FIRST BANCORP

2023 Third Quarter Update



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Important Information

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Caution Regarding Forward-Looking Statements

This presentation contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including those regarding First Bancorp's and GrandSouth Bancorporation's expectations or predictions of future financial or business performance or conditions. Forward-looking statements are typically identified by words such as "believe," "expect," "anticipate," "intend," "target," "estimate," "continue," "positions," "prospects" or "potential," by future conditional verbs such as "will," "would," "should," "could" or "may", or by variations of such words or by similar expressions. Such forward-looking statements include, but are not limited to, statements about the benefits of the combination of First Bancorp and GrandSouth Bancorporation, including future financial and operating results, expected cost savings, expected impact on future earnings, the combined company's plans, objectives, expectations and intentions and other statements that are not historical facts. These forward-looking statements are subject to numerous assumptions, risks and uncertainties which change over time. Forward-looking statements speak only as of the date they are made and you are cautioned not to place undue reliance on any forward-looking statements. We assume no duty to update forward-looking statements.

In addition to factors previously disclosed in First Bancorp's reports filed with the Securities and Exchange Commission ("SEC"), including without limitation its Annual Reports on Form 10-K, its Quarterly Reports on Form 10-Q, and its Current Reports on Form 8-K, the following factors, among others, could cause actual results to differ materially from forward-looking statements: difficulties and delays in integrating acquisitions, such as the GrandSouth Bancorporation acquisition, or fully realizing cost savings and other benefits; business disruptions following acquisitions; changes in asset quality and credit risk; the inability to sustain revenue and earnings growth; changes in interest rates and capital markets; inflation; customer borrowing, repayment, investment and deposit practices; the introduction, withdrawal, success and timing of business initiatives; competitive conditions; the inability to realize cost savings or revenues or to implement integration plans and other consequences associated with mergers, acquisitions and divestitures; economic conditions; the reaction to the transaction of the companies' customers, employees and counterparties; and the impact, extent and timing of technological changes, capital management activities, and other actions of the Board of Governors of the Federal Reserve and legislative and regulatory actions and reforms.

Non-GAAP Measures

Statements included in this presentation include non-GAAP (Generally Accepted Accounting Principles) measures and should be read along with related earnings releases for the respective quarters and period ends, 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 each 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 each company's performance and financial condition as reported under GAAP and all other relevant information when assessing the performance or financial condition of each company. Non-GAAP measures have limitations as analytical tools, and investors should not consider them in isolation or as a substitute for analysis of each company's results or financial condition as reported under GAAP.

Company Overview

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Bank Holding Company	First Bancorp
Subsidiary Bank	First Bank
Headquarters	Southern Pines, North Carolina
Established	1935 as Bank of Montgomery
Assets	$12.0 billion
Loans	$8.0 billion
Deposits	$10.2 billion
Branches	118 in NC & SC
Employees	1,450 full-time equivalent employees
Ranking	4th largest bank headquartered in NC (largest community bank)
Market Capitalization	$1.23 billion – Ticker FBNC
Stock Market/Indices	NASDAQ Global Select Market, S&P SmallCap 600 Index, Russell 2000
Daily Average Trading Volume	158,000 shares
Insider Ownership	3.98%
Institutional Ownership	67%
Member of Russell 2000	Yes

* Data is as of 8/28/23

National Recognition

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KBW Bank Honor Roll – Top 4% of Banks Over $500 million in Assets
Included for the first time in a select group of 14 banks (4% of banking industry over $500 million) for increasing earnings per share for each of the past 10 years.

 # 1 Best Employer in North Carolina – 2023
First Bank has formally been named the **NUMBER ONE BEST EMPLOYER** in North Carolina, in the extra-large employer category, by Business NC.

S&P Global – Top 10 Public Banks
Ranked 10th in performance of all public banks over $10 billion in assets for 2022.

Forbes - Best In-State Banks Recognition – 2019, 2020, 2021
Ranked number one bank in North Carolina, and the only bank in the state on the list.
Based on customer survey on satisfaction and the following attributes:

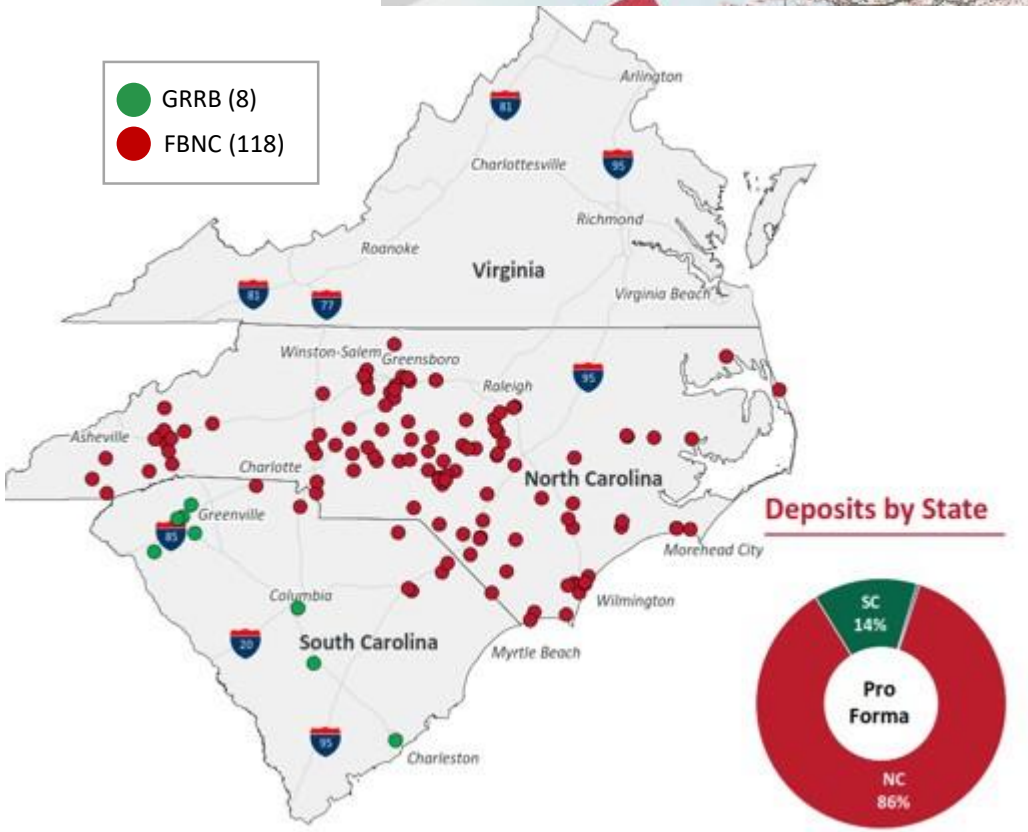
- Trust
- Terms & Conditions
- Branch Services
- Digital Services
- Financial Advice



Acquisition of GrandSouth Bancorporation

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- Closed January 1, 2023
- Systems Converted Successfully - March 10, 2023
- Added $1.2 billion Assets, $1.0 billion loans, $1.0 billion deposits
- Branches – 8 branches in SC
- High single digit fully-phased EPS Accretion
- Tangible book value earnback of approximately 2.5 years
- Transaction Multiples at Announcement –
  1.80x tangible book value, 6.9x LTM EPS plus fully realized cost savings



Q3 2023 Highlights

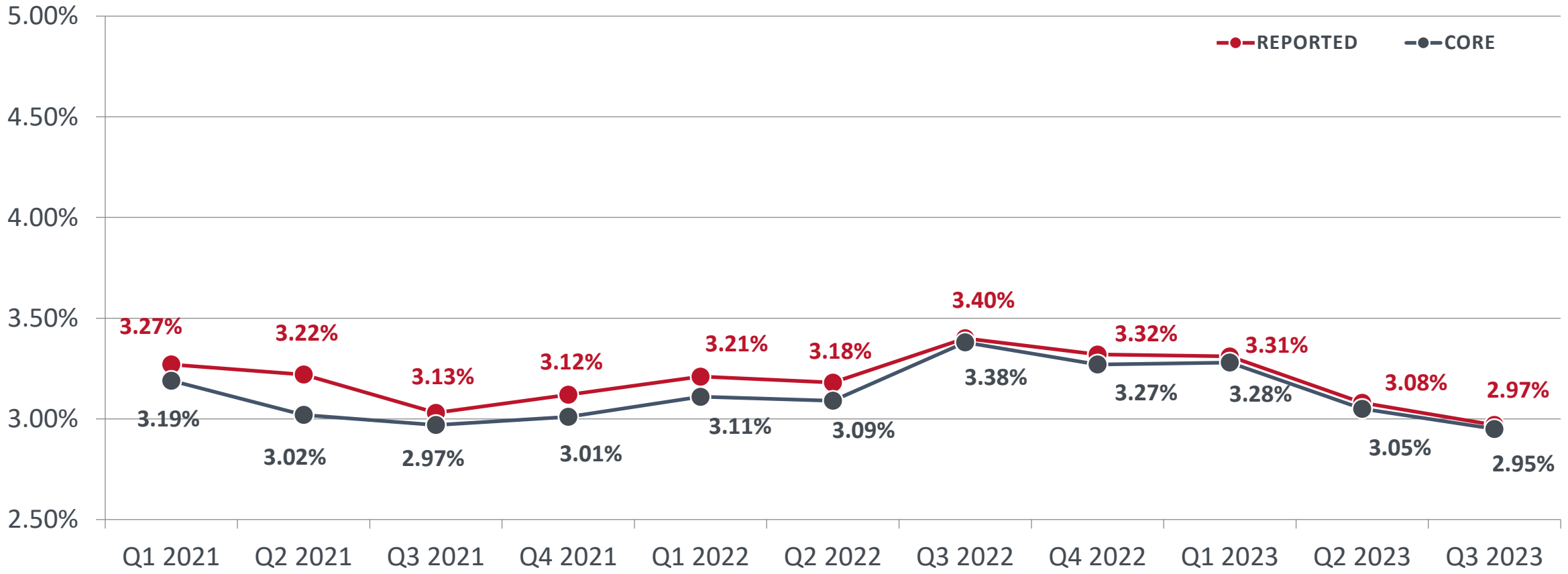
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	Q3 2023	Q3 2022	CHANGE
Net income	$29.9 million	$38.0 million	($8.1 million)
Provision for Loan Losses	----------	$5.4 million	($5.4 million)
EPS Common – Diluted	$0.73	$1.06	($0.33)
Return on Average Assets	0.99%	1.42%	-43 bps
Return on Average Common Equity	9.10%	15.20%	-520 bps
Return on Average Tangible Common Equity (1)	15.05%	21.25%	-620 bps
Net Interest Margin (2)	2.97%	3.40%	-43 bps
Loan Yield	5.32%	4.49%	+83 bps
Cost of Funds	1.46%	0.12%	+134 bps

1. Annualized net income divided by: average common shareholders' equity less average total intangible assets.
2. Tax-equivalent net-interest income divided by average earning assets.

Net Interest Margin (tax-equivalent)

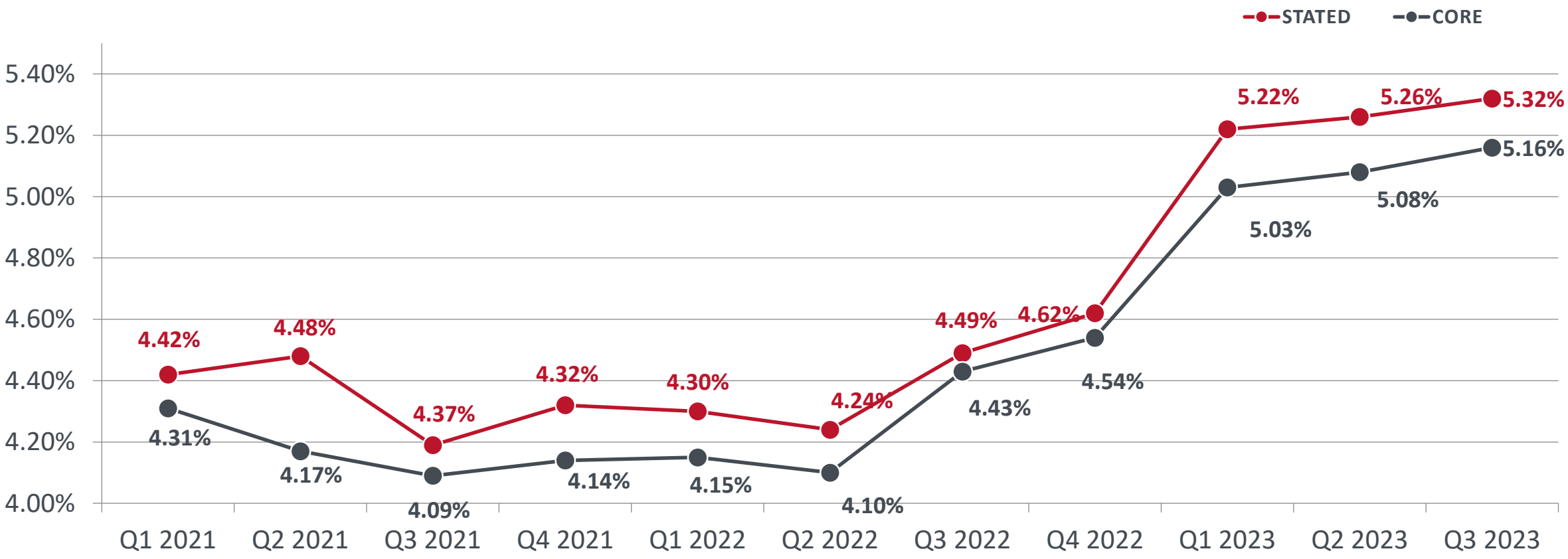
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Net interest margin is calculated by dividing tax-equivalent net interest income by average earning assets. Core net interest margin excludes loan discount accretion income.

Loan Yields

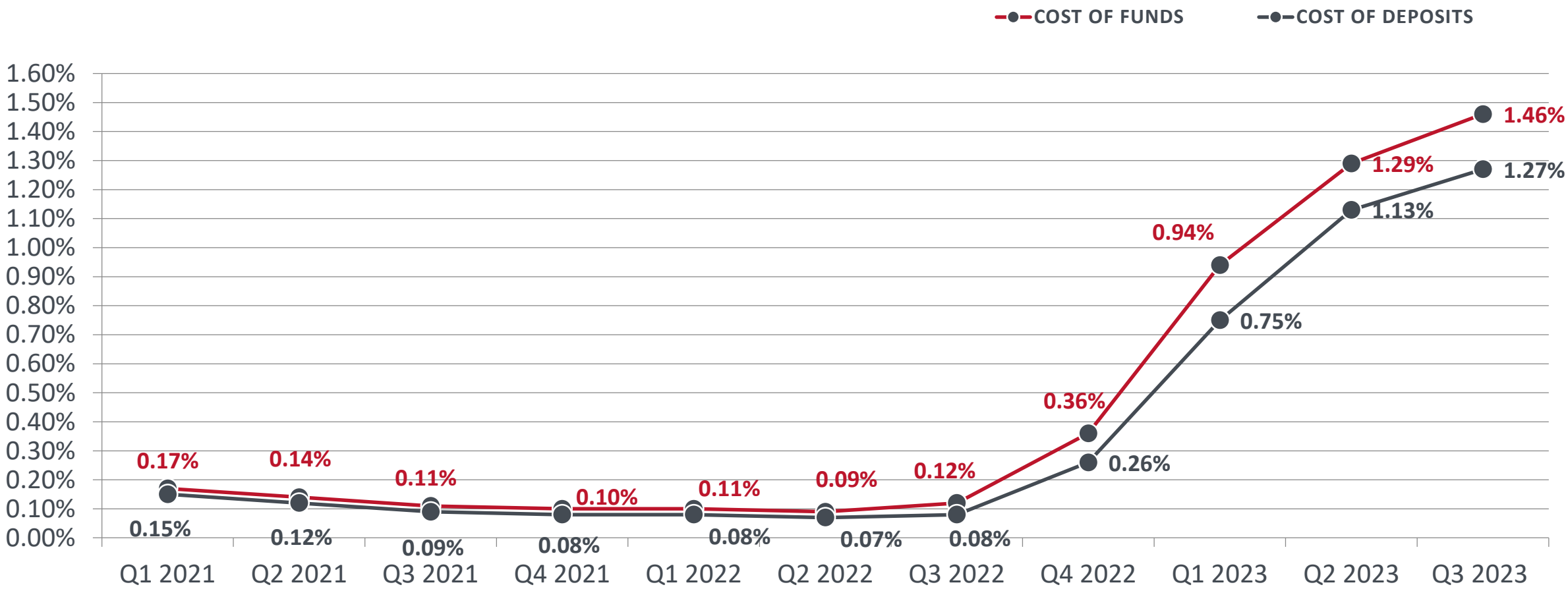
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Core loan yield excludes loan discount accretion and includes PPP fee amortization.

Cost of Funds

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Granular and Diverse Deposit Base

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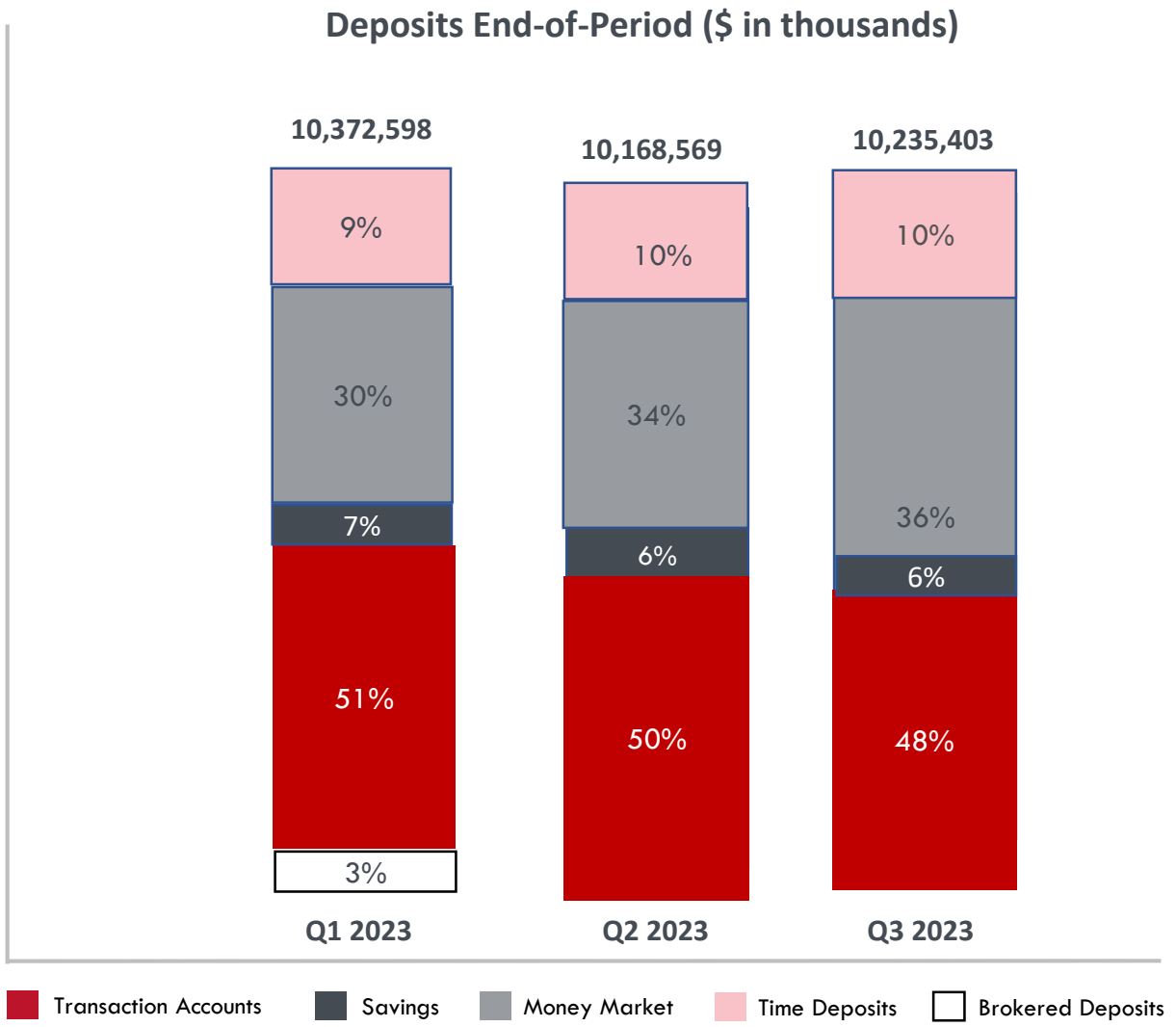
Noninterest demand deposits represent 34% of overall deposits.

The company benefits from a granular deposit franchise, with the top ten depositors representing less than 5% of total deposits.

Consumer deposits represent approximately 35% of total deposits.

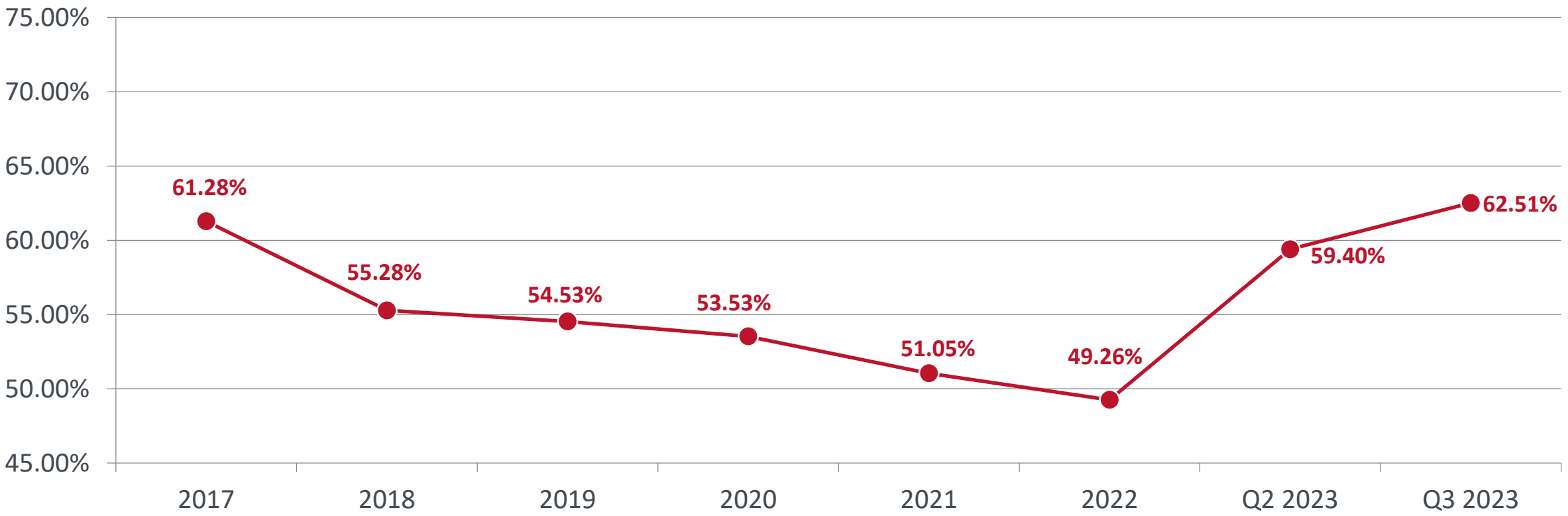
Business deposits represent approximately 65% of total deposits.

Uninsured and uncollateralized deposits represent 31% of total deposits.



Efficiency Ratio

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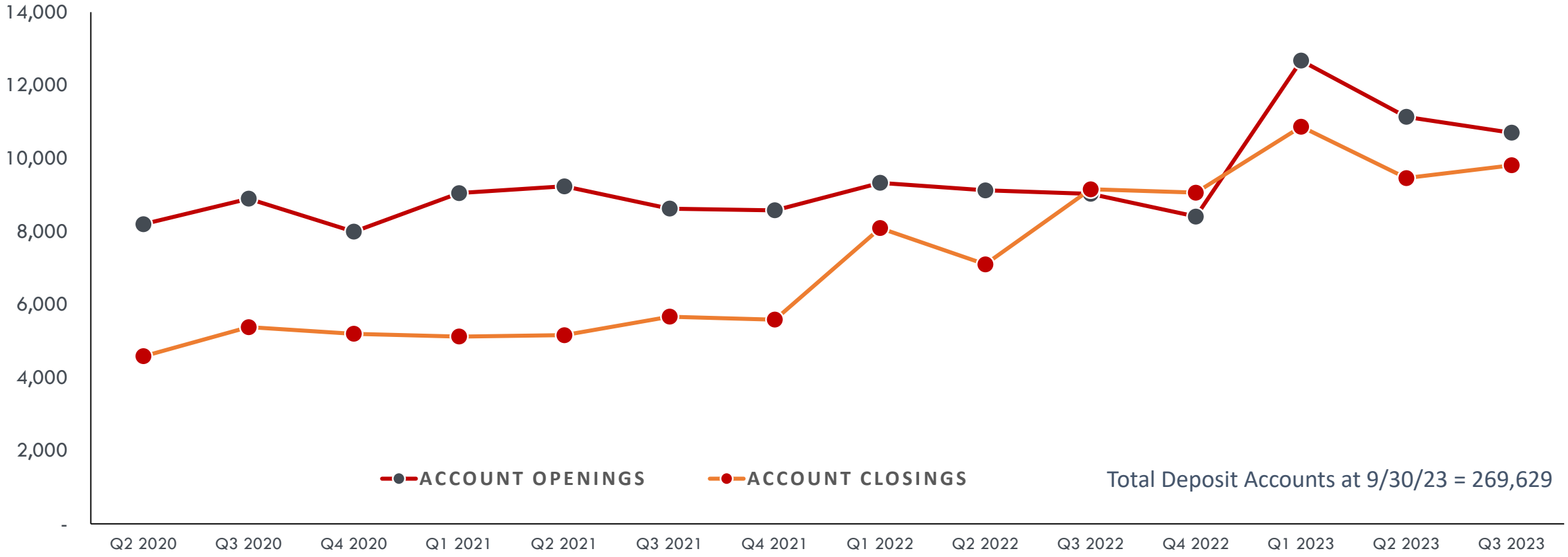


Note: As computed and reported by S&P Global.

Deposit Accounts

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Account Openings vs. Account Closings



First@Work Deposit Account – Introduced Mid-2018
2022 data impacted by conversion of Select Bank closed accounts.

North Carolina

A Great State for Business





North Carolina is currently the 9th most populated state –

- Projected 7th by 2040 – and within 1% of 5th most populated
- 6th highest net increase in population from 2010-2020
- Projected to grow 20% over the next 20 years – 5th highest total growth

North Carolina ranked No. 1 in America's Top States for Business – 2022 and 2023 (CNBC), 2022 (Forbes), No. 4 (CEO Magazine), No. 5 (Business Facilities)

Tax-friendly state – phasing out corporate income tax

Right to work state – 2nd lowest unionized state

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

North Carolina Pension System – Ranked strongest in the nation by Moody's

North Carolina has AAA Bond Rating

Strong Education System

- Strong university system with top ranked schools
- Statewide community college system
- Higher education system ranked 2nd in the Southeast

Below average utility bill rates

Service Excellence Principals

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04 **Convenience and Ease**

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

03 **Courteous Service**

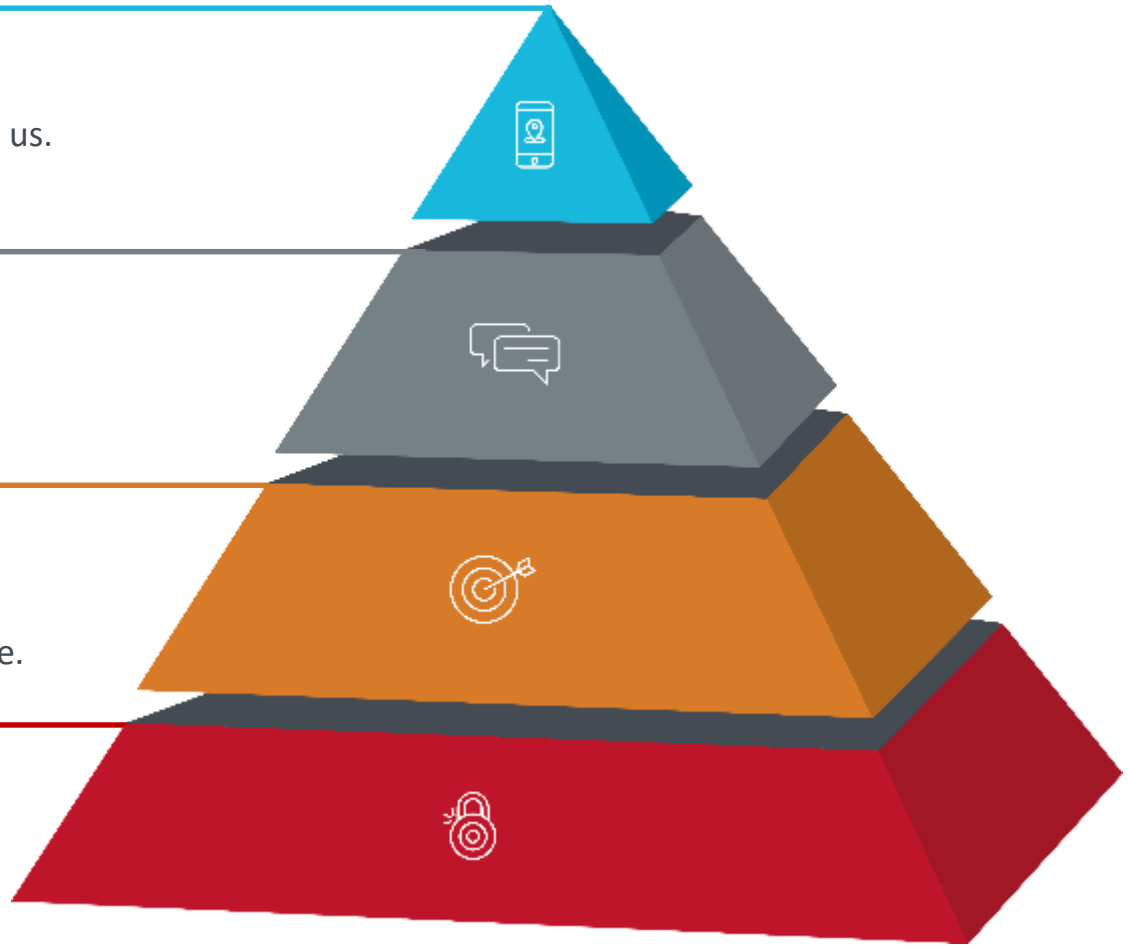
We treat customers and fellow associates with respect, effectively communicate, and celebrate our unique contributions.

02 **Knowledge and Accuracy**

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

01 **Safety and Soundness**

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



Investment Thesis

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

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

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

Focused on high growth markets

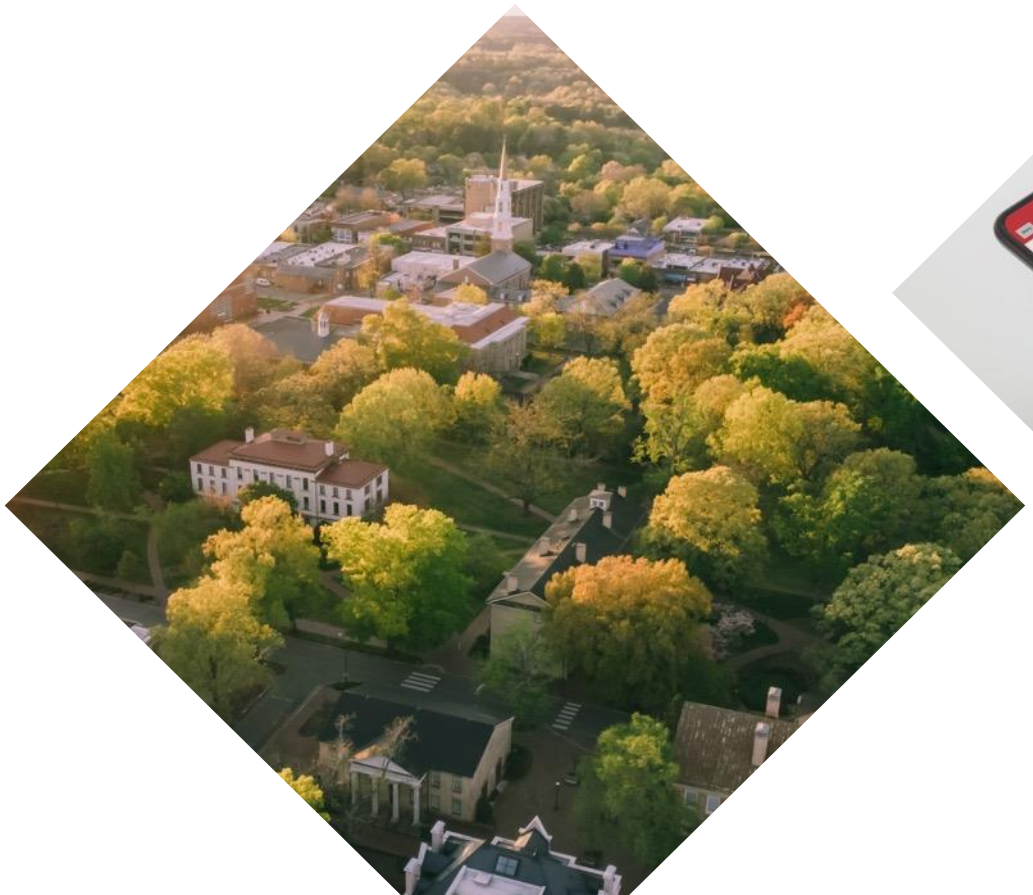
Stable, low cost core deposit franchise

- Built over 85 years of serving our communities
- Strength of rural markets
- Q3 2023 Cost of Deposits was 1.27%

Conservative Balance Sheet

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

Market disruptions provide opportunity





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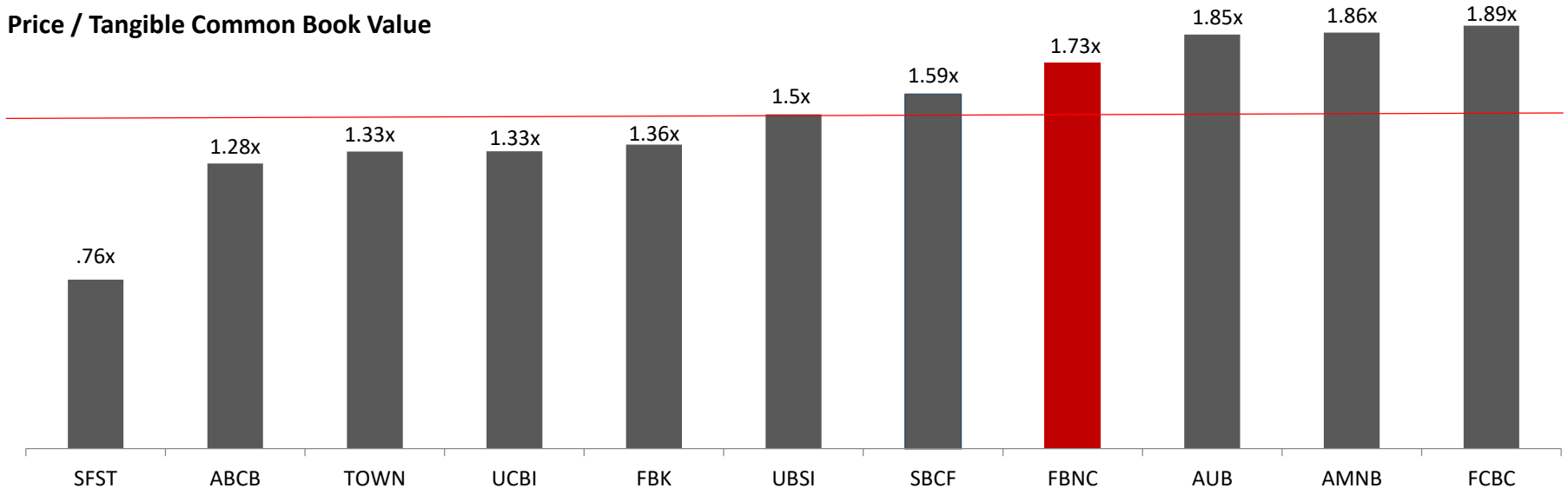
Valuation

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Price to Tangible Common Book Value

Closing stock price on November 6, 2023 = $31.30

- Price to tangible book - 1.73x
- Based on 9/30/23 tangible common book value - $18.11



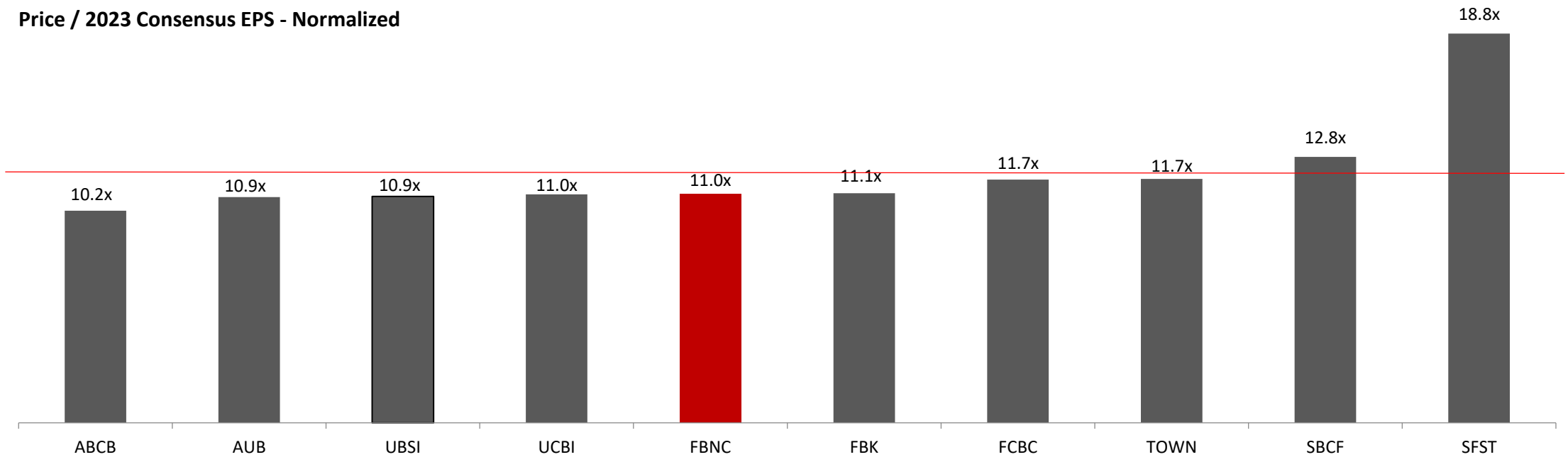
Source: S&P Global

Valuation

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Price to Earnings

- Based on SNL Mean Normalized EPS 2023 Estimate of $2.86, the FBNC price to earnings ratio is 11.0x based on November 7, 2023 closing price for FBNC stock of $31.30.



Source: S&P Global

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Corporate Citizenship



Corporate Citizenship

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A proud Carolinas community partner since 1935

First Bank has long been a committed partner in the many communities it serves across the Carolinas. The following are just some of the investment areas made over the last year:

Ensuring Equitable Access to Education

- Area public schools and community colleges
- Communities in schools
- STEAM Programs
- Summer camps
- HBCU and college scholarships
- Literacy programs and book drives
- Boys and Girls Club chapters

Improving the Lives of Neighbors in Need

- United Way chapters across the Carolinas
- Habitat for Humanity affiliates as volunteers and with our Habitat Loan Origination Program
- Women's shelters and organizations
- Food banks and numerous drives
- The American Red Cross
- Partnership for Children
- Smart Start
- COVID relief funds, meals for frontline workers, and programs for victims of domestic violence

Promoting Business and Economic Growth

- Foundations
- Business incubators
- Local community economic development organizations
- Entrepreneurship competitions
- Small business financial education seminars
- Events recognizing local business leaders

Social Responsibility

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Diversity and Inclusion

We treat customers and associates with respect, communicate effectively and celebrate the unique contributions of each individual. We strive to build an inclusive organization that represents the communities we serve.



Diversity Council

Represent the ideas and concerns of associates regarding diversity and inclusion and ensure all efforts align with Our Promise to Service Excellence

Serve as a communication channel, providing advice and assistance to leadership in promoting respect, inclusion, opportunity and community in our workplace

Create a work environment that demonstrates all views are respected and provides equal access to opportunities for growth and advancement

Ensure all open positions have a diverse pool of candidates, and our job requirements align with the markets we serve

- Established recruiting relationships with North Carolina HBCUs
- Joined NCWorks to improve visibility of open positions

Provide opportunities for associates to deepen personal understanding of diversity, equity and inclusion

Social Responsibility

FIRST BANCORP

Financial Wellness

We provide financial education resources and tools to help members of our communities build brighter financial futures.

Teach Children to Save

First Bank is an active participant in the American Bankers Association's Teach Children to Save efforts, with associates making more than 185 visits to schools across the Carolinas and the bank matching those visits with $172,000 in donations.

First@Work

Through the Bank's First@Work program, Bank associates offer in-person and online financial education seminars for employees at local businesses and at events in their communities.

Educational Resources

First Bank maintains many educational resources covering a range of topics like personal finance, budgeting, starting a business, buying a home, and understanding a credit score. These are frequently and widely shared through the Bank's social media channels, including Facebook, Twitter, LinkedIn, and Instagram.

The Learning Lab

Built specifically for teens ages 12-18, the Learning Lab online modules provide financial education through fun, game-like scenarios on a variety of topics, including budgeting, savings, and investing.



Power of Good

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The most important thing we do is good. We prioritize making a positive impact on our people, our communities, and beyond through our Power of Good Corporate Citizenship program.

Book Club – First Bank Book Club helps boost literacy rates in the Carolinas by bringing award-winning children books to public elementary schools for author days featuring fun and discussions.

Book Depot – Transforms our locations into a spot for free book drop-offs. This provides a real opportunity to make a difference, encourage foot traffic, start new conversations, and more!

Donation Matching – First Bank will match donations that are made by employees to nonprofits that support education, housing, health/wellness, or food in the Carolinas.

Good Deeds Week – Every associate across the bank will be given $20 to perform good deeds for unsuspecting strangers.

Out of This World Educators Award – This gives an opportunity to nominate an educator in the Carolinas who has made an impact in a traditional or non-traditional way.

Power of Good Grants – Designed to help support the essential work individuals and organizations with those who need it most in our communities.



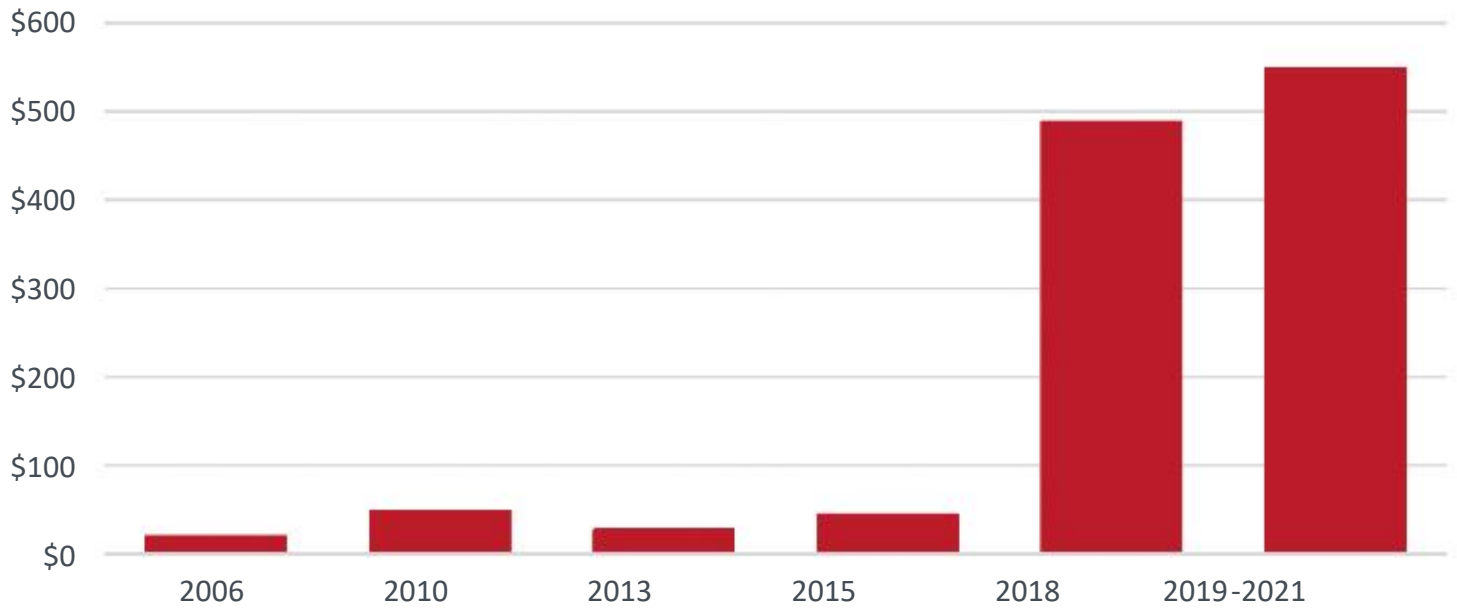
Community Responsibility

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Lending

Engagement with the community as an extension of our service-oriented culture

Community Development Lending[1] ($ in Millions)



First Bank has dramatically increased the number and size of loan originations that meet the CRA definition of Community Development.

From 2004 –2021, First Bank has originated just under 1,000 Community Development Loans, totaling $1.2 billion which have helped to revitalize low-and moderate-income areas throughout the Bank's footprint.[2]

From 2010 to 2020, First Bank total assets increased by 122%, while the average annual community development loan originations increased by 1,469%.[3]

1. Community Development Lending ("CDL") includes multifamily and commercial real estate loans, along with lending to nonprofit organizations and other commercial entities that meet the CRA standards for "community development." Balances are cumulative through period-end. 2. Loans originated from 2004 –2018 have been reviewed by regulators and made public. Loans from 2019 –2021 have not yet been reviewed by examiners and made public and includes PPP loans. 3. First Bank assets increased from $3.28B in 2010 to $7.3B in 2020, while average community development lending increased from $14M in 2010 to $219.6M in 2020.

Governance Responsibility

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First Bank has strong corporate governance practices

- Substantial majority of the Board of Directors consist of independent directors, with 14 of 16 current directors considered independent under NASDAQ and SEC guidelines
- One-year term for board members
- Executive sessions limited to independent directors held at least twice a year
- Fifty percent of base director fees paid in common stock
- Stock ownership requirements for directors equal to five times the cash value of annual director compensation
- Mandatory retirement at age 72
- Recognition of the benefits of diversity in the composition of the Board
- Anti-hedging policy applicable to shares held by directors and Named Executive Officers
- Long-term incentive equity awards granted to senior officers have three-year vesting requirements
- 50% of senior officer annual incentive bonuses are paid in the form of restricted stock, which vest over 3 years in equal annual installments
- CEO compensation is currently comprised of 50% cash and 50% stock with three-year vesting
- All employment agreements in place for senior officers have one-year terms
- Share ownership requirements for each Named Executive Officer
- The CEO and President are required to retain at least 50% of all stock grants until retirement

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Thank you.