomas F. Phillips, 72, is a retired automobile dealer. He served as a director of First Savings Bancorp, Inc. from 1985 until its merger with the Company in 2000. Mr. Phillips has served as a director of the Company and First Bank since 2000 and is a former chairman of both boards of directors.

Mr. Phillips brings over 30 years of financial experience gained during his director terms with First Savings Bancorp and the Company. He also has extensive skills in accounting, finance and risk management.

O. Temple Sloan, III, 57, is the former Chief Executive Officer and President of General Parts, Inc. (GPI), the largest privately-owned auto parts supplier in the United States, which owned and operated more than 3,100

CARQUEST Auto Parts stores and over 80 WORLDPAC branches in the United States, Canada and Puerto Rico. Prior to GPI's acquisition by Advance Auto Parts, Inc., Mr. Sloan served as President and Chief Executive Officer of GPI from 2008 to January 2014 and as President of GPI from 2001 to 2008. Mr. Sloan is currently a director of Golden Corral Corporation, and previously served as a director of Advance Auto Parts, Inc. and Car Care Council. He is currently a member of The University of North Carolina Board of Governors, and is a former member of the Board of Trustees of Northwood University.

Mr. Sloan brings to the Company business leadership, innovation, executive decision making and oversight skills as a result of 30 years of experience in a commercial business.

Frederick L. Taylor, II, 48, is President of Troy Lumber Company, located in Troy, NC, where he has been employed since 1992. Mr. Taylor has been a director of the Company and First Bank since 2005.

Mr. Taylor brings business-building skills and experience to the Company. Additionally, Mr. Taylor has experience in overseeing the preparation of financial statements and review of accounting matters.

Virginia Thomasson, 66, is a Certified Public Accountant with the firm Virginia C. Thomasson CPA, PLLC, located in Southern Pines, North Carolina, where she is the owner and managing partner. She served as a director of First Savings Bancorp, Inc. from 1997 until its merger with the Company in 2000. Ms. Thomasson has served as a director of the Company and First Bank since 2000. Ms. Thomasson has been designated as an "audit committee financial expert" in accordance with SEC regulations.

Ms. Thomasson brings to the Company experience and skills in public accounting and over 19 years of financial industry experience.

Dennis A. Wicker, 65, is a partner in the law firm Nelson Mullins Riley and Scarborough, LLP, located in Raleigh, NC, a position he has held since 2009. From 2008 to 2009, Mr. Wicker was a shareholder and a member of the Executive Committee of the law firm of SZD Wicker, LPA, and from 2001 to 2008 he was a partner in the law firm of Helms, Mulliss & Wicker, LLP. Mr. Wicker served as Lieutenant Governor of North Carolina from 1993 to 2001. Mr. Wicker has been a director of the Company and First Bank since 2001. Mr. Wicker currently serves as a director of Coca Cola Bottling Company Consolidated and within the past five years served as a director of Air T, Inc.

Mr. Wicker has an extensive background in law and public service and brings to the Company executive decision making, governance and risk assessment skills.

Executive Officers

In addition to Mr. Mayer and Mr. Moore, the executive officers of the Company and First Bank are:

Eric P. Credle, 49, is an Executive Vice President of the Company and First Bank and has served as the Chief Financial Officer of the Company and First Bank since joining the Company in 1997.

BOARD COMMITTEES AND ATTENDANCE

The Board of Directors has established four standing committees: the Executive and Loan Committee, the Audit Committee, the Compensation Committee, and the Nominating and Corporate Governance Committee. In addition, the Board of Directors may establish other committees from time to time for specific purposes. The following table presents the 2017 membership of the Committees that are described below. The chair of each Committee is identified with a "(c)". Following the table is additional information regarding each Committee.

	Executive and Loan Committee	Audit Committee	Compensation Committee	Nominating and Corporate Governance Committee
Donald H. Allred	X	X	X	X
Daniel T. Blue, Jr.	X	X	X	X
Mary Clara Capel	X	X	X	X
James C. Crawford, III	X (c)	X	X (c)	X (c)
Suzanne S. DeFerie				
Abby J. Donnelly	X	X	X	X
John B. Gould	X	X	X	X
Michael G. Mayer				
Richard H. Moore	X			
Thomas F. Phillips	X	X	X	X
O. Temple Sloan, III	X	X	X	X
Frederick L. Taylor, II	X	X	X	X
Virginia C. Thomasson	X	X (c)	X	X
Dennis A. Wicker	X		X	X

Executive and Loan Committee

The Executive and Loan Committee is authorized, between meetings of the Board of Directors, to perform all duties and exercise all authority of the Board, except those duties and authorities exclusively reserved to the Board by the Bylaws or by statute. The Executive and Loan Committee also serves as Loan Committee for First Bank. The Executive and Loan Committee held 11 meetings during 2017.

Audit Committee

The Audit Committee is responsible for the appointment, compensation and oversight of the Company's independent auditors, and must approve in advance all audit fees and the terms of all non-audit services provided by the independent auditors. The Audit Committee also reviews and presents to the Board of Directors information regarding the effectiveness of the Company's policies and procedures with respect to auditing, accounting, and internal controls. The Audit Committee also reviews the Company's financial reporting process on behalf of the Board. All of the current members of the Audit Committee are independent, as defined under the rules of The Nasdaq Stock Market ("NASDAQ") and the Exchange Act, as well as the Company's Corporate Governance Guidelines. The Audit Committee held five meetings during 2017.

The Board of Directors has determined that Ms. Thomasson is an "audit committee financial expert" within the meaning of SEC rules and regulations. The Audit Committee reviews and ratifies its charter on an annual basis. The Audit Committee charter is available on the Company's website at www.LocalFirstBank.com under the tab "About Us – Investor Relations – Governance Documents."

Compensation Committee

Generally, the Compensation Committee is responsible for reviewing the compensation policies and benefit plans of the Company and for making recommendations regarding the compensation of its executive officers. The Committee also administers the Company's equity compensation plans. Each of the current members of this Committee is independent under the rules of NASDAQ and the applicable provisions of the Exchange Act, as well as the Company's Corporate Governance Guidelines. The Committee held three meetings during 2017. The

Committee operates under a charter that has been approved by the Board of Directors. The Committee reviews and ratifies its charter on an annual basis, and the charter is available on the Company's website at www.LocalFirstBank.com under the tab "About Us – Investor Relations – Governance Documents."

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee is responsible for i) identifying and recommending qualified individuals to become Board members, ii) determining the composition of the Board and its committees, and iii) developing and implementing the Company's corporate governance guidelines. The Committee will consider shareholder nominees for Board membership. Any shareholder wishing to nominate a candidate for director must follow the procedures described in the section "Nominations For Director" above. The section below entitled "Corporate Governance Policies and Practices - Director Nomination Process" describes the process utilized by the Nominating and Corporate Governance Committee for identifying and evaluating candidates to be nominated as directors. The Committee reviews and ratifies its charter on an annual basis, and the charter is available on the Company's website at www.LocalFirstBank.com under the tab "About Us – Investor Relations – Governance Documents." Each of the current members of this committee is independent as defined by the rules of NASDAQ and the Company's Corporate Governance Guidelines. The Committee held two meetings during 2017.

Attendance

The Board of Directors held ten meetings during 2017. All of the directors and nominees for re-election attended at least 75% of the aggregate of the meetings of the Board and the Committees described above on which they served during the period they were directors and members of such Committees.

CORPORATE GOVERNANCE POLICIES AND PRACTICES

The Company has developed, and operates under, corporate governance principles and practices that are designed to maximize long-term shareholder value, align the interests of the Board and management with those of the Company's shareholders, and promote the highest ethical conduct among our directors and employees. Highlights of the Company's corporate governance policies, practices and procedures are described below.

Director Independence

The Board of Directors believes that a substantial majority of the Board should consist of directors who are independent under the rules and regulations set forth by NASDAQ and as defined in our Corporate Governance Guidelines. The Board of Directors makes an annual determination regarding the independence of each of the Company's directors. The Board last made these determinations for each member of the Board in February 2018, based on the review of director questionnaires designed to elicit information regarding independence. The Board has determined that 11 of its 14 current directors are independent as contemplated under the rules of NASDAQ, applicable provisions of the Exchange Act and our Corporate Governance Guidelines. The individuals who are not independent are Ms. DeFerie, Mr. Moore and Mr. Mayer because they are current employees of the Company.

Annual Director Re-Election

Since the Company's inception, its Bylaws have required that directors must stand for re-election to the Board of Directors at each annual shareholders' meeting. The Board of Directors believes that this policy makes it easier for shareholders to hold directors more directly accountable for corporate performance compared to the staggered board structure in use at many public companies, which permits directors to hold their positions for several years.

Separation of the Offices of Chairman and Chief Executive Officer

The Board of Directors believes that one of its main purposes is to protect our shareholders' interests by providing independent oversight of management, including the Chief Executive Officer. Although not required by the Bylaws, the Board of Directors has historically believed, and continues to believe, that this objective is facilitated by having a separate director serve as Chair, thereby separating the offices of Chair of the Board of Directors and Chief Executive Officer. The Chair of the Board is responsible for approving meeting schedules and agendas, as well as acting as a liaison between the Chief Executive Officer and the independent directors.

The Board's Role in Risk Oversight

The Board believes that each member has a fiduciary duty to monitor and assist in managing risks faced by the Company. At a minimum, this requires our directors to be actively engaged in Board discussions, review materials provided to them, and know when it is appropriate to request further information from management and/or engage the assistance of outside advisors. Furthermore, because the banking industry is highly regulated, certain risks to the Company are monitored by the Board and the Audit Committee through reviews of the Company's and First Bank's compliance with regulations set forth by its regulatory authorities and recommendations contained in regulatory examinations.

Because we believe risk oversight is a responsibility for each member of the Board of Directors, we do not concentrate the Board's responsibility for risk oversight in a single committee. Instead, each of our committees concentrates on specific risks for which its members have an expertise, and each committee is required to regularly report to the Board of Directors on its findings. For example, the Audit Committee regularly monitors the Company's and Bank's exposure to fraud and internal control risk. Our Compensation Committee's role in monitoring the risks related to our compensation structure is discussed in further detail below. See "Compensation Committee Report" on page 26.

Executive Sessions

The Board of Directors has adopted a resolution requiring that the independent directors of the Company meet at least twice a year in executive session with no non-independent directors or employees of the Company present. At these meetings, the independent directors discuss strategic or other key issues regarding the Company. Two of these executive sessions were held in 2017.

Director Nomination Process

The Nominating and Corporate Governance Committee is responsible for identifying individuals qualified to become Board members and recommending to the Board the individuals for nomination as members of the Board. The goal of the Nominating and Corporate Governance Committee is to create a Board that will demonstrate objectivity and the highest degree of integrity on an individual and collective basis. In evaluating current members and new candidates, the Nominating and Corporate Governance Committee considers the needs of the Board and the Company in light of the current mix of director skills and attributes. In addition to requiring that each director possess the highest integrity and character, the Nominating and Corporate Governance Committee's evaluation of director candidates includes an assessment of issues and factors regarding an individual's familiarity with the market areas of First Bank, independence as defined by the various regulatory authorities, business experience, accounting and financial expertise, diversity, and awareness of the Company's responsibilities to its customers, employees, regulatory bodies, and the communities in which it operates. The Nominating and Corporate Governance Committee also takes into consideration the Board's established policies relating to the Board's retirement policy and the ability of directors to devote adequate time to Board and committee matters. When the Nominating and Corporate Governance Committee is considering current Board members to recommend for re-election, the Committee also considers prior Board contributions and performance, as well as meeting attendance records.

The Nominating and Corporate Governance Committee does not have any formal guidelines regarding how it should consider diversity in identifying nominees for director. However, the Committee values the diversity on our current Board and is generally cognizant of the benefits of a diverse board.

The Nominating and Corporate Governance Committee may seek the input of the other members of the Board and management in identifying and attracting director candidates that are consistent with the criteria outlined above. In addition, the Committee may use the services of consultants or a search firm, although it has not done so in the past. The Nominating and Corporate Governance Committee also will consider recommendations by Company shareholders of qualified director candidates for possible nomination to the Board. Shareholders may recommend qualified director candidates by writing to the Company's Corporate Secretary at 300 SW Broad Street, Southern Pines, North Carolina 28387. Submissions should include information regarding a candidate's background, qualifications, experience, and willingness to serve as a director. Based on a preliminary assessment of a candidate's qualifications, the Nominating and Corporate Governance Committee may conduct interviews with the candidate and request additional information from the candidate. The Committee uses the same process for evaluating all nominees, including those recommended by shareholders.

In addition, the Company's Bylaws contain specific conditions under which persons may be nominated directly by shareholders as directors at an annual meeting of shareholders. The provisions include the condition that shareholders comply with the advance notice time-frame requirements described under the section entitled "Nominations for Director" above.

Stock Ownership Requirements

The Board of Directors has adopted a common stock ownership policy for members of the Board. This policy requires that any candidate for the Board must either own, or commit to acquire, common stock of the Company with a monetary value at least equal to an established minimum. Prior to March 2016, the minimum value established by the policy was $50,000. In March 2016, the minimum was increased to $100,000. In March 2017, the minimum value established by the policy increased to five times the cash value of director compensation. Newly elected directors have until January 1st of the third year following the date of their election to acquire the necessary stock. Once the minimum ownership requirement is met, the Board member is deemed to have satisfied this requirement even if subsequent decreases in the Company's stock price cause the value of the member's holdings to fall below the minimum. All current directors are currently in compliance with the current policy. The Board believes that this stock ownership policy substantially enhances shareholder value by materially aligning the Board's interests with those of the shareholders.

Mandatory Retirement

The Bylaws state that the maximum age at which a director may stand for election is 72, absent specific approval of an exception by the Board. All current and nominee directors are less than the age of 72, other than Thomas F. Phillips, whose age of 72 received specific approval of an exception by the Board when it decreased the maximum age at which a director may stand for election in 2016.

Communications with Directors

The Board of Directors believes that it is important that a direct and open line of communication exist between the Board and our shareholders and other interested parties. Any shareholder or other interested party who desires to contact one or more of the Company's directors may send a letter to the following address:

First Bancorp Board of Directors

300 SW Broad Street

Southern Pines, North Carolina 28387

In addition, any shareholder or other interested party who has any concerns or complaints relating to accounting, internal controls or auditing matters may contact the Audit Committee by writing to the following address:

First Bancorp Audit Committee

300 SW Broad Street

Southern Pines, North Carolina 28387

All such communications will be forwarded to the appropriate party as soon as practicable without being screened.

Annual Meeting Policy

Directors are expected to attend the Company's annual meeting of shareholders. All then members of the Board attended the Company's 2017 annual meeting of shareholders with the exception of Temple Sloan III.

Code of Ethics

The Board of Directors has adopted a Code of Ethics that applies to the Company's directors and employees, including the Chief Executive Officer, President, Chief Financial Officer and Principal Accounting Officer. The Code includes guidelines relating to ethical handling of actual or potential conflicts of interest, compliance with laws, accurate financial reporting, and procedures for promoting compliance with, and reporting violations of, the Code of Ethics. The Code of Ethics is available on the Company's website at www.LocalFirstBank.com under the tab "About Us – Investor Relations – Governance Documents." Any amendments or waivers to the Code of Ethics will be disclosed in the same location on the Company's website.

The nominees who receive the highest number of votes cast, up to the number of directors to be elected, shall be elected as directors. The Board of Directors recommends that shareholders vote "FOR" the proposal to elect the 14 nominees as directors. Unless indicated to the contrary, proxies will be voted "FOR" the 14 nominees listed above.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

In this section, we discuss our compensation program as it pertains to our principal executive officer, our principal financial officer and our other most highly compensated executive officer in 2017 ("NEOs"). As discussed below, the compensation policies relating to our current Chief Executive Officer ("CEO"), who joined our Company in June 2012, are discussed separately in cases where the policies differ materially for our other two named executive officers ("Other NEOs"). Our discussion focuses on compensation and practices relating to 2017, our most recently completed fiscal year.

Structure and Role of the Compensation Committee

The Compensation Committee of our Board of Directors consists entirely of independent directors. It operates under a written charter that the Board has adopted.

The Compensation Committee is primarily responsible for the following:

- reviewing the Company's overall compensation practices as they relate to the Company's risks;
- reviewing the performance of our CEO;
- determining, or recommending to the Board for its determination, the CEO's compensation, including salary, bonus, incentive and equity compensation;
- reviewing and approving the CEO's recommendations about the compensation of our other executive officers;
- recommending to the Board the performance targets for our annual incentive bonus plan;
- periodically reviewing our equity-based and other incentive plans and recommending any revisions to the Board;
- recommending to the Board any discretionary 401(k) contributions;
- recommending director compensation to the Board;
- approving any equity compensation grants;
- approving employment or other agreements with the Company's executive officers; and
- reviewing the Company's compliance with legal and regulatory requirements related to compensation arrangements or practices.

Compensation Philosophy and Objectives

The objectives of our executive compensation programs are:

- fairly compensating executives for their efforts;
- attracting and retaining quality executive leadership;
- rewarding the achievement of annual corporate performance targets; and
- aligning officers' long-term interests with those of our shareholders.

Our compensation program seeks to reward our executives' contributions to corporate performance, including contributions of leadership, effort, creative ideas, industry and operational knowledge, and ethical behavior, all in pursuit of increasing shareholder value. The Committee's general philosophy is that we should compensate our executive officers at approximately the same average level as corresponding officers at similarly situated peer financial service companies. While that is our general philosophy, we may position a base salary in the upper quartile of the market due to experience, performance, or competitive situations. Also, we provide incentives that may result in compensation reaching the upper quartile of the market when performance exceeds targets.

Because the Compensation Committee bases its compensation decisions on the objectives and philosophy described above, it does not take into account an individual's net worth or the wealth the individual has accumulated from prior compensation.

Competitive Positioning

Periodically, the Compensation Committee engages outside compensation consultants to evaluate whether our compensation practices are consistent with meeting our objectives. In these engagements, the Compensation Committee has instructed the outside consultant to compare our compensation practices and compensation levels to those of a peer group of similarly situated financial service companies. The consultant then provides the Compensation Committee with analysis and recommendations.

In February 2017, the Compensation Committee engaged and met with Pearl Meyer & Partners ("Pearl Meyer") to review and advise the Committee on executive compensation matters. At this meeting, Pearl Meyer presented the Committee with its findings, which it based on a study of 2015 data (the most recent data then available).

The Pearl Meyer analysis compared the compensation of our NEOs to a representative sample of 20 publicly traded financial institutions that were comparable to the Company in either location and asset size or in performance measures. This peer group consisted of the following companies:

- Ameris Bancorp
- BNC Bancorp
- Bryn Mawr Bank Corporation
- CenterState Banks, Inc.
- City Holding Company
- Community Trust Bancorp, Inc.
- FB Financial Corporation
- Fidelity Southern Corporation
- First Commonwealth Financial Corp.
- Park Sterling Corporation
- Republic Bancorp, Inc.
- S&T Bancorp
- Seacoast Banking Corporation of Florida
- ServisFirst Bancshares, Inc.
- State Bank Financial Corporation
- Stock Yards Bancorp, Inc.
- Stonegate Bank
- TowneBank
- TriState Capital Holdings, Inc.
- Univest Corporation of Pennsylvania

The results of the analysis were considered by the Compensation Committee in determining the appropriate components and amounts of executive compensation, as described below.

Executive Compensation Program Overview

The five primary components of our executive compensation program are:

- Base salary
- Annual cash incentives
- Equity grants
- Benefits
- Post-termination compensation

In the information that follows, we discuss the compensation of our CEO and then we discuss the compensation of our Other NEOs.

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Compensation of Richard H. Moore, Chief Executive Officer

Base Salary – From 2014-2016, Mr. Moore's base salary was $525,000. On February 7, 2017, the Compensation Committee reviewed the compensation of Mr. Moore and Mr. Mayer. Due to Mr. Mayer's assumption of responsibility for more of the day-to-day operations of the Company and First Bank and Mr. Moore's continued emphasis on the strategic aspects of the business, the Committee engaged the executive compensation firm Pearl Meyer to make recommendations to the Committee based on a study of the market for other companies with similar arrangements. Pearl Meyer performed a market study and found nine peer companies with similar arrangements, as follows:

- FCB Financial Holdings, Inc.
- Park National Corporation
- Central Pacific Financial Corp.
- CenterState Banks, Inc.
- Great Southern Bancorp, Inc.
- Century Bancorp, Inc.
- The Bancorp, Inc.
- Lakeland Financial Corporation
- Talmer Bancorp, Inc.

Based on the results of this study, Pearl Meyer recommended to the Compensation Committee that Mr. Moore's 2018 salary be reduced to $400,000 with increased equity incentive opportunities that more directly align his compensation to the success of the Company. See additional discussion below. This recommendation placed Mr. Moore at approximately the 50th percentile for the peer group. The Committee accepted Pearl Meyer's recommendations.

Performance Incentive Plan – Mr. Moore's employment agreement provides that he shall have the opportunity to earn an annual bonus based on the Company's attainment of performance goals established by the Compensation Committee. Prior to 2017, the range of the potential bonus was $150,000-$600,000. In connection with the Pearl Meyer analysis discussed above, Mr. Moore's employment agreement was amended in March 2017 to reduce the annual performance bonus to a range of $120,000-$480,000. The employment agreement provides that the bonus earned is to be paid 50% in cash and 50% in restricted stock, with the stock vesting in one-third increments at each of the following three year ends. If the performance goals for a year are at the "Threshold" level, Mr. Moore will earn a bonus with a value of $120,000; if they are at the "Target" level, he will earn a bonus with a value of $240,000; and if they are at the "Maximum" level, he will earn a bonus with a value of $480,000. The amount payable where performance is greater than Threshold but less than Target or greater than Target but less than Maximum is to be determined on the basis of straight line interpolation between points. The payment of the bonus is conditioned on the Company having achieved a satisfactory regulatory review as of such date as determined by the Board of Directors. Any bonuses granted in accordance with these provisions are subject to clawback provisions that allow the Company to recoup the amounts paid if the Company is required to restate its financial statements within three years of the payment. The amount of the clawback is computed by calculating the difference in the award payment based on the restated financial statement amounts compared to the originally stated amounts that were used to calculate the award.

As noted above, the bonus for Mr. Moore is based on the Company's attainment of performance goals. For 2017, the Compensation Committee determined that his goals would be consistent with the goals of the Other NEOs – for more detail, see discussion below as it relates to the Other NEOs. At a meeting held on February 6, 2018, the Compensation Committee reviewed the Company's performance for 2017 and determined that Mr. Moore's payout according the formulas noted above resulted in a bonus of $296,400. In accordance with the terms described above, he was paid 50% of that amount in cash, which amounted to $148,200, and he was granted 4,199 shares of the Company's restricted common stock, with a value of $148,200, which will vest in equal one-third increments on December 31, 2018, December 31, 2019 and December 31, 2020. Additionally, based on the Committee's review of Mr. Moore's other achievements and the Company's performance in 2017, the Compensation Committee granted Mr. Moore an additional cash bonus of $500,000.

Long-Term Incentive Compensation – As discussed in more detail in the section "Equity Grants" below, in July 2017, Mr. Moore and 13 other officers of the Company were granted shares of the Company's restricted common stock in an effort to promote share ownership and management retention. The terms of the grants called for the shares to vest after three years on July 25, 2020.

In 2015 and 2016, Mr. Moore's long-term incentive compensation grants had amounted to a value of 20% of his base salary. In connection with the Pearl Meyer analysis discussed above, the Compensation Committee increased the amount of his grant to have a value of 50% of his base salary. Accordingly, the Compensation Committee granted Mr. Moore 6,305 shares of Company stock on July 25, 2017, which had a value of $200,000.

In addition to the financial terms discussed above, other provisions of Mr. Moore's employment agreement are as follows:

- One year term, automatically renews unless either party gives written notice of non-renewal.
- A right to participate in Company benefit plans made available to other employees – see discussion of these benefits in the "Other NEOs" compensation discussion below.
- Reimbursement of the costs of participation in the North Carolina State Health Plan.
- Upon termination upon the occurrence of certain events within twelve months of a change in control, the right to receive 2.99 times his base salary, continuation of health insurance reimbursements for twelve months, and his long-term incentive compensation awards vest in full.
- In the event of termination by the Company without cause, Mr. Moore's long-term incentive compensation awards vest in full.
- For six months following termination of employment, Mr. Moore is subject to non-competition and non-solicitation obligations.

Any Long-Term Incentive Compensation awards realized by Mr. Moore are expected to be under the Company's 2014 Equity Plan, which has clawback provisions – see discussion under "Equity Grants" below.

Changes for 2018

Based on a February 2018 Pearl Meyer compensation study discussed on the next page, the Compensation Committee determined that Mr. Moore's salary would remain at $400,000 for 2018, his Performance Incentive Plan opportunity would remain the same, while his annual long-term stock grant was increased from 50% of his base salary to 100% of his base salary. The combination of pay elements was determined to provide total compensation in approximately the 50th percentile compared to a peer group of chief executive officers.

Except as otherwise described, the following section discusses the compensation of our Other NEOs.

1. Base Salary

We pay each officer a base salary because it provides a minimum level of compensation and is necessary for recruitment and retention. The Compensation Committee intends that our Other NEOs' base salaries will provide them with a competitive baseline level of compensation based on their individual experience, performance and scope of responsibility. An important aspect of base salary is the ability of the Compensation Committee, the Board and the CEO (in the case of Other NEOs' salaries) to use annual base salary adjustments to reflect an individual's performance or changed responsibilities.

Base salary levels are also important because we generally tie incentive and long-term compensation to an officer's base salary. For example, awards under our annual bonus plan, the Annual Incentive Plan, are denominated as a percentage of base salary.

In February 2017, the Compensation Committee reviewed the Pearl Meyer analysis discussed previously. It was determined that in light of Mr. Mayer's increased responsibilities, including being named the Chief Executive Officer of First Bank on February 7, 2017, Mr. Mayer's salary was increased from $425,000 in 2016 to $450,000 for 2017. This salary was at approximately the 75th percentile compared to executives in the peer group with the title of Chief Operating Officer or President and was in approximately the 25th percentile for Chief Executive Officers. Based on the same Pearl Meyer analysis, Mr. Credle's salary was increased from $325,000 in 2016 to $335,000 for 2017, which was between the 50th and 75th percentile for peer Chief Financial Officers, which the Compensation Committee believed was appropriate.

In order to set salaries for the NEOs for 2018, the Compensation Committee again engaged Pearl Meyer to provide analysis and recommendations. In February 2018, Pearl Meyer presented the Committee with its findings, which it based on a study of 2016 proxy data (the most recent data then available).

The Pearl Meyer analysis compared the compensation of our NEOs to a representative sample of 20 publicly traded financial institutions that were comparable to the Company in either location and asset size or in performance measures. This peer group consisted of the following companies:

- Ameris Bancorp
- Bryn Mawr Bank Corporation
- CenterState Banks, Inc.
- Republic Bancorp, Inc.
- S&T Bancorp
- Seacoast Banking Corporation of Florida

- City Holding Company
- Community Trust Bancorp, Inc.
- FB Financial Corporation
- Fidelity Southern Corporation
- First Commonwealth Financial Corp.
- Franklin Financial Network, Inc.
- HomeTrust Bancshares, Inc.
- ServisFirst Bancshares, Inc.
- State Bank Financial Corporation
- Stock Yards Bancorp, Inc.
- Stonegate Bank
- TowneBank
- TriState Capital Holdings, Inc.
- Univest Corporation of Pennsylvania

Based on the Pearl Meyer analysis, the Compensation Committee made the following determinations for our Other NEOs for 2018:

- For Mr. Mayer, it was also determined that in light of his performance and continued assumption of leading the day-to-day operations of the Company and First Bank, his salary for 2018 would be increased from $450,000 to $500,000. This salary, along with Mr. Mayer's other compensation elements, was determined to provide total compensation between the 75th and 100th percentile compared to those in the peer group with the title of Chief Operating Officer or President and was in approximately the 50th percentile for Chief Executive Officers.

- For Mr. Credle, it was determined that his salary would remain unchanged for 2018 at $335,000. This salary, along with Mr. Credle's other compensation elements, was determined to provide total compensation in approximately the 50th percentile compared to the peer group of Chief Financial Officers.

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compensation in approximately the 50^{th} percentile compared to the peer group of Chief Financial Officers.

2. Annual Incentive

The Compensation Committee designed our Annual Incentive Plan to provide our Other NEOs with the opportunity to earn an annual cash and/or stock bonus if we achieve targeted levels of financial performance. The Committee and the Board believe that a meaningful, but not majority, amount of each of our Other NEOs' annual direct compensation should be tied to achieving corporate performance targets. The Committee believes this structure reflects a proper balance of direct compensation that provides our officers with a baseline level of financial stability (in the form of base salary), while also providing an appropriate incentive for achieving annual targets that drive our corporate performance. Amounts of annual incentive earned were included in the Pearl Meyer analysis described above, which the Committee considers in determining the appropriateness of amounts of annual incentive awards that are able to be earned by our NEOs.

Our Annual Incentive Plan pays cash and/or stock bonuses within the first 75 days of each year based on corporate performance in the preceding fiscal year. Each participant's total possible bonus is based on a target bonus percentage set for each participant. The plan uses multiple performance measures to determine the amount of each participant's total bonus. The Committee assigns a weight to each performance measure, with the sum of the weights equal to 100%. The weight is the percentage of each participant's total bonus that will be based on that particular performance measure. The Committee also sets threshold, target and maximum performance levels for each measure. If we do not achieve the threshold performance level, participants earn no bonus for that measure. Participants earn 50% of their target bonus for the measure if we meet the threshold level, 100% if we meet the target level and 150% if we achieve the maximum level.

In the years leading up to 2017, Mr. Mayer had the opportunity to earn 33.3% of his annual salary if the Company performed at the target level of performance, while Mr. Credle's target level was 26.7% of his base salary. Based on the February 2017 Pearl Meyer study previously discussed, the Compensation Committee increased Mr. Mayer's target to 40% and Mr. Credle's target to 35%.

In order to determine each officer's cash bonus, the target percentage noted above for each Other NEO (40% for Mr. Mayer and 35% for Mr. Credle) is multiplied by the executive's base salary, which is then multiplied by the sum of the performance percentages earned. Bonuses are directly proportional to performance between any of these set points. Thus, an executive's bonus amount could range from 0% to 150% of the executives's target bonus percentage under the terms of the plan.

The Company's Annual Incentive Plan includes clawback provisions that allow the Company to recoup amounts paid to certain employees under the plan if the Company is required to restate its financial statements. The amount of the clawback is computed by calculating the difference in the award payment based on the restated financial statement amounts compared to the originally stated amounts that were used to calculate the award. The employees subject to the clawback provision are to be notified in writing that this provision applies to them. Each of our Other NEOs have been notified that this provision applies to them.

The following table shows the thresholds, targets, maximums, and weightings for each performance goal that the Committee approved for 2017 for the Company's officers (other than those classified as regional, line of business, or branch officers) and the performance percentages that resulted from the actual results:

	Measurement	Threshold	Target	Maximum	Weight	Actual for 2017	Performance Percentage
1	Earnings Per Share - Basic	$1.45	$1.70	$3.40	55%	$1.82	56.9%
2	Loan Growth (non-covered)	5.19%	6.10%	12.20%	15%	8.4%	17.8%
3	Core Deposit Growth	3.49%	4.10%	8.20%	15%	8.4%	22.5%
4	Companywide Referral Goals	7,183	8,450	16,900	15%	8,137	13.3%
					100%		110.5%

We selected each of the above goals for our executive officer compensation because we use those same types of goals for our branch employees and we desire to have the interests of our executive officers aligned as much as possible with our employees in the field. The following includes some of the specific reasons we selected each goal:

1) Earnings Per Share – Basic – A direct profitability measure.
2) Loan Growth (non-covered) – Impacts the profitability of the Company.
3) Core Deposit Growth – Funds future growth and impacts the profitability of the Company.
4) Companywide Referral Goals – Referrals of existing customers to other divisions of the Company impacts profitability and diversifies the Company's revenue stream.

In addition to the goals noted above, the Compensation Committee also set two triggers that the Company had to meet for any of the above-described bonuses to be paid. In other words, if the Company did not achieve both triggers, no bonuses would be paid to our Other NEOs no matter what the results were for the four goals noted above. The two triggers were:

- The Compensation Committee's determination that the results of the annual safety and soundness exam performed by regulatory authorities were satisfactory; and
- The Company's earnings per share must exceed $1.12, which was approximately two-thirds of the budgeted goal.

As shown above, the 2017 total payout percentage according to the terms of the Annual Incentive Plan was 110.50% and the Compensation Committee determined that the two triggers noted above were achieved.

Accordingly, the following table illustrates how each Other NEO's incentive bonus for 2017 was calculated. These payments were made in March 2018.

	(A)	(B)	(C)	(A times B times C)
Named Executive Officer	2017 Salary ($)	Target Bonus Percentage	Performance Percentage	Value of Incentive Plan Compensation ($)
Michael G. Mayer	450,000	40.0%	110.50%	198,900
Eric P. Credle	335,000	35.0%	110.50%	129,561

At the Compensation Committee meeting held in February 2017, the Committee determined that, consistent with the practices followed in recent prior years, 13 senior members of the Company’s management team, including Mr. Mayer and Mr. Credle, would receive 50% of their 2017 bonus in cash and the other 50% in shares of restricted stock. The Committee determined that the stock would vest in one-third increments at December 31, 2018, December 31, 2019 and December 31, 2020. This determination was made in order to promote retention and share ownership among members of senior management. As a result, in February 2018, Mr. Mayer was granted 2,818 shares of stock with a value of $99,450, and Mr. Credle was granted 1,836 shares of stock with a value of $64,781,

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which represented the 50% stock component. And in March 2018, Mr. Mayer was paid $99,450 in cash and Mr. Credle was paid cash of $64,781, which represented the 50% cash component.

Additionally, based on the Committee's review of Mr. Mayer's other achievements and the Company's performance for 2017, the Compensation Committee granted Mr. Mayer an additional cash bonus of $250,000.

The structure of the Annual Incentive Plan is unchanged for 2018.

3. Equity Grants

As just discussed, during 2018 we made equity grants to Mr. Moore, Mr. Mayer and Mr. Credle related to performance for 2017.

Additionally, in July 2017, in an effort that began in 2015 to promote share ownership and management retention, and consistent with past consultations with our compensation consultant, the Compensation Committee granted shares of restricted common stock to 14 officers, including each of our Other NEOs. In 2015 and 2016, Mr. Mayer and Mr. Credle were granted shares of stock amounting to 20% of their respective base salaries. In 2017, based on the recommendations contained in the February 2017 Pearl Meyer analysis discussed previously, Mr. Mayer's grant was increased by the Compensation Committee from 20% of his base salary in 2016 to 40% of his base salary in 2017, while Mr. Credle's grant remained at 20% of base salary.

The shares vest three years from the date of grant, or on July 25, 2020. The following are the number of shares that were granted on July 25, 2017 to the Company NEOs, with the shares granted having a value equal to the respective percentage included above of the Other NEO's annual base salary:

Mr. Mayer – 5,674 shares

Mr. Credle – 2,112 shares

Assuming acceptable financial performance, it is expected that similar grants will be made in 2018.

All equity grants currently made, including the grants just described, are under the Company's 2014 Equity Plan. That plan has standard clawback provisions that provide that any compensation paid pursuant to the plan which is subject to recovery under any law, government regulation or stock exchange listing requirement, including, but not limited to, the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd Frank") and implementing rules and regulations of that Act, will be subject to such deductions, recovery and clawback as may be required to be made pursuant to such law, government regulation or stock exchange listing requirement. Participants shall, upon written demand by the Company, promptly repay any such compensation or take such other action as the Company may require for compliance with these provisions.

4. Benefits

We provide a competitive benefits program for our NEOs, including our CEO. We provide these benefits in order to retain and attract an appropriate caliber of talent and recognize that other companies with which we compete for talent provide similar benefits to their executive officers .

The following table lists our current benefit programs and shows, for each, the employees eligible for each benefit:

Benefit Plan	Named Executive Officers	Certain Managers and Individual Contributors	All Full-Time Employees
Retention and Retirement Arrangement	(1)		
Supplemental Executive Retirement Plan	(2)	X	
Perquisites	X	X	(6)
401(k) Plan	X	X	X
Defined Benefit Pension Plan	(3)	(3)	(3)
Health Insurance	X	X	X
Life Insurance (4)	X	X	X
Bank-Owned Life Insurance (5)	(5)	(5)	
Disability Insurance	X	X	X

1. At its February 2018 meeting, the Compensation Committee approved the payment of a $1 million retention and retirement payment into a deferred compensation plan for Mr. Mayer. Mr. Mayer will have the opportunity to invest the funds in a variety of investment options and assumes the risk of the investment. The amount in the plan will cliff vest at 100% in five years. The Compensation Committee approved the payment as a retention tool for Mr. Mayer and in recognition that Mr. Mayer will be approaching normal retirement age at the end of the five year period.

2. Mr. Credle is a participant in the Supplemental Executive Retirement Plan. Due to their hire date, Mr. Moore and Mr. Mayer are not participants in the plan. As discussed below, we froze the benefits of this plan as of December 31, 2012 for all participants.

3. Our defined benefit pension plan covers all full-time employees hired on or before June 11, 2009. This plan was frozen as of December 31, 2012 for all participants, which means that no further benefits will be earned by participants. As discussed below, we also froze the benefits of our Supplemental Executive Retirement Plan as of that same date.

4. The Company provides life insurance through a group life insurance policy that includes each employee that is not covered by a bank-owned life insurance policy (discussed immediately below) and amounts to two times the employee's base salary, subject to a cap of $300,000.

5. The Company has purchased single-premium bank-owned life insurance policies that insure the lives of approximately 80 employees of the Company. For participating employees, life insurance benefits are two times the employee's salary with no cap. In the event of death while employed by the Company, all proceeds from the life insurance that exceed two times the employee's base salary are payable to the Company.

6. All employees are eligible to receive discounted interest rates on credit cards and overdraft protection, as well as reduced origination fees on home loans.

Supplemental Executive Retirement Plan

We sponsor a supplemental executive retirement plan, or SERP, for the benefit of certain members of our senior management, including Mr. Credle. Due to their hire dates, Mr. Moore and Mr. Mayer are not participants in the SERP. The purpose of the SERP is to provide additional monthly pension benefits to ensure that each participant will receive lifetime pension benefits beyond the amounts that we can pay under our qualified pension plan. The SERP generally provides participants with an annual benefit at retirement equal to 3% of final average compensation multiplied by years of service, up to a maximum of 60% of final average compensation. The amount of a participant's SERP benefit is reduced by (1) the amount payable under our qualified pension plan, and (2) 50% of the participant's primary Social Security benefit.

We set the benefits payable under the SERP in 1993 at the inception of the plan, in consultation with an employee benefits consultant who assisted us with plan design. At that time, the employee benefits consultant provided peer information and gave his expert opinion that the benefits payable under this plan were reasonable and would further our objectives of attracting and retaining senior management executives.

During 2012, we decided to offer a uniform set of retirement benefits that would be applicable to all employees and not just those that were hired after June 11, 2009 or those that had achieved a certain level within the Company. Accordingly, effective December 31, 2012, in addition to freezing the qualified defined benefit pension plan (as noted above), we also froze our SERP, which means that the participants in the SERP will not earn future benefits under the plan.

Perquisites

We provide only very limited perquisites. None of our NEOs received in excess of $10,000 in perquisites during 2017.

5. Post-Termination Compensation

Accelerated Vesting

Our 2014 Equity Plan and the SERP have change in control provisions that automatically vest all participants in the benefits of each plan in the event of a change in the control of our Company. We believe that other companies with which we compete for executive talent provide a similar acceleration benefit, and that these provisions therefore assist us in attracting and retaining talent.

Employment Agreements

We have employment agreements with each of our Other NEOs. The employment agreement with our CEO has been previously described. See “Compensation of Richard H. Moore, Chief Executive Officer” above.

The Other NEOs employment agreements provide for one year terms that renew annually unless either party gives written notice of non-renewal. Each of these agreements provides for the payment of certain severance benefits to the officer upon termination of employment in certain circumstances, including following a change in the control of our Company. For more information about these benefits, see the section below captioned “Executive Compensation – Potential Payments Upon Termination.” Each agreement also contains non-competition and confidentiality covenants that protect our company if the officer leaves.

The objectives of the Other NEO employment agreements are as follows:

- The non-competition covenant protects us by preventing an officer from leaving our Company and immediately joining a competitor, which could result in the officer taking business away from us.
- The confidentiality covenant protects us by preventing an officer from disclosing trade secrets or confidential information regarding our company or our customers for five years after the officer leaves his or her employment with the Company.
- The change-in-control severance payment provision benefits us by minimizing the uncertainty and distraction caused by the current climate of bank acquisitions, and by allowing our executive officers to focus on performance by providing transition assistance in the event of a change in control.

The Compensation Committee and the Board believe the amount of the severance benefits potentially payable to each of the Other NEOs under these agreements is reasonable and consistent with industry standards.

The above discussion describes the five primary components of our executive compensation program. The following section describes other guidelines and procedures affecting executive compensation.

Other Guidelines and Procedures Affecting Executive Compensation

Stock Option Grants

When we approve a stock option grant, we set a date in the future as the measurement date for the exercise price of the stock option. We do not "back-date" stock option grants. We do not have a policy or practice of making stock option grants during periods in which there is material non-public information about our Company.

Tax Considerations

It has been and continues to be our intent that all incentive payments be deductible unless maintaining deductibility would undermine our ability to meet our primary compensation objectives or is otherwise not in our best interest. At this time, essentially all compensation we have paid to the NEOs is deductible under the federal tax code, except for income realized from exercise of incentive stock options by some NEOs.

Share Ownership Guidelines for Named Executive Officers

Until February 2015, we encouraged, but did not require, our NEOs to own shares of our common stock. At a Compensation Committee meeting held in February 2015, the Committee adopted a Stock Ownership and Retention Policy. This Policy required the CEO to own shares of common stock of the Company with a value of at least two times his or her annual base salary and for all Other NEOs to own Company stock with a value equal to their base salary. NEOs who have not met the ownership requirements within five years of being subject to the Policy (i.e. becoming an NEO) are subject to restrictions on future stock sales until they are in compliance with the Policy.

At the Company's Compensation Committee meeting held in February 2017, the Compensation Committee changed the stock ownership guidelines for Mr. Moore and Mr. Mayer to require them to retain 50% of all shares of common stock they have been granted by the Company until retirement.

Consideration of Prior-Year Shareholder Advisory Vote

At the 2017 annual meeting of shareholders, on the proposal approving, on an advisory basis, the compensation paid to our named executive officers as disclosed in the proxy statement for that annual meeting, 98% of the votes cast were cast in favor of the proposal. The Compensation Committee considered this high level of support as providing confirmation that the shareholders support our compensation policies and decisions for our named executive officers, and determined that its approach to the 2018 compensation policies and decisions would remain generally consistent with the approach in 2017.

COMPENSATION COMMITTEE REPORT

The Compensation Committee of the Board has reviewed and discussed with management the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K of the Exchange Act. Based on its review and discussion, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in this Proxy Statement and in the Company’s Annual Report on Form 10-K for filing with the SEC.

The Compensation Committee has conducted a risk-based assessment of the Company’s compensation plans, policies and practices to determine whether such plans, policies and practices create risks that are reasonably likely to have a material adverse effect on the Company. Based on this assessment, the Committee has concluded that the Company’s compensation plans, policies and practices do not create risks that are reasonably likely to have a material adverse effect on the Company. As part of its assessment, the Compensation Committee evaluated the Company’s compensation plans and programs to determine their propensity to cause undue risk taking by employees, including senior executive officers, relative to the level of risk associated with the Company’s business model and operations. The Committee believes that the Company does not use highly leveraged short-term incentives that encourage high risk behavior at the expense or to the detriment of long-term value, or which are reasonably likely to create a material adverse effect. The Committee completed its assessment in 2017 as part of its obligation to oversee the compensation risk assessment process for the Company.

Submitted by the Compensation Committee of the Company’s Board of Directors.

Donald H. Allred
Daniel Blue, Jr.
Mary Clara Capel
James C. Crawford, III – Chair
Abby J. Donnelly

John B. Gould
Thomas F. Phillips
O. Temple Sloan, III
Frederick L. Taylor, II
Virginia C. Thomasson
Dennis A. Wicker

Summary Compensation Table

The following table shows the compensation we paid in each of the last three fiscal years to the NEOs:

2017 SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary ($)	Bonus ($) (1)	Stock Awards ($) (2)	Non-Equity Incentive Plan Compensation ($) (3)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($) (4)	All Other Compens-ation ($) (
(a)	(b)	(c)	(d)	(e)	(g)	(h)	(i)
Richard H. Moore	2017	415,625	500,000	348,200	148,200	—	20,062
Chief Executive Officer	2016	525,000	250,000	282,750	177,750	—	18,065