

FIRST BANCORP /NC/
Form 424B3
October 26, 2016

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Registration No. 333-213370**

PROXY STATEMENT

PROSPECTUS

MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT

Dear Shareholder of Carolina Bank Holdings, Inc.:

These materials are a proxy statement of Carolina Bank Holdings, Inc. (**CLBH**), and a prospectus of First Bancorp (the **Registrant** or **First Bancorp**). They are furnished to you in connection with the notice of special meeting of **CLBH** shareholders to be held on December 20, 2016. At the special meeting of **CLBH** shareholders, you will be asked to vote on the merger of **CLBH** with and into First Bancorp described in more detail herein and to approve, on a non-binding advisory basis, the compensation that certain executive officers of **CLBH** will receive in connection with the merger pursuant to existing agreements or arrangements with **CLBH**.

As of October 21, 2016, the record date for the **CLBH** shareholders meeting, there were 5,045,358 shares of common stock outstanding and entitled to vote at that meeting. Approval of the merger agreement requires the affirmative vote of a majority of the outstanding shares of **CLBH** common stock. Approval of the merger-related compensation proposal requires that the number of votes cast at the special meeting, in person or by proxy, in favor of the proposal exceeds the number of votes cast against the proposal. You will also be asked to vote on a proposal to adjourn or postpone the special meeting, if necessary or appropriate, including to solicit additional proxies to approve the merger agreement, which proposal will be approved if the number of votes cast at the special meeting, in person or by proxy, in favor of the proposal exceeds the number of votes cast against the proposal.

Subject to the election procedures described in this document, in connection with the merger if approved and consummated, holders of **CLBH** common stock will be entitled to receive, in exchange for each share of **CLBH** common stock, consideration equal to either (i) 1.002 shares of First Bancorp common stock, or (ii) \$20.00 in cash, without interest; provided, that the total merger consideration shall be prorated as necessary to ensure that 25% of the total outstanding shares of **CLBH** common stock will be exchanged for cash and 75% of the total outstanding shares of **CLBH** common stock will be exchanged for shares of First Bancorp common stock.

As a result, a maximum of 3,799,998 shares of First Bancorp common stock will be issued to **CLBH** shareholders if the merger is approved and consummated. This document is a First Bancorp prospectus with respect to the offering and issuance of such shares of First Bancorp common stock.

First Bancorp's common stock trades on The NASDAQ Global Select Market under the ticker symbol **FBNC** . **CLBH**'s common stock trades on The NASDAQ Global Market under the ticker symbol **CLBH** .

The accompanying materials contain information regarding the proposed merger and the companies participating in the merger, and the Agreement and Plan of Merger and Reorganization pursuant to which the merger will be consummated if approved. **We encourage you to read the entire document carefully, including Risk Factors section beginning on page 23 for a discussion of the risks related to the proposed merger.**

Neither the Securities and Exchange Commission, the Board of Governors of the Federal Reserve System (the Federal Reserve), the Federal Deposit Insurance Corporation (the FDIC), nor any state securities commission or any other bank regulatory agency has approved or disapproved of the securities to be issued in the merger or passed upon the accuracy or adequacy of the disclosures in this document. Any representation to the contrary is a criminal offense. Shares of common stock of First Bancorp are not savings accounts, deposits or other obligations of any bank and are not insured or guaranteed by the FDIC or any other governmental agency.

*The date of these materials is October 26, 2016, and they are expected to be first mailed to
CLBH shareholders on or about November 3, 2016.*

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WHERE YOU CAN FIND MORE INFORMATION

Both First Bancorp and CLBH are subject to the information requirements of the Securities Exchange Act of 1934, as amended, which means that they are both required to file certain reports, proxy statements, and other business and financial information with the Securities and Exchange Commission (SEC). You may read and copy any materials that either First Bancorp or CLBH files with the SEC at the Public Reference Room of the SEC at 100 F Street N.E., Washington, D.C. 20549. You may also obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains a website at <http://www.sec.gov> where you can access reports, proxy, information and registration statements, and other information regarding registrants that file electronically with the SEC. Such filings are also available free of charge at First Bancorp s website at <http://investor.localfirstbank.com> under the SEC Filings link or from CLBH s website at <http://www.carolinabank.com> under the Investor Relations heading. Except as specifically incorporated by reference into this document, information on those websites or filed with the SEC is not part of this document.

First Bancorp has filed a registration statement on Form S-4 of which this document forms a part. As permitted by SEC rules, this document does not contain all of the information included in the registration statement or in the exhibits or schedules to the registration statement. You may read and copy the registration statement, including any amendments, schedules and exhibits, at the addresses set forth below. Statements contained in this document as to the contents of any contract or other documents referred to in this document are not necessarily complete. In each case, you should refer to the copy of the applicable contract or other document filed as an exhibit to the registration statement. This document incorporates by reference documents that First Bancorp and CLBH have previously filed, and that they may file through the date of the special meeting of CLBH shareholders, with the SEC. They contain important business information about the companies and their financial condition. For further information, please see the section entitled Incorporation of Certain Documents by Reference on page 84. These documents are available without charge to you upon written or oral request to the applicable company s principal executive offices. The respective addresses and telephone numbers of such principal executive offices are listed below.

First Bancorp
300 SW Broad Street
Southern Pines, North Carolina 28387
Attention: Investor Relations
(910) 246-2500

Carolina Bank Holdings, Inc.
101 North Spring Street
Greensboro, North Carolina 27401
Attention: Investor Relations
(336) 288-1898

To obtain timely delivery of these documents, you must request the information no later than December 13, 2016 in order to receive them before CLBH s special meeting of shareholders.

First Bancorp common stock is traded on The NASDAQ Global Select Market under the ticker symbol FBNC , and CLBH common stock is traded on The NASDAQ Global Market under the ticker symbol CLBH.

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CAROLINA BANK HOLDINGS, INC.

101 North Spring Street
Greensboro, North Carolina 27401

Notice of Special Meeting of Shareholders To Be Held On December 20, 2016

NOTICE is hereby given that a Special Meeting of Shareholders of Carolina Bank Holdings, Inc. will be held as follows:

Place: Carolina Bank Corporate Headquarters
101 North Spring Street, 3rd Floor
Greensboro, North Carolina 27401

Date: December 20, 2016

Time: 4:00 P.M.

The purposes of the meeting are:

1. To consider and vote on the Agreement and Plan of Merger and Reorganization, under which CLBH will merge with and into First Bancorp, as more particularly described in the accompanying materials;
2. To cast a non-binding advisory vote to approve the compensation that certain executive officers of CLBH will receive under existing agreements or arrangements with CLBH in connection with the merger;
3. To consider and vote upon a proposal to approve the adjournment or postponement of the special meeting, if necessary or appropriate, including to solicit additional proxies to approve the merger agreement; and
4. To transact such other business as may properly come before the special meeting or any adjournments of the special meeting.

If CLBH shareholders approve the merger agreement, CLBH will be merged with and into First Bancorp. Unless adjusted pursuant to the terms of the merger agreement, CLBH shareholders may elect to receive shares of First Bancorp common stock or cash in exchange for each of their shares of CLBH common stock in the merger on the following basis:

1.002 shares of First Bancorp common stock for each share of CLBH common stock; or
\$20.00 in cash, without interest, for each share of CLBH common stock.

provided, that the total merger consideration shall be prorated as necessary to ensure that 25% of the total outstanding shares of CLBH common stock will be exchanged for cash and 75% of the total outstanding shares of CLBH common stock will be exchanged for shares of First Bancorp common stock. If the aggregate cash elections are greater than the maximum, all such cash elections will be subject to proration, and, if the aggregate stock elections are greater than the

maximum, all such stock elections will be subject to proration, all as more fully explained under the heading Proposal
No. 1 The Merger-The Merger Consideration (page 47).

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Approval of the merger agreement requires the affirmative vote of a majority of the outstanding shares of CLBH common stock entitled to vote at the special meeting. Approval of the merger-related compensation proposal requires that the number of votes cast at the special meeting, in person or by proxy, in favor of the proposal exceeds the number of votes cast against the proposal. Approval of the adjournment proposal requires that the number of votes cast at the special meeting, in person or by proxy, in favor of the proposal exceeds the number of votes cast against the proposal. Abstentions from voting and broker non-votes will be included in determining whether a quorum is present and will have the effect of a vote against the merger agreement.

Only shareholders of record of CLBH common stock at the close of business on October 21, 2016 will be entitled to vote at the special meeting or any adjournments thereof. CLBH's Board of Directors has adopted a resolution approving the merger and the merger agreement and unanimously recommends that you vote FOR the proposal to approve the merger agreement, FOR the merger-related compensation proposal, and FOR the adjournment proposal.

Business and financial information about CLBH is available without charge to you upon written or oral request made to T. Allen Liles, Chief Financial Officer, Carolina Bank Holdings, Inc., 101 North Spring Street, Greensboro, North Carolina 27401, telephone number (336) 286-8746. To obtain delivery of such business and financial information before the special meeting, your request must be received no later than December 13, 2016.

YOUR VOTE IS VERY IMPORTANT. You can vote your shares over the internet or by telephone. If you requested or received a paper proxy card or voting instruction form by mail, you may also vote by signing, dating and returning your proxy card or voting instruction form. If you are the record holder of the shares, you may change your vote by: (1) if you voted over the internet or by telephone, voting again over the internet or by telephone by the applicable deadline described herein; (2) if you previously completed and returned a proxy card, submitting a new proxy card with a later date and returning it to CLBH prior to the vote at the special meeting; (3) submitting timely written notice of revocation to our Corporate Secretary, at Carolina Bank Holdings, Inc., 101 North Spring Street, Greensboro, North Carolina 27401 at any time prior to the vote at the special meeting; or (4) attending the special meeting in person and voting your shares at the special meeting. If your shares are held in street name, you may change your vote by submitting new voting instructions to your brokerage firm, bank or other similar entity or, if you have obtained a legal proxy from your brokerage firm, bank, or other similar entity giving you the right to vote your shares, you may change your vote by attending the special meeting and voting in person.

November 3, 2016
Greensboro, North Carolina

By Order of the Board of Directors,

Robert T. Braswell
President and Chief Executive Officer

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QUESTIONS AND ANSWERS ABOUT THE MERGER

The following are some questions that you may have about the merger and the CLBH special meeting, and brief answers to those questions. We urge you to read carefully the remainder of this document because the information in this section does not provide all of the information that might be important to you with respect to the merger and the CLBH special meeting. Additional important information is also contained in the documents incorporated by reference into this document. See **Where You Can Find More Information and Incorporation of Certain Documents By Reference** on page 84.

Q: What am I being asked to approve?

You are being asked to (1) approve the merger agreement between CLBH and First Bancorp, pursuant to which CLBH will be merged with and into First Bancorp, (2) approve, on a non-binding advisory basis, the compensation that certain executive officers of CLBH will receive in connection with the merger pursuant to existing agreements or arrangements with CLBH, and (3) approve a proposal to adjourn or postpone the special meeting, if necessary or appropriate, including to solicit additional proxies to approve the merger agreement. Approval of the merger agreement requires the affirmative vote of a majority of the outstanding shares of CLBH common stock. Approval of the merger-related compensation proposal requires that the number of votes cast at the special meeting, in person or by proxy, in favor of the proposal exceeds the number of votes cast against the proposal. Approval of the adjournment proposal requires that the number of votes cast at the special meeting, in person or by proxy, in favor of the proposal exceeds the number of votes cast against the proposal. **The CLBH Board of Directors has unanimously approved and adopted the merger and recommends voting FOR approval of this merger agreement, FOR approval of the merger-related compensation proposal, and FOR approval of the adjournment proposal.**

Q: When is the merger expected to be completed?

A: We plan to complete the merger during the fourth quarter of 2016 or first quarter of 2017, subject to receipt of all required regulatory approvals.

Q: What will I receive in the merger?

You will receive either 1.002 shares of First Bancorp common stock, or \$20.00 in cash, without interest, for each share of CLBH common stock; *provided*, that the total merger consideration shall be prorated as necessary to ensure that 25% of the total outstanding shares of CLBH common stock will be exchanged for cash and 75% of the total outstanding shares of CLBH common stock will be exchanged for shares of First Bancorp common stock. First Bancorp will not issue fractional shares in the merger. Instead, you will receive a cash payment, without interest, for the value of any fraction of a share of First Bancorp common stock that you would otherwise be entitled to receive in an amount equal to such fractional part of a share of First Bancorp common stock multiplied by the volume weighted average price (rounded up to the nearest cent) of First Bancorp common stock on The NASDAQ Global Select Market during the 20 consecutive trading days ending on the fifth business day immediately prior to the later of (i) the effective date of the last required consent of any regulatory authority having authority over and approving or exempting the merger and (ii) the date of the receipt of the approval of the CLBH shareholders to the merger.

To review what you will receive in the merger in greater detail, see Proposal No. 1 The Merger-The Merger Consideration beginning on page 47.

Q: What should I do now?

A: After you have carefully read this document, vote by proxy over the internet, by telephone or through the mail. If you hold shares of CLBH common stock in more than one account, you must vote all shares over the internet, by telephone or through the mail. If you vote over the internet or by telephone, you do not need to return any documents through the mail.

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If you vote using one of the methods described below, you will be designating Donald H. Allred, Abby Donnelly and James E. Hooper as your proxies to vote your shares as you instruct. If you vote without giving specific voting instructions, these individuals will vote your shares by following the recommendations of the CLBH Board of Directors. If any other business properly comes before the special meeting, these individuals will vote on those matters in their discretion.

Registered Holder: You do not have to attend the special meeting to vote. The CLBH Board of Directors is soliciting proxies so that you can vote before the special meeting. Even if you currently plan to attend the special meeting, we recommend that you vote by proxy before the special meeting so that your vote will be counted if you later decide not to attend. However, if you attend the special meeting and vote your shares by ballot, your vote at the special meeting will revoke any vote you submitted previously by proxy. If you are the record holder of your shares, there are three ways you can vote by proxy:

By Internet: You may vote over the internet by going to *www.proxyvote.com* and following the instructions when prompted;

By Telephone: You may vote by telephone by calling toll free 1-800-690-6903; or

By Mail: You may vote by completing, signing, dating and returning the enclosed proxy card.

Street Holder: If your shares are held in street name, you may vote your shares before the special meeting by mail, by completing, signing, and returning the voting instruction form you received from your brokerage firm, bank or other similar entity. You should check your voting instruction form to see if any alternative method, such as internet or telephone voting, is available to you.

Q: Can I change my vote?

A: Yes. If you are a holder of record of CLBH common stock, you may change your vote or revoke any proxy at any time before it is voted by (i) signing and returning a proxy card with a later date, (ii) delivering a written revocation letter to CLBH's corporate secretary, (iii) attending the CLBH special meeting in person, notifying the corporate secretary and voting by ballot at the CLBH special meeting or (iv) voting by telephone or the Internet at a later time. Attendance at the CLBH special meeting by itself will not automatically revoke your proxy. A revocation or later-dated proxy received by CLBH after the vote will not affect the vote. CLBH's corporate secretary's mailing address is: Corporate Secretary, Carolina Bank Holdings, Inc., 101 North Spring Street, Greensboro, North Carolina 27401.

If you hold your shares of CLBH common stock in street name through a bank or broker, you should contact your bank or broker to change your vote or revoke your proxy.

Q: How can I elect stock, cash or both?

A: You may indicate a preference to receive First Bancorp common stock, cash or a combination of both in the merger by completing an election form that will be sent to you as soon as practicable. The total merger consideration will be prorated as necessary to ensure that 25% of the total outstanding shares of CLBH common stock will be exchanged for cash and 75% of the total outstanding shares of CLBH common stock will be exchanged for shares of First Bancorp common stock. Accordingly, if the aggregate cash elections are greater than the cash election maximum, each cash election will be reduced pro rata based on the amount by which the aggregate cash elections exceed the cash election maximum. Alternatively, if the aggregate stock elections are greater than the stock election maximum, each stock election will be reduced pro rata based on the amount by which the aggregate stock elections exceed the stock election maximum. If you do not make an election by 4:00 P.M. Eastern Standard time on January 5, 2017, First Bancorp shall have the authority to determine the type of consideration to be exchanged for such non-election shares. **CLBH's Board of Directors makes no recommendation as to whether you should choose First Bancorp common stock or cash or a combination of both for your shares of CLBH common stock. You should consult with your own financial advisor on that decision.**

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Q: What information should I consider?

We encourage you to read carefully this entire document and the documents incorporated by reference herein.

Among other disclosures, you should review the factors considered by CLBH's Board of Directors discussed in

A: Proposal No. 1 The Merger-Background of the Merger beginning on page 31 and Proposal No. 1 The Merger-CLBH's Reasons for the Merger and Recommendation of the CLBH Board of Directors beginning on page 34.

Q: What are the tax consequences of the merger to me?

We expect that the exchange of shares of CLBH common stock for First Bancorp common stock by CLBH shareholders generally will be tax-free to you for federal income tax purposes. However, you will have to pay taxes at either capital gains or ordinary income rates, depending upon individual circumstances and on the cash received

A: in exchange for your shares of CLBH common stock, including cash received in lieu of fractional shares of First Bancorp common stock. To review the tax consequences to CLBH shareholders in greater detail, see Proposal No. 1 The Merger-Material U.S. Federal Income Tax Consequences and Opinion of Tax Counsel beginning on page 72. **Your tax consequences will depend on your personal situation. You should consult your tax adviser for a full understanding of the tax consequences of the merger to you.**

Q: Are CLBH shareholders entitled to dissenters' rights?

A: No, CLBH shareholders are not entitled to dissenters' rights. For further information, see Proposal No. 1 The Merger-No Dissenters' Rights in the Merger beginning on page 72.

Q: Should I send in my stock certificates now?

A: No. After the merger is completed, you will receive written instructions from First Bancorp for exchanging your CLBH common stock certificates for First Bancorp common stock and/or cash.

Q: Whom should I call with questions?

A: You should call T. Allen Liles, Chief Financial Officer, Carolina Bank Holdings, Inc., at (336) 286-8746.

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SUMMARY

*This summary highlights material information from these materials regarding the proposed merger. For a more complete description of the terms of the proposed merger, you should carefully read this entire document and the documents incorporated by reference into this document. The Agreement and Plan of Merger and Reorganization, which is the legal document that governs the proposed merger, is in Appendix A to these materials. In addition, the sections entitled *Where You Can Find More Information*, in the forepart of this document and *Incorporation of Certain Documents By Reference* on page 84, contain references to additional sources of information about First Bancorp and CLBH.*

The Companies (see page 78 for First Bancorp and page 81 for CLBH)

**First Bancorp
300 SW Broad Street
Southern Pines, North Carolina 28387
(910) 246-2500**

First Bancorp is the sixth largest bank holding company headquartered in North Carolina. At June 30, 2016, First Bancorp had total consolidated assets of \$3.47 billion, total loans of \$2.60 billion, total deposits of \$2.87 billion and shareholders' equity of \$362 million. First Bancorp conducts substantially all of its operations through its wholly-owned North Carolina bank subsidiary, First Bank (First Bank), which as of June 30, 2016, operated 88 branches covering a geographical area from Florence, South Carolina to the southeast, to Wilmington, North Carolina to the east, to Kill Devil Hills, North Carolina to the northeast, to Mayodan, North Carolina to the north, and to Asheville, North Carolina to the west.

First Bancorp engages in a full range of banking activities, with the acceptance of deposits and the making of loans being its most basic activities. First Bancorp offers deposit products such as checking, savings, and money market accounts, as well as time deposits, including various types of certificates of deposits (CDs) and individual retirement accounts (IRAs). First Bancorp provides loans for a wide range of consumer and commercial purposes, including loans for business, agriculture, real estate, personal uses, home improvement and automobiles. First Bancorp also offers credit cards, debit cards, letters of credit, safe deposit box rentals and electronic funds transfer services, including wire transfers. In addition, First Bancorp offers internet banking, mobile banking, cash management and bank-by-phone capabilities to its customers, and is affiliated with ATM networks that give its customers access to 67,000 ATMs, with no surcharge fee. First Bancorp also offers a mobile check deposit feature for its mobile banking customers that allows them to securely deposit checks via their smartphone. For its business customers, First Bancorp offers remote deposit capture, which provides them with a method to electronically transmit checks received from customers into their bank account without having to visit a branch. First Bancorp is a member of the Certificate of Deposit Account Registry Service, which gives its customers the ability to obtain FDIC insurance on deposits of up to \$50 million, while continuing to work directly with their local First Bank branch.

First Bank was organized in 1934 and began banking operations in 1935 as First Bank of Montgomery, named for the county in which it operated. First Bancorp was incorporated in North Carolina on December 8, 1983, as Montgomery Bancorp, for the purpose of acquiring 100% of the outstanding common stock of Bank of Montgomery through a stock-for-stock exchange. In 1985, Bank of Montgomery changed its name to First Bank, and on December 31, 1986, Montgomery Bancorp changed its name to First Bancorp to conform to the name of its banking operations, First Bank.

Until September 2013, First Bank's main office was in Troy, North Carolina, located in the center of Montgomery County. In September 2013, First Bancorp and First Bank moved their main offices approximately 45 miles to

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Southern Pines, North Carolina, in Moore County. First Bancorp's principal executive offices are located at 300 SW Broad Street, Southern Pines, North Carolina 28387, and its telephone number is (910) 246-2500. Its website is <http://www.localfirstbank.com>. Information on First Bancorp's website is not incorporated into this document by reference and is not a part hereof.

For a complete description of First Bancorp's business, financial condition, results of operations and other important information, please refer to First Bancorp's filings with the SEC that are incorporated by reference in this document, including its Annual Report on Form 10-K for the year ended December 31, 2015 and its

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quarterly report on Form 10-Q for the quarter ended June 30, 2016. For instructions on how to find copies of these documents, see [Where You Can Find More Information](#) .

Carolina Bank Holdings, Inc.
101 North Spring Street
Greensboro, North Carolina 27401
(336) 288-1898

CLBH was incorporated as a North Carolina corporation on August 16, 2000 and is the holding company for Carolina Bank, a full-service, North Carolina-chartered community bank operating in the Piedmont Triad region of North Carolina. CLBH is headquartered in Greensboro, the third-largest city in North Carolina, and conducts business through eight full-service banking offices located in Greensboro (three), Asheboro, Burlington, High Point and Winston-Salem (two) and loan production offices in Burlington, Chapel Hill, Pinehurst and Sanford. Carolina Bank commenced operations in November 1996 and reorganized into the holding company form of organization during the third quarter of 2000.

Carolina Bank engages in a general banking business in Guilford, Alamance, Randolph and Forsyth Counties, North Carolina. Its operations are primarily commercially oriented and directed to individuals and small- to medium-sized businesses. Its deposits and loans are derived primarily from customers in its market area. Carolina Bank offers a range of banking products, including real estate, industrial, consumer and commercial loans, as well as a full array of deposit products, including checking, savings and money market accounts and certificates of deposit. The bank started a mortgage banking division in 2007 to originate residential loans through third-party brokers and banks and to sell these loans at a profit to institutional investors. A retail loan production office was added to the mortgage loan division in 2010 and expanded to three retail loan production offices in addition to loan officers in five of the bank's branch offices. The mortgage banking division originated approximately \$672 million and \$574 million in loans held for sale during 2015 and 2014, respectively, and \$249.8 million in loans held for sale for the six months ended June 30, 2016. At June 30, 2016, CLBH had consolidated total assets of \$706.5 million, including net loans held for investment of \$471.2 million and loans held for sale of \$57.4 million. Total deposits were \$599.1 million as of June 30, 2016.

For a complete description of CLBH's business, financial condition, results of operations and other important information, please refer to CLBH's filings with the SEC that are incorporated by reference in this proxy statement/prospectus, including its Annual Report on Form 10-K for the year ended December 31, 2015 and its quarterly report on Form 10-Q for the quarter ended June 30, 2016. For instructions on how to find copies of these documents, see [Where You Can Find More Information](#) .

The Merger Agreement (see page 48)

If CLBH shareholders approve the merger agreement, subject to receipt of the required regulatory approvals and satisfaction of the other closing conditions, CLBH will be merged with and into First Bancorp. CLBH shareholders may elect to receive shares of First Bancorp common stock or cash in exchange for each of their shares of CLBH common stock in the merger on the following basis:

- 1.002 shares of First Bancorp common stock for each share of CLBH common stock; or
- \$20.00 in cash, without interest, for each share of CLBH common stock;

provided, that the total merger consideration shall be prorated as necessary to ensure that 25% of the total outstanding shares of CLBH common stock will be exchanged for cash and 75% of the total outstanding shares of CLBH common stock will be exchanged for shares of First Bancorp common stock. You may elect any combination of stock or cash for all of your CLBH shares. If the aggregate cash elections are greater than the maximum, all such cash elections will

be subject to proration, and, if the aggregate stock elections are greater than the maximum, all such stock elections will be subject to proration.

You will also receive a cash payment, without interest, for the value of any fraction of a share of First Bancorp common stock that you would otherwise be entitled to receive in an amount equal to such fractional part of a share of First Bancorp common stock multiplied by the volume weighted average price (rounded up to the nearest cent) of First Bancorp common stock on The NASDAQ Global Select Market during the

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20 consecutive full trading days ending on the fifth business day immediately prior to the later of (i) the effective date of the last required consent of any regulatory authority having authority over and approving or exempting the merger and (ii) the date of the receipt of the approval of the CLBH shareholders to the merger.

Following the merger, CLBH's subsidiary, Carolina Bank, will be merged with and into First Bank, First Bancorp's wholly-owned North Carolina bank subsidiary, and First Bank will be the surviving bank.

The merger agreement is attached as Appendix A and is incorporated into this proxy statement/prospectus by reference. We encourage you to read the merger agreement carefully as it is the legal document that governs the merger.

CLBH's Reasons for the Merger and Recommendation of the CLBH Board of Directors (see page 34)

The Board of Directors of CLBH unanimously supports the merger and believes that it is in the best interests of CLBH and its shareholders. The Board of Directors of CLBH believes that the merger will allow CLBH to better serve its customers and markets and that a merger with a financial institution with greater size, expanded product offerings and a more liquid stock would better maximize the long-term value for CLBH shareholders. The Board of Directors believes that the terms of the merger are fair to and in the best interest of CLBH and its shareholders.

Accounting Treatment (see page 71)

The merger will be accounted for as a purchase of a business for financial reporting and accounting purposes under generally accepted accounting principles in the United States.

Conditions, Termination, and Effective Date (see page 50)

The merger will not occur unless certain conditions are met, and First Bancorp or CLBH can terminate the merger agreement if specified events occur or fail to occur. Following the merger, CLBH's subsidiary, Carolina Bank, will be merged into First Bancorp's North Carolina bank subsidiary, First Bank.

The merger and the bank merger must be approved by the Board of Governors of the Federal Reserve System and the North Carolina Commissioner of Banks. As of the date of this proxy statement/prospectus, First Bancorp has filed the applications and notifications to obtain the required regulatory approvals.

The closing of the merger will not occur until after the merger is approved by the foregoing regulators and by the CLBH shareholders, the other conditions to closing have been satisfied, and the articles of merger are filed as required under North Carolina law.

U.S. Federal Income Tax Consequences (see page 72)

CLBH's shareholders generally will not recognize gain or loss for U.S. federal income tax purposes on the receipt of shares of First Bancorp common stock in the merger in exchange for the shares of CLBH common stock surrendered. CLBH shareholders will be taxed, however, on any cash consideration they receive in the merger, including any cash they receive in lieu of fractional shares of First Bancorp common stock. First Bancorp shareholders will have no direct tax consequences as a result of the merger. Tax matters are complicated, and the tax consequences of the merger may

vary among CLBH shareholders. We urge each CLBH shareholder to contact his, her or its own tax advisor to fully understand the tax implications of the merger.

Opinion of CLBH's Financial Advisor (see page 36 and Appendix B)

Sandler O'Neill & Partners, L.P. (Sandler O'Neill), a nationally recognized investment banking firm retained by CLBH, has rendered an opinion to the Board of Directors of CLBH to the effect that, based on and subject to the procedures followed, matters considered, and limitations set forth in its written opinion, as of the date of its opinion, the merger consideration was fair from a financial point of view to the common shareholders of CLBH. A summary of Sandler O'Neill's opinion begins on page 36 and the full opinion is attached as Appendix B to these materials.

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First Bancorp's common stock trades on The NASDAQ Global Select Market under the ticker symbol FBNC. CLBH's common stock trades on The NASDAQ Global Market under the ticker symbol CLBH. The following table sets forth, for the periods indicated, the high, low and closing sales prices per share of First Bancorp's and CLBH's common stock as quoted on NASDAQ. First Bancorp paid quarterly dividends as shown below.

	First Bancorp Common Stock				CLBH Common Stock			
	High	Low	Close	Dividend	High	Low	Close	Dividend
2016								
Fourth Quarter (through October 21, 2016)	\$20.36	\$19.50	\$20.21	\$	\$20.00	\$19.51	\$19.81	\$
Third Quarter	20.33	17.42	19.79	0.08	19.86	17.74	19.51	
Second Quarter	21.94	17.15	17.58	0.08	18.91	15.01	17.48	
First Quarter	19.59	17.83	18.85	0.08	18.42	13.04	16.80	
2015								
Fourth Quarter	19.92	16.01	18.74	0.08	18.49	12.82	18.44	
Third Quarter	17.86	16.01	17.00	0.08	13.87	12.00	12.99	
Second Quarter	17.85	15.18	16.68	0.08	12.98	9.65	12.12	
First Quarter	18.64	15.00	17.56	0.08	10.20	9.30	9.65	
2014								
Fourth Quarter	18.86	15.55	18.47	0.08	10.00	9.14	9.65	
Third Quarter	18.82	15.87	16.02	0.08	10.88	9.60	9.90	
Second Quarter	19.25	16.48	18.35	0.08	10.97	9.00	9.77	
First Quarter	19.65	15.91	19.00	0.08	10.73	9.56	10.25	

The closing sales price of First Bancorp common stock as of June 21, 2016, the last trading day before the merger agreement was announced, was \$18.98. The closing sales price of First Bancorp common stock as of October 21, 2016, the most recent date feasible for inclusion in these materials, was \$20.21. The closing sales price of CLBH common stock as of June 21, 2016, the last trading day before the merger agreement was announced, was \$15.97. The closing sales price of CLBH common stock as of October 21, 2016, the most recent date feasible for inclusion in these materials, was \$19.81.

Because the exchange ratio is fixed and because the market price of First Bancorp common stock is subject to fluctuation, the market value of the shares of First Bancorp common stock that CLBH shareholders may receive in the merger may increase or decrease prior to and following the merger. CLBH shareholders are urged to obtain current market quotations for First Bancorp common stock, which are available at www.nasdaq.com.

The value of one share of CLBH common stock exchanged for cash is fixed at \$20.00.

As of October 21, 2016, there were approximately 1,065 record shareholders of CLBH's common stock.

First Bancorp intends to continue paying cash dividends, but the amount and frequency of cash dividends, if any, will be determined by First Bancorp's Board of Directors after consideration of certain non-financial and financial factors including earnings, capital requirements, and the financial condition of First Bancorp, and will depend on cash dividends paid to it by its subsidiary bank. The ability of First Bancorp's subsidiary bank to pay dividends to it is restricted by certain regulatory requirements.

No cash dividends were declared or paid on CLBH's common stock in 2014, 2015, or the first three quarters of 2016 and CLBH does not currently anticipate that any dividends will be declared or paid on its common stock in the near future.

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Differences in Legal Rights between Shareholders of CLBH and First Bancorp (see page 65)

Following the merger you will no longer be a CLBH shareholder and, if you receive shares of First Bancorp common stock following the merger, your rights as a shareholder will no longer be governed by CLBH's articles of incorporation and bylaws. You will be a First Bancorp shareholder, and your rights as a First Bancorp shareholder will be governed by First Bancorp's articles of incorporation and bylaws. Your former rights as a CLBH shareholder and your new rights as a First Bancorp shareholder are different in certain ways, including the following:

◦ The articles of incorporation of First Bancorp authorize more shares of capital stock than the articles of incorporation of CLBH.

◦ The bylaws of CLBH set forth different requirements for calling special meetings of shareholders than do the bylaws of First Bancorp.

◦ The bylaws of CLBH set forth different advance notice requirements for shareholder proposals than do the bylaws of First Bancorp.

◦ The bylaws of First Bancorp provide that the number of directors may range between three to 18 directors while the bylaws of CLBH provide that the number of directors may range between five to 25 directors.

◦ The bylaws of CLBH provide that if there are nine directors, then a staggered Board of Directors is required so that approximately one-third of the Board of Directors of CLBH is elected each year at the annual meeting of shareholders, otherwise, if there are less than nine directors, then directors shall be elected annually to serve one-year terms. The members of the Board of Directors of First Bancorp are elected annually to serve one-year terms.

◦ The bylaws of First Bancorp set forth requirements for removal of directors. The bylaws of CLBH do not set forth any requirements for removal of directors.

◦ The articles of incorporation of CLBH require supermajority shareholder approval of the holders of common stock for certain business transactions and under certain circumstances, while the articles of incorporation of First Bancorp only provide a supermajority requirement as it pertains to certain voting rights of holders of preferred stock.

◦ The bylaws of CLBH do not contemplate actions by shareholders by written consent. The bylaws of First Bancorp permit shareholder action to be taken by unanimous written consent.

Interests of Directors and Officers of CLBH and Carolina Bank in the Merger (see page 55)

The directors and officers of CLBH have interests in the merger in addition to their interests as shareholders generally, including the following:

◦ All outstanding CLBH stock options granted under the CLBH stock option plans whether or not exercisable, which are not cancelled in the merger will be converted into stock options to purchase shares of First Bancorp common stock exercisable upon the same terms and conditions as under the applicable CLBH option plan and applicable stock option agreement issued thereunder.

From and after the effective time of the merger, (i) each CLBH option assumed by First Bancorp may be exercised solely for shares of First Bancorp common stock, (ii) the number of shares of First Bancorp common stock subject to each option shall be equal to the product of the number of shares of CLBH common stock subject to such option immediately prior to the effective time of the merger multiplied by the exchange ratio, 1.002, provided, that any fractional shares of First Bancorp common stock subject to the converted options shall be exchanged for cash (without interest) in an amount equal to such fractional part of a share of First Bancorp common stock multiplied by the Final FBNC Stock Price, less the exercise price of such converted option, and (iii) the per share exercise price under each CLBH option shall be adjusted by dividing the per share exercise price under each such option by the exchange ratio and rounding up to the nearest cent. Shares of First Bancorp common stock to be issued

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upon the exercise of converted CLBH options will be timely registered under the Securities Act of 1933 on a registration statement on Form S-8.

Notwithstanding the foregoing, prior to the effective time of the merger, each holder of CLBH options may cancel, immediately prior to the effective time of the merger, any options held by such person in exchange for a cash payment at the closing of the merger equal to the product obtained by multiplying (1) the number of shares of CLBH common stock underlying such CLBH options, by (2) \$20.00 less the exercise price per share under such CLBH options.

At the closing of the merger, Robert T. Braswell, President and Chief Executive Officer of CLBH, and T. Allen Liles, Executive Vice President and Chief Financial Officer of CLBH, will continue as consultants with First Bank pursuant to a respective Consulting and Noncompete Agreement.

Employment agreements between CLBH and each of Messrs. Braswell and Liles, and Mr. Daniel D. Hornfeck and Mr. J. Richard Spiker II provide for change in control compensation upon the completion of the merger.

First Bancorp will indemnify and provide liability insurance to the present directors and officers of CLBH and Carolina Bank for a period of six years following the closing of the merger with respect to acts or omissions occurring prior to merger.

No Dissenters Rights in the Merger (see page 72)

CLBH shareholders are not entitled to appraisal or dissenters rights under North Carolina law in connection with the merger because CLBH common stock was listed on The NASDAQ Global Market on the record date for the special meeting.

Special Shareholders Meeting (see page 28) Date, Time, and Place

The special meeting of shareholders of CLBH will be held on December 20, 2016 at 4:00 P.M., at the main office of Carolina Bank, 101 North Spring Street, Greensboro, North Carolina 27401. At the special meeting, CLBH shareholders will be asked to:

approve the merger agreement and the transactions contemplated by the merger agreement, including the merger; approve, on a non-binding advisory basis, the compensation that certain executive officers of CLBH will receive under existing agreements or arrangements with CLBH in connection with the merger; and approve the adjournment or postponement of the special meeting, if necessary or appropriate, including to solicit additional proxies to approve the merger agreement and the merger.

Record Date and Shares Entitled to Vote

You are entitled to vote at the CLBH shareholders meeting if you owned shares of CLBH common stock on October 21, 2016. As of this date, 5,045,358 shares of CLBH common stock were outstanding and entitled to vote at the special meeting.

Support Agreements

As of the record date, directors and executive officers of CLBH and their affiliates beneficially owned and were entitled to vote approximately 420,352 shares of CLBH common stock, representing approximately 8.33% of the shares of CLBH common stock outstanding on that date. All of the directors of CLBH have agreed to vote their shares in favor of the merger agreement; *provided* that such voting support agreements terminate in the event that the merger agreement is terminated in accordance with its terms or the CLBH Board of Directors withdraws its recommendation in favor of the merger or approves or recommends an acquisition proposal from another party.

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Director Non-Compete Agreements

Simultaneously with the execution of the merger agreement, each of CLBH's directors entered into a Director Non-Compete Agreement with First Bancorp. The Director Non-Compete Agreements contain provisions related to non-disclosure of confidential information, non-recruitment of employees, non-solicitation of customers, and non-competition.

Solicitation of Proxies

CLBH is soliciting your proxy in conjunction with the merger. CLBH will bear the entire cost of soliciting proxies from you. In addition to solicitation of proxies by mail, CLBH will request that banks, brokers and other record holders send proxies and proxy material to the beneficial owners of CLBH common stock and secure their voting instructions. CLBH will reimburse the record holders for their reasonable expenses in taking those actions. If necessary, CLBH may use its directors and several of its regular employees, who will not be specially compensated, to solicit proxies from the CLBH shareholders, either personally or by telephone, facsimile, letter or electronic means.

Vote Required

As of the record date, 5,045,358 shares of CLBH common stock were issued and outstanding, each of which is entitled to one vote per share. Abstentions from voting and broker non-votes will be included in determining whether a quorum is present and will have the effect of a vote against the merger agreement.

Approval by holders of a majority of the shares of CLBH common stock outstanding on the record date is required to approve the merger agreement. Your failure to vote your shares (including your failure to instruct your broker to vote your shares) or your abstaining from voting will have the same effect as a vote against the merger agreement. The CLBH Board of Directors has unanimously adopted and approved the merger agreement and unanimously recommends that CLBH shareholders vote **FOR** the approval of the merger agreement.

As referenced above, all of the directors of CLBH have agreed to vote their shares in favor of the merger agreement; *provided* that such voting support agreements terminate in the event that the CLBH Board of Directors withdraws its recommendation in favor of the merger or approves or recommends an acquisition proposal from another party. As of the record date, CLBH's directors owned 354,285 shares, or 7.02%, of outstanding CLBH common stock (excluding shares underlying options).

The approval, on a non-binding advisory basis, of the proposal regarding compensation that certain executive officers of CLBH will receive under existing agreements or arrangements with CLBH in connection with the merger requires that the number of votes cast at the special meeting, in person or by proxy, in favor of the proposal exceeds the number of votes cast against the proposal. The CLBH Board of Directors unanimously recommends that CLBH shareholders vote **FOR** the approval of the compensation payable under existing agreements that certain of its officers will receive from CLBH in connection with the merger.

Approval of the merger agreement and approval of the compensation payable under existing agreements that certain CLBH officers will receive in connection with the merger are subject to separate votes of the CLBH shareholders, and approval of the compensation is not a condition to completion of the merger.

The approval of the proposal to adjourn or postpone the special meeting, if necessary or appropriate, including to solicit additional proxies to approve the merger agreement requires that the number of votes cast at the special

meeting, in person or by proxy, in favor of the proposal exceeds the number of votes cast against the proposal. The CLBH Board of Directors unanimously recommends that shareholders vote FOR this proposal.

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We are providing the following information to help you analyze the financial aspects of the merger. The following tables set forth summary historical operations and financial condition data and summary performance, asset quality and other information of First Bancorp at and for the periods indicated. You should read this data in conjunction with

First Bancorp's consolidated financial statements and notes thereto incorporated herein by reference from First Bancorp's Annual Report on Form 10-K for the year ended December 31, 2015 and First Bancorp's Quarterly Report on Form 10-Q for the quarter ended June 30, 2016. Financial amounts as of and for the six months ended June 30, 2016 and 2015 are unaudited and are not necessarily indicative of the results of operations for the full year or any other interim period, and management of First Bancorp believes that such amounts reflect all adjustments (consisting only of normal recurring adjustments) necessary for a fair presentation of its results of operations and financial position as of the dates and for the periods indicated. You should not assume the results of operations for past years and for the six months ended June 30, 2016 and 2015 indicate results for any future period.

	At and for the Six Months Ended June 30,		At and for the Years Ended December 31,		2013	2012	2011		
	2016	2015	2015	2014					
	<i>(in thousands, except per share data)</i>								
STATEMENTS OF									
INCOME									
Net interest income	\$65,442	\$62,718	\$126,655	\$139,832	\$147,511	\$152,520	\$155,768		
Provision for loan losses	3,709	3,410	6,908	8,223	10,985	17,320	23,565		
Interest income	61,733	59,308	119,747	131,609	136,526	135,200	132,203		
Provision (reversal) for	(23)	677	(780)	10,195	30,616	79,672	41,301
Net interest income after provision for loan losses	61,756	58,631	120,527	121,414	105,910	55,528	90,902		
Interest income	10,921	9,533	18,764	14,368	23,489	1,389	26,216		
Interest expense	50,920	48,014	98,131	97,251	96,619	97,275	96,106		
Income before income tax expense	21,757	20,150	41,160	38,531	32,780	(40,358)	21,012	
Income tax expense (benefit)	7,281	6,918	14,126	13,535	12,081	(16,952)	7,370	
Income	14,476	13,232	27,034	24,996	20,699	(23,406)	13,642	
Preferred stock dividends	117	429	603	868	895	2,809	6,166		
Discount accretion									
Income available to non shareholders	\$14,359	\$12,803	\$26,431	\$24,128	\$19,804	\$(26,215)	\$7,476	
COMMON AND PER SHARE DATA									
Income (loss) per non share:	\$0.72	\$0.65	\$1.34	\$1.22	\$1.01	\$(1.54)	\$0.44	

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ed	0.70	0.63	1.30	1.19	0.98	(1.54)	0.44					
dividends declared common share	0.16	0.16	0.32	0.32	0.32	0.32		0.32					
book common	17.64	16.51	16.96	16.08	15.30	14.51		16.66					
ble book common	\$13.80	\$13.10	\$13.56	\$12.63	\$11.81	\$11.00		\$12.53					
standing common s	20,087,942	19,780,017	19,747,509	19,709,881	19,679,659	19,669,302		16,909,8					
hted average basic non shares	19,852,580	19,750,316	19,767,470	19,699,801	19,675,597	17,049,513		16,856,0					
hted average diluted non shares	20,627,012	20,481,466	20,499,727	20,434,007	20,404,303	17,049,513		16,883,2					
end payout basic	22.22	%	24.62	%	23.88	%	26.23	%	31.68	%	-20.78	%	72.73
IOD-END													
ANCES													
assets	\$3,466,546	\$3,211,519	\$3,362,065	\$3,218,383	\$3,185,070	\$3,244,910		\$3,290,47					
ment	361,835	379,695	320,224	336,705	223,142	223,416		240,614					
ities carrying value	2,598,134	2,412,779	2,518,926	2,396,174	2,463,194	2,376,457		2,430,38					
loans	2,872,020	2,653,127	2,811,285	2,695,906	2,751,019	2,821,360		2,755,03					
sits	206,394	176,394	186,394	116,394	46,394	46,394		133,925					
owings	361,614	365,389	342,190	387,699	371,922	356,117		345,150					
holders equity													

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	At and for the Six Months Ended June 30,		At and for the Years Ended December 31,										
	2016	2015	2015	2014	2013	2012	2011						
	<i>(in thousands, except per share data)</i>												
AVERAGE BALANCES													
Total assets	\$3,352,984	\$3,196,920	\$3,230,302	\$3,219,915	\$3,208,458	\$3,311,289	\$3,315,045						
Interest-earning assets	3,046,867	2,906,251	2,936,624	2,907,098	2,805,112	2,857,541	2,834,938						
Investment securities carrying value	359,213	349,190	348,630	221,732	229,969	217,689	233,144						
Total loans	2,547,054	2,390,403	2,434,602	2,434,331	2,419,679	2,436,997	2,461,995						
Deposits	2,790,648	2,668,311	2,687,381	2,723,758	2,779,032	2,809,357	2,758,022						
Borrowings	186,504	118,715	149,792	99,380	46,394	119,541	122,743						
Shareholders equity	354,035	393,436	376,287	383,055	362,770	345,981	353,588						
SELECTED PERFORMANCE RATIOS													
Return on average assets ⁽¹⁾	0.86	% 0.81	% 0.82	% 0.75	% 0.62	% -0.79	% 0.23						
Return on average common equity ⁽²⁾	8.33	% 7.98	% 8.04	% 7.73	% 6.78	% -9.29	% 2.59						
Net interest margin tax-equivalent ⁽³⁾	4.14	% 4.17	% 4.13	% 4.58	% 4.92	% 4.78	% 4.72						
CAPITAL RATIOS													
Shareholders equity as a percentage of assets	10.43	% 11.38	% 10.18	% 12.05	% 11.68	% 10.97	% 10.49						
Tangible common equity to tangible assets	8.18	% 8.24	% 8.13	% 7.90	% 7.46	% 6.81	% 6.58						
Common equity Tier 1 to Tier 1 risk weighted assets	11.09	% 11.44	% 11.22	% 11.17	% 10.34	% 10.04	% 10.36						
Tier 1 risk-based capital	13.08	% 14.97	% 13.30	% 16.35	% 15.53	% 15.39	% 15.46						
Total risk-based capital	14.10	% 16.23	% 14.45	% 17.60	% 16.79	% 16.65	% 16.72						
Tier 1 leverage	10.38	% 11.29	% 10.38	% 11.61	% 11.18	% 10.24	% 10.21						
ASSET QUALITY INFORMATION													
Nonperforming assets Total	\$77,852	\$99,369	\$89,293	\$114,011	\$152,588	\$202,351	\$263,271						
Nonperforming assets Non-covered	69,828	86,136	77,193	95,330	81,965	106,105	122,309						
Nonperforming assets to total assets	2.25	% 3.09	% 2.66	% 3.54	% 4.79	% 6.24	% 8.00						
Nonperforming assets to total assets non-covered	2.06	% 2.78	% 2.37	% 3.09	% 2.78	% 3.64	% 4.30						
Net loan charge-offs to average total loans	0.20	% 0.78	% 0.46	% 0.74	% 1.18	% 3.06	% 2.00						
Net loan charge-offs to average total loans non-covered	0.35	% 0.83	% 0.58	% 0.65	% 0.72	% 3.02	% 1.52						
Net loan charge-offs to average total loans non-covered	1.00	% 1.33	% 1.13	% 1.70	% 1.97	% 1.95	% 1.70						

Allowance for loan losses													
to total loans													
Allowance for loan losses	0.99	%	1.31	%	1.11	%	1.69	%	1.96	%	1.99	%	1.72
to total loans non-covered													%

OTHER DATA

Number of full-service branches	88		87		88		87		96		97		97
Number of full-time equivalent employees	844		806		812		798		855		831		830

(1) Calculated by dividing net income (loss) available to common shareholders by average assets.

(2) Calculated by dividing net income (loss) available to common shareholders by average common equity.

(3) Calculated by dividing tax equivalent net interest income by average interest-earning assets. The tax equivalent adjustment was \$1.0 million and \$0.8 million for the six months ended June 30, 2016 and June 30, 2015, respectively, and 1.6 million, \$1.5 million, \$1.5 million, \$1.6 million, and \$1.3 million for the years ended December 31, 2015, 2014, 2013, 2012, and 2011, respectively.

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We are providing the following information to help you analyze the financial aspects of the merger. The following tables set forth summary historical operations and financial condition data and summary performance, asset quality and other information of CLBH at and for the periods indicated. You should read this data in conjunction with CLBH's Consolidated Financial Statements and notes thereto incorporated herein by reference from CLBH's Annual Report on Form 10-K for the year ended December 31, 2015 and CLBH's quarterly report on Form 10-Q for the quarter ended June 30, 2016. Financial amounts as of and for the six months ended June 30, 2016 and 2015 are unaudited and are not necessarily indicative of the results of operations for the full year or any other interim period, and management of CLBH believes that such amounts reflect all adjustments (consisting only of normal recurring adjustments) necessary for a fair presentation of its results of operations and financial position as of the dates and for the periods indicated. You should not assume the results of operations for past years and for the six months ended June 30, 2016 and 2015 indicate results for any future period.

	At and for the Six Months Ended June 30,		At and for the Years Ended December 31,		2013	2012	2011
	2016	2015	2015	2014			
	<i>(in thousands, except per share data)</i>						
STATEMENTS OF INCOME							
Interest income	\$ 13,227	\$ 13,053	\$ 26,370	\$ 26,448	\$ 26,071	\$ 29,393	\$ 30,790
Interest expense	1,427	1,378	2,725	3,191	3,756	5,206	6,695
Net interest income	11,800	11,675	23,645	23,257	22,315	24,187	24,095
Provision for loan losses		835	1,085	1,436	3,450	2,360	6,850
Net interest income after provision for loan losses	11,800	10,840	22,560	21,821	18,865	21,827	17,245
Noninterest income	5,558	7,411	13,643	9,413	14,334	19,650	11,182
Noninterest expense	14,084	13,643	27,934	27,004	27,620	30,243	25,473
Net income before income taxes	3,274	4,608	8,269	4,230	5,579	11,234	2,594
Income tax expense	930	1,313	2,502	884	1,569	3,732	557
Net income	2,344	3,295	5,767	3,346	4,010	7,502	2,397
Preferred stock dividends and discount accretion		341	341	933	1,082	1,226	1,174
Net income available to common shareholders	\$ 2,344	\$ 2,954	\$ 5,426	\$ 2,413	\$ 2,928	\$ 6,276	\$ 1,223
COMMON AND PER SHARE DATA							
Net income per common share:							
Basic	\$ 0.47	\$ 0.78	\$ 1.24	\$ 0.70	\$ 0.86	\$ 1.85	\$ 0.36
Diluted	0.46	0.70	1.17	0.70	0.85	1.85	0.36
Cash dividends declared per common share							

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Book value per common share	12.71	11.72	12.18	12.13	11.26	11.30	9.27	
Outstanding common shares	5,043,108	4,986,380	5,021,330	3,434,680	3,428,776	3,387,045	3,387,045	
Weighted average basic common shares	5,037,437	3,768,827	4,389,086	3,431,385	3,410,974	3,387,045	3,387,045	
Weighted average diluted common shares	5,041,832	4,224,666	4,260,411	3,433,603	3,426,764	3,395,383	3,387,045	
Dividend payout ratio	0.00	%	0.00	%	0.00	%	0.00	%

PERIOD-END

BALANCES

Total assets	\$706,495	\$683,685	\$700,798	\$679,263	\$661,807	\$691,868	\$673,325
Investment securities							
Available for sale, at fair value	45,610	48,198	47,360	51,200	62,016	42,036	42,208
Total loans, including loans held for sale	534,215	531,897	505,387	511,969	472,469	593,490	578,986
Deposits	599,148	592,719	607,307	594,898	579,097	590,925	596,639
Federal Home Loan Bank advances	12,627	2,733	2,681	2,785	2,885	15,982	3,075
Shareholders equity	64,120	58,460	61,139	52,655	49,604	53,862	46,558

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At and for the Six Months Ended June 30, 2016 At and for the Six Months Ended June 30, 2015 At and for the Years Ended December 31, 2015 2014 2013 2012 2011
(in thousands, except per share data)

AVERAGE BALANCES

Total assets	\$704,553	\$690,984	\$689,842	\$664,812	\$671,529	\$671,376	\$668,753
Interest-earning assets	660,500	646,386	643,032	620,996	627,492	626,735	621,888
Investment securities at amortized cost	61,951	64,660	63,650	75,588	57,695	43,635	48,354
Total loans, including loans held for sale	506,673	521,815	517,535	501,695	482,876	545,747	541,644
Deposits	599,609	602,444	599,496	582,991	585,112	588,392	593,698
Federal Home Loan Bank advances	11,881	2,755	2,729	3,170	3,428	3,736	3,204
Other borrowings	19,657	19,800	19,739	20,902	23,207	22,672	22,209
Shareholders equity	62,664	58,593	59,279	50,898	52,887	50,095	45,333

SELECT**PERFORMANCE****RATIOS**

Return on average assets	0.67	%	0.96	%	0.84	%	0.50	%	0.60	%	1.12	%	0.36	%
Return on average shareholders equity	7.52		11.34		9.73		6.57		7.58		14.98		5.29	
Net interest margin	3.67		3.70		3.73		3.80		3.59		3.89		3.92	

CAPITAL RATIOS

Average shareholders equity as a percentage of average assets	8.89	%	8.48	%	8.59	%	7.66	%	7.88	%	7.46	%	6.78	%
Shareholders equity as a percentage of assets	9.08		8.55		8.72		7.75		7.50		7.79		6.91	
Tier 1 risk-based capital	12.68		11.74		12.66		11.43		11.21		11.11		9.63	
Total risk-based capital	14.30		13.72		14.39		13.68		13.88		14.02		12.53	
Tier 1 leverage	10.33		9.65		10.16		9.11		8.88		9.09		8.04	

ASSET QUALITY**INFORMATION**

Allowance for loan losses	\$5,618	\$5,795	\$5,872	\$6,520	\$7,663	\$9,944	\$11,793							
Nonaccrual loans	5,101	11,716	3,110	6,458	16,731	13,067	22,915							
Nonperforming assets	9,313	17,068	7,702	12,068	19,060	19,007	29,643							
Loans 90 days past due and still accruing interest						33								
Net loans charged-off	254	1,560	1,733	2,579	5,731	4,209	7,416							
Allowance for loan losses as a percentage of gross loans	1.05	%	1.09	%	1.16	%	1.27	%	1.62	%	1.68	%	2.04	%
Nonaccrual loans and loans 90 days past due and still accruing interest as a percentage of gross loans	1.01		2.25		.60		1.29		3.46		2.39		4.23	
	1.32		2.50		1.10		1.78		2.88		2.75		4.40	

Nonperforming assets and loans 90 days past due and still accruing interest as a percentage of total assets							
Net loans charged-off as a percentage of average gross loans	0.10	0.60	0.33	0.51	1.19	0.77	1.37

OTHER DATA

Number of full-service branches	8	8	8	8	8	8	8
Number of full-time equivalent teammates	189	192	192	189	202	208	174

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UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

The following unaudited pro forma condensed combined financial information and explanatory notes show the impact on the historical financial positions and results of operations of First Bancorp and CLBH and have been prepared to illustrate the effects of the merger involving First Bancorp and CLBH under the acquisition method of accounting with First Bancorp treated as the acquirer. Under the acquisition method of accounting, the assets and liabilities of CLBH, as of the effective date of the merger, will be recorded by First Bancorp at their respective fair values and the excess of the merger consideration over the fair value of CLBH's net assets will be allocated to goodwill. The unaudited pro forma condensed combined income statements for the fiscal year ended December 31, 2015 and the six months ended June 30, 2016 are presented as if the merger had occurred on January 1, 2015. The historical consolidated financial information has been adjusted to reflect factually supportable items that are directly attributable to the merger and, with respect to the income statements only, expected to have a continuing impact on consolidated results of operations.

The unaudited pro forma condensed combined financial information is presented for illustrative purposes only and does not necessarily indicate the financial results of the combined companies had the companies actually been combined at the beginning of the periods presented. The adjustments included in these unaudited pro forma condensed combined financial statements are preliminary and may be revised. The unaudited pro forma condensed combined financial information also does not consider any potential impacts of potential revenue enhancements, anticipated cost savings and expense efficiencies, or asset dispositions, among other factors.

As explained in more detail in the accompanying notes to the unaudited pro forma condensed combined financial information, the pro forma allocation of purchase price reflected in the unaudited pro forma condensed combined financial information is subject to adjustment and may vary from the actual purchase price allocation that will be recorded at the time the merger is completed.

The unaudited pro forma condensed combined financial information is provided for informational purposes only. The unaudited pro forma condensed combined financial information is not necessarily, and should not be assumed to be, an indication of the results that would have been achieved had the transaction been completed as of the dates indicated or that may be achieved in the future. The preparation of the unaudited pro forma condensed combined financial information and related adjustments required management to make certain assumptions and estimates.

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Unaudited Pro Forma Condensed Combined Balance Sheet

As of June 30, 2016

(\$ in thousands)	First Bancorp	CLBH	Pro Forma Adjustments	Notes	Pro Forma Combined
ASSETS					
Cash & due from banks, noninterest-bearing	\$58,956	6,869			65,825
Due from banks, interest-bearing	189,404	64,199	(34,492)	1	219,111
Federal funds sold	143				143
Total cash and cash equivalents	248,503	71,068	(34,492)		285,079
Securities available for sale	219,762	45,610			265,372
Securities held to maturity	142,073	14,370	307	2	156,750
Loans and leases held for sale	4,104	57,432			61,536
Loans noncovered	2,519,747	476,783	(10,119)	3	2,986,411
Loans covered by FDIC loss share agreement	78,387				78,387
Total Loans	2,598,134	476,783	(10,119)		3,064,798
Allowance for loan losses noncovered	(24,949)	(5,618)	5,618	4	(24,949)
Allowance for loan losses covered	(1,074)				(1,074)
Total allowance for loan losses	(26,023)	(5,618)	5,618		(26,023)
Net loans	2,572,111	471,165	(4,501)		3,038,775
Premises and equipment	76,991	18,618	(2,000)	5	93,609
Other real estate	10,606	4,212	(1,376)	6	13,442
Goodwill	73,541		30,234	7	103,775
Other intangible assets	3,612		7,138	8	10,750
FDIC indemnification asset	5,157				5,157
Other	110,086	24,020	(1,099)	9	133,007
Total assets	\$3,466,546	706,495	(5,789)		4,167,252
LIABILITIES					
Deposits: Demand noninterest-bearing	\$709,887	140,717			850,604
Interest-bearing	2,162,133	458,431	(315)	10	2,620,249
Total deposits	2,872,020	599,148	(315)		3,470,853
Securities sold under agreement to repurchase		47			47
Borrowings	160,000	12,627			172,627
Subordinated notes and debentures	46,394	19,610	(3,399)	11	62,605
Other liabilities	26,518	10,943			37,461
Total liabilities	3,104,932	642,375	(3,714)		3,743,593
SHAREHOLDERS EQUITY					
Preferred stock	7,287				7,287
Common stock	139,832	5,043	61,582	12	206,457
Additional paid-in-capital		29,448	(29,448)	13	
Retained earnings	216,223	28,518	(33,098)	14	211,643
Stock in directors' rabbi trust		(2,015)			(2,015)

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Directors' deferred fee obligation		2,015			2,015
Accumulated other comprehensive income	(1,728)	1,111	(1,111)	15	(1,728)
Total shareholders' equity	361,614	64,120	(2,075)		423,659
Total liabilities and shareholders' equity	\$3,466,546	706,495	(5,789)		4,167,252

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Unaudited Pro Forma Condensed Combined Statement of Income For the Six Months Ended June 30, 2016

	First Bancorp	CLBH	Pro Forma Adjustments	Notes	First Bancorp and CLBH Pro Forma Combined
	(\$ in thousands, except per share data)				
Interest income					
Interest and fees on loans	\$60,382	\$ 11,983	\$		\$72,365
Interest on investment securities					
Taxable interest income	3,784	717	(31	) 16	4,470
Tax exempt interest income	877	233			1,110
Other, principally overnight investments	399	294	(345	) 17	348
Total interest income	65,442	13,227	(376	) 17	78,293
Interest expense					
Savings, checking and money market accounts	803	466			1,269
Time deposits	1,803	508	32	18	2,343
Borrowings	1,103	453	94	19	1,650
Total interest expense	3,709	1,427	126		5,262
Net interest income	61,733	11,800	(502	) 17	73,031
Provision for loan losses noncovered	2,109				2,109
Provision (reversal) for loan losses covered	(2,132	)			(2,132
Total provision (reversal) for loan losses	(23	)			(23
Net interest income after provision (reversal) for loan losses	61,756	11,800	(502	) 17	73,054
Noninterest income					
Service charges on deposit accounts	5,250	239			5,489
Other charges, commissions and fees	5,873	359			6,232
Mortgage banking income	781	4,582			5,363
Commissions from sales of insurance and financial products	1,875	25			1,900
SBA consulting fees	720				720
Bank-owned life insurance income	1,012	182			1,194
Securities gains (losses)	3				3
Foreclosed property gains (losses) noncovered	(793	)	(75	)	(868
Foreclosed property gains (losses) covered	870				870
Indemnification asset income	(4,544	)			(4,544
Other gain (losses)	(126	)	171		45
Total noninterest income	10,921	5,483			16,404
Noninterest expenses					
Salaries and employee benefits	29,319	8,680			37,999
Occupancy and equipment expense	5,575	1,448			7,023

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Merger and acquisition expenses	686	585			1,271
Intangibles amortization	447		377	20	824
Other	14,893	3,296			18,189
Total noninterest expenses	50,920	14,009	377		65,306
Income before income taxes	21,757	3,274	(879)	)	24,152
Income taxes	7,281	930	(325)	)	7,886
Net income	14,476	2,344	(554)	)	16,266
Preferred stock dividends	(117)	)			(117)
Net income available to common shareholders	\$14,359	\$2,344	\$(554)	)	\$16,149
Basic earnings per share	\$0.72	\$0.47			\$0.68
Diluted earnings per share	\$0.70	\$0.46			\$0.67
Weighted average common shares basic	19,852,580	5,037,000	(1,247,105)	21	23,642,475
Weighted average common shares diluted	20,627,012	5,042,000	(1,252,105)	21	24,416,907

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Unaudited Pro Forma Condensed Combined Statement of Income For the Year Ended December 31, 2015

	First Bancorp	CLBH	Pro Forma Adjustments	Notes	First Bancorp and CLBH Pro Forma Combined
	(\$ in thousands, except per share data)				
Interest income					
Interest and fees on loans	\$ 117,872	\$ 24,314	\$		\$ 142,186
Interest on investment securities					
Taxable interest income	6,296	1,310	(61	) 16	7,545
Tax exempt interest income	1,829	479			2,308
Other, principally overnight investments	658	267	(690	) 17	235
Total interest income	126,655	26,370	(751	)	152,274
Interest expense					
Savings, checking and money market accounts	1,192	953			2,145
Time deposits	4,127	1,142	63	18	5,332
Borrowings	1,589	630	189	19	2,408
Total interest expense	6,908	2,725	252		9,885
Net interest income	119,747	23,645	(1,003	)	142,389
Provision for loan losses noncovered	2,008	1,085			3,093
Provision (reversal) for loan losses covered	(2,788	)			(2,788
Total provision (reversal) for loan losses	(780	) 1,085			305
Net interest income after provision (reversal) for loan losses	120,527	22,560	(1,003	)	142,084
Noninterest income					
Service charges on deposit accounts	11,648	558			12,206
Other charges, commissions and fees	10,906	674			11,580
Mortgage banking income	2,532	12,054			14,586
Commissions from sales of insurance and financial products	2,580	41			2,621
Bank-owned life insurance income	1,665	360			2,025
Securities gains (losses)	(1	) 27			26
Foreclosed property gains (losses) noncovered	(2,504	) (107	)		(2,611
Foreclosed property gains (losses) covered	1,018				1,018
Indemnification asset income	(8,615	)			(8,615
Other gain (losses)	(465	) 71			(536
Total noninterest income	18,764	13,536			32,300
Noninterest expenses					
Salaries and employee benefits	56,794	17,784			74,578
Occupancy and equipment expense	11,107	3,105			14,212
Intangibles amortization	722		754	20	1,476

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Other	29,508	6,938			36,446
Total noninterest expenses	98,131	27,827	754		126,712
Income before income taxes	41,160	8,269	(1,757)		47,672
Income taxes	14,126	2,502	(650)		15,978
Net income	27,034	5,767	(1,107)		31,694
Preferred stock dividends	(603)	(341)			(944)
Net income available to common shareholders	\$26,431	\$5,426	\$(1,107)		\$30,750
Basic earnings per share	\$1.34	\$1.24			\$1.31
Diluted earnings per share	\$1.30	\$1.17			\$1.28
Weighted average common shares basic	19,767,470	4,389,086	(599,191)	21	23,557,365
Weighted average common shares diluted	20,499,727	4,620,411	(830,516)	21	24,289,622

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Notes to Unaudited Pro Forma Consolidated Information

(\$ in thousands except per share data)

Note I Pro Forma Adjustments

The following pro forma adjustments have been reflected in the unaudited pro forma combined consolidated financial information. All adjustments are based on current assumptions and valuations, which are subject to change.

1. This represents the cash portion of the merger consideration of \$25,215, the cash out of the employee stock options of \$122 and merger-related charges that are expected to be incurred amounting to \$9,155.
2. This is the estimated fair market value adjustment to the held to maturity securities portfolio.
3. This is the estimated fair value adjustment of the acquired loan portfolio, based on First Bancorp's evaluation.
4. The existing CLBH allowance for loan losses is not carried over under applicable accounting rules.
5. This is the estimated fair market value adjustment to CLBH's land and buildings, based on First Bancorp's evaluation.
6. This is the estimated fair market value adjustment to CLBH's foreclosed real estate holdings, based on First Bancorp's evaluation.
7. This is the estimated goodwill that will be created in this transaction as a result of the consideration paid being greater than the net assets acquired.
8. This is the estimated core deposit intangible related to acquired core deposit accounts.
9. This is the estimated deferred tax liability associated with the fair market value adjustments at a 34% blended effective tax rate.
10. This is the estimated fair market value adjustment associated with the interest rate being paid on time deposits based on similar market products.
11. This is the estimated fair market value adjustment associated with CLBH borrowings.
This is the adjustment necessary to reflect the expected issuance of 3,789,896 shares of First Bancorp common stock based at a value of \$17.58 per share (the closing price of First Bancorp stock on June 30, 2016), resulting in stock merger consideration of approximately \$66,625.
12. The additional paid-in-capital of CLBH is eliminated as part of the accounting entries to reflect the transaction.
This reflects the elimination of CLBH's retained earnings as part of the accounting entries to reflect the transaction as well as the estimated merger-related expense that will be incurred by First Bancorp and will reduce First Bancorp's retained earnings, which was estimated at one-half of the total expected merger-related charges.
13. The accumulated comprehensive income of CLBH is eliminated as part of the accounting entries to reflect the transaction.
14. This reflects the expected amortization expense associated with the fair market value adjustment related to securities.
15. This is the estimate of foregone interest income that is expected as a result of the cash outlay described in note 1.
16. This is the estimate of amortization expense associated with the fair market value adjustment related to time deposits.
17. This is the estimate of amortization expense associated with the fair market value adjustment related to borrowings.
- 18.
- 19.
- 20.

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20. This is the estimated amortization expense of the core deposit intangible.
21. This is the adjustment necessary to reflect the expected number of First Bancorp shares to be issued as merger consideration of 3,789,896.

Note II Merger Related Charges

The estimated transaction costs related to the merger are approximately \$9.1 million, net of tax. This cost is included in the Pro Forma Combined Consolidated Balance Sheet. These estimated transaction costs are still being developed and will continue to be refined over the next several months, and will include assessing personnel, benefit plans, premises, equipment, and service contracts to determine where they may take advantage of redundancies. These costs will be recorded as non-interest expense as incurred. The pro forma presentation of transaction costs is in the following table.

Merger Transaction Costs Schedule	
Salaries and employee benefits	\$ 6,300
Professional fees	2,500
Other noninterest expense	4,300
Total merger related costs	13,100
Applicable tax benefit	4,000
Net expense after tax benefit	\$ 9,100

Note III Preliminary Purchase Accounting Allocation

The unaudited pro forma combined consolidated financial information reflects the issuance of 3,789,896 shares of First Bancorp common stock with an aggregate value of \$66.6 million, as well as cash consideration of approximately \$25.3 million. The merger will be accounted for using the acquisition method of accounting; accordingly, First Bancorp's cost to acquire CBLH will be allocated to the assets (including identifiable intangible assets) and liabilities of CLBH at their respective estimated fair values as of the merger date. Accordingly, the pro forma purchase price was preliminarily allocated to the assets acquired and the liabilities assumed based on their estimated fair values, as summarized in the following table.

\$66,625	Stock consideration (5,043 X 75% X 1.002 Exchange Ratio X \$17.58 FBNC Stock Price on 6/30/16)
25,332	Cash consideration
91,957	Total merger consideration
64,120	Equity of CLBH
27,837	Preliminary goodwill amount
4,580	Deal charges assumed that 50% are incurred by CLBH

<u>Fair Value Adjustments</u>	
(307)	Held to maturity securities
4,501	Loan mark, net of allowance
2,000	Premises
1,376	Foreclose real estate
(7,138)	Core deposit intangible
(315)	Time deposits interest rate mark
(3,399)	Trust preferred security interest rate mark
1,099	Deferred tax liability associated with fair value adjustments
\$30,234	Total goodwill

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The following table shows per common share data regarding basic and diluted earnings, cash dividends and book value for (i) First Bancorp and CLBH on a historical basis, (ii) First Bancorp and CLBH on a pro forma combined basis, and (iii) CLBH on a pro forma equivalent basis. The pro forma information has been derived from and should be read in conjunction with First Bancorp's and CLBH's audited consolidated financial statements for the year ended December 31, 2015 and quarter ended June 30, 2016 incorporated herein by reference. This information is presented for illustrative purposes only. You should not rely on the pro forma combined or pro forma equivalent amounts as they are not necessarily indicative of the operating results or financial position that would have occurred if the merger had been completed as of the dates indicated, nor are they necessarily indicative of the future operating results or financial position of the combined company. The pro forma information, although helpful in illustrating the financial characteristics of the combined company under one set of assumptions, does not reflect the benefits of expected cost savings, opportunities to earn additional revenue, the impact of restructuring and merger-related costs, or other factors that may result as a consequence of the merger and, accordingly, does not attempt to predict or suggest future results.

	Unaudited Comparative Per Common Share Data			
	First Bancorp	CLBH	First Bancorp Pro Forma Combined ⁽¹⁾	CLBH Pro Forma Equivalent Per Share ⁽²⁾
Basic Earnings				
Year ended December 31, 2015	\$ 1.34	\$ 1.24	\$ 1.31	\$ 1.31
Six months ended June 30, 2016	\$ 0.72	\$ 0.47	\$ 0.68	\$ 0.68
Diluted Earnings				
Year ended December 31, 2015	\$ 1.30	\$ 1.17	\$ 1.28	\$ 1.28
Six months ended June 30, 2016	\$ 0.70	\$ 0.46	\$ 0.67	\$ 0.67
Cash Dividends Declared⁽³⁾				
Year ended December 31, 2015	\$ 0.32	\$ 0.00	\$ 0.32	\$ 0.32
Six months ended June 30, 2015	\$ 0.16	\$ 0.00	\$ 0.16	\$ 0.16
Tangible Book Value				
December 31, 2015	\$ 13.56	\$ 12.18	\$ 12.42	\$ 12.44
June 30, 2016	\$ 13.80	\$ 12.71	\$ 12.64	\$ 12.67

(1) First Bancorp Pro Forma Combined amounts are calculated by adding the First Bancorp historical amounts together with the CLBH historical amounts, adjusted for the estimated purchase accounting adjustments to be recorded in connection with the CLBH merger and an estimated 3.8 million shares of First Bancorp common stock to be issued pursuant to the terms of the merger agreement.

(2) Computed by multiplying the First Bancorp pro forma combined amounts by the exchange ratio of 1.002.

(3) First Bancorp pro forma combined cash dividends paid are based only upon First Bancorp's historical amounts.

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RISK FACTORS

*In addition to general investment risks and the other information contained in or incorporated by reference into this document, including the matters addressed under the section **Cautionary Statement Regarding Forward-Looking Statements**, you should carefully consider the following risk factors in deciding how to vote for the proposals presented in this document. In addition, you should read and consider the risks associated with First Bancorp's business because these risks will relate to the combined company. A description of some of these risks can be found in the Annual Report on Form 10-K filed by First Bancorp for the year ended December 31, 2015, as updated by other reports filed with the SEC, which are incorporated by reference into this document. You should also consider the other information in this document and the other documents incorporated by reference herein. See **Where You Can Find More Information and Incorporation of Certain Documents By Reference** on page 84.*

Because the market price of First Bancorp common stock will fluctuate, CLBH shareholders electing to receive stock cannot be sure of the value of the merger consideration they will receive.

Upon completion of the merger, each share of CLBH common stock will be converted into the merger consideration consisting of shares of First Bancorp common stock or cash. If a CLBH shareholder receives only cash as merger consideration, the value of the merger consideration that such CLBH shareholder receives will be independent of any fluctuations in the market price of First Bancorp common stock. The market value of the merger consideration received by CLBH shareholders who receive all or part of the merger consideration in the form of First Bancorp shares will vary with the price of First Bancorp's common stock. First Bancorp's stock price changes daily as a result of a variety of other factors in addition to the business and relative prospects of First Bancorp, including general market and economic conditions, industry trends, and the regulatory environment. These factors are beyond First Bancorp's control. You should obtain current market quotations for shares of First Bancorp common stock.

The market price of First Bancorp common stock after the merger may be affected by factors different from those affecting the shares of CLBH or First Bancorp currently.

Upon completion of the merger, certain holders of CLBH common stock will become holders of First Bancorp common stock. First Bancorp's business differs from that of CLBH, and, accordingly, the results of operations of the combined company and the market price of First Bancorp common stock after the completion of the merger may be affected by factors different from those currently affecting the independent results of operations of each of First Bancorp and CLBH.

CLBH shareholders may receive a form of consideration different from what they elect.

Although each CLBH shareholder may elect to receive all cash or all stock, the total merger consideration shall be prorated as necessary to ensure that 25% of the total outstanding shares of CLBH common stock will be exchanged for cash and 75% of the total outstanding shares of CLBH common stock will be exchanged for shares of First Bancorp common stock. Accordingly, if the aggregate cash elections are greater than the maximum, each cash election will be reduced pro rata based on the amount that the aggregate cash elections exceed the cash election maximum. Alternatively, if the aggregate stock elections are greater than the maximum, each stock election will be

reduced pro rata based on the amount that the aggregate stock elections exceed the stock election maximum.

At the time you vote with respect to the merger agreement, you will not know how much cash or the number of First Bancorp shares you will receive as a result of the merger.

CLBH s officers and directors have interests in the merger in addition to or different from the interests that they share with you as a CLBH shareholder.

The CLBH Board of Directors approved the merger agreement and is recommending that CLBH shareholders vote for the merger agreement. In considering these facts and the other information contained in these materials, you should be aware that certain of CLBH s executive officers and directors have economic interests in the merger that are different from or in addition to the interests that they share with you as a CLBH shareholder. These interests include, upon the completion of the merger, the payment of certain

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amounts to Messrs. Braswell, Liles, Hornfeck, and Spiker under existing employment agreements. See Proposal No. 1 The Merger-Interests of the Directors and Officers of CLBH and Carolina Bank in the Merger on page 55.

First Bancorp may be unable to successfully integrate CLBH's operations and retain its key employees.

The merger involves the integration of two companies that previously operated independently. The difficulties of combining the companies' operations include integrating personnel, departments, systems, operating procedures and information technologies and retaining key employees. Failures in integrating operations or the loss of key personnel could have a material adverse effect on the business and results of operations of the combined company.

Regulatory approvals may not be received, may take longer than expected or may impose conditions that are not presently anticipated or cannot be met.

Before the transactions contemplated by the merger agreement, including the merger and bank merger, may be completed, various approvals must be obtained from bank regulatory authorities. These governmental entities may impose conditions on the granting of such approvals. Such conditions or changes and the process of obtaining regulatory approvals could have the effect of delaying completion of the merger or of imposing additional costs or limitations on First Bancorp following the merger. The regulatory approvals may not be received at all, may not be received in a timely fashion, and may contain conditions on the completion of the merger that are not anticipated or cannot be met. If the consummation of the merger is delayed, including by a delay in receipt of necessary governmental approvals, the business, financial condition and results of operations of each company may also be materially adversely affected.

If the merger is not completed, First Bancorp common stock and CLBH common stock could be materially adversely affected.

The merger is subject to customary conditions to closing, including the approval of the CLBH shareholders. In addition, First Bancorp and CLBH may terminate the merger agreement under certain circumstances. If First Bancorp and CLBH do not complete the merger, the market price of First Bancorp common stock or CLBH common stock may fluctuate to the extent that the current market prices of those shares reflect a market assumption that the merger will be completed. Further, whether or not the merger is completed, First Bancorp and CLBH will also be obligated to pay certain investment banking, legal and accounting fees and related expenses in connection with the merger, which could negatively impact results of operations when incurred. In addition, neither company would realize any of the expected benefits of having completed the merger. If the merger is not completed, First Bancorp and CLBH cannot assure their respective shareholders that additional risks will not materialize or not materially adversely affect the business, results of operations and stock prices of First Bancorp and CLBH.

The termination fee contained in the merger agreement may discourage other companies from trying to acquire CLBH.

CLBH has agreed to pay a termination fee of \$3.5 million to First Bancorp if, under certain circumstances, the merger agreement is terminated and, at the time of termination, a competing offer is outstanding or such offer has been accepted by CLBH. This fee could discourage other companies from trying to acquire CLBH.

CLBH's officers and directors have interests in the merger in addition to other different from the interests that they share

CLBH shareholders will have a reduced ownership and voting interest after the merger and will exercise less influence over management.

CLBH shareholders currently have the right to vote in the election of the CLBH Board of Directors and on other matters affecting CLBH. Upon the completion of the merger, each CLBH shareholder receiving shares of First Bancorp common stock in accordance with the merger agreement will be a shareholder of First Bancorp with a percentage ownership of First Bancorp that is smaller than such shareholder's current percentage ownership of CLBH. It is currently expected that the former shareholders of CLBH as a group will receive shares in the merger constituting approximately 3,799,998 of the outstanding shares of First Bancorp's common stock immediately after the merger. Because of this, CLBH shareholders will have less influence on the management and policies of First Bancorp than they now have on the management and policies of CLBH.

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The merger may fail to qualify as a reorganization for federal income tax purposes, resulting in a CLBH shareholder's recognition of taxable gain or loss in respect of all of his or her shares of CLBH common stock.

First Bancorp and CLBH intend for the merger to qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (the Code). We will not ask the Internal Revenue Service (IRS) to provide a ruling on the matter. First Bancorp and CLBH will, as a condition to closing, obtain an opinion from First Bancorp's counsel that the merger will constitute a reorganization for federal income tax purposes. However, this opinion does not bind the IRS or prevent the IRS from adopting a contrary position. If the merger fails to qualify as a reorganization, CLBH shareholders generally would recognize gain or loss on all shares of CLBH common stock surrendered in the merger, regardless of whether surrendered for cash consideration or stock consideration. For each share, the gain or loss recognized would be an amount equal to the difference between the shareholder's adjusted tax basis in that share and the amount of cash or the fair market value of the First Bancorp common stock received in exchange for that share upon completion of the merger. If the merger qualifies as a reorganization, CLBH shareholders may still recognize taxable gain with respect to the amount of cash received upon completion of the merger in exchange for their shares of CLBH common stock.

There are certain risks relating to First Bancorp's business.

You should read and consider risk factors specific to First Bancorp's business that will also affect the combined company after the merger. These risks are described in the section entitled Risk Factors in First Bancorp's Annual Report on Form 10-K for the fiscal year ended December 31, 2015 and in other documents incorporated by reference into this document. See Where You Can Find More Information for the location of information incorporated by reference into this document.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This document and the documents that are incorporated by reference herein contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, about First Bancorp, CLBH and their subsidiaries. These forward-looking statements are intended to be covered by the safe harbor for forward-looking statements provided by the Private Securities Litigation Reform Act of 1995. Forward-looking statements are not statements of historical fact, and can be identified by the use of forward-looking terminology such as believes, expects, may, will, could, should, projects, plans, potential, estimates, pro forma, seeks, intends, or anticipates or the negative thereof or comparable terminology. Forward-looking statements include discussions of strategy, financial projections, guidance and estimates (including their underlying assumptions), statements regarding plans, objectives, expectations or consequences of various transactions, and statements about the future performance, operations, products and services of First Bancorp and its subsidiaries after the proposed merger. Forward-looking statements involve risks, uncertainties, assumptions, and certain other factors that could cause actual results to differ from results expressed or implied by the forward-looking statements, including, but not limited to the factors set forth under the Risk Factors section above or in First Bancorp's or CLBH's Annual Report on Form 10-K for the fiscal year ended December 31, 2015, as well as the following factors:

competition from other companies that provide financial services similar to those offered by First Bancorp and CLBH;

combining the businesses of First Bancorp and CLBH may cost more or take longer than expected;

retaining key personnel of First Bancorp and CLBH may be more difficult than expected;

revenues of the combined entity following the merger may be lower than expected, and the operating costs of the combined entity may be higher than expected;

expected cost savings resulting from the merger may not be fully realized, or may not be realized as soon as expected;

the occurrence of any event, change or other circumstances that could give rise to the termination of the merger agreement between First Bancorp and CLBH;

the inability to complete the transactions contemplated by the merger agreement due to the failure to satisfy each party's respective conditions to completion, including the receipt of regulatory approval or CLBH shareholder approval;

interest rate risk involving the effect of a change in interest rates on both First Bancorp's and CLBH's earnings and the market value of the equity securities portfolios;

liquidity risk affecting First Bancorp's and CLBH's ability to meet their obligations when they come due;

general economic conditions (both generally and in First Bancorp's markets) may be less favorable than expected, which could result in, among other things, a deterioration in credit quality, a reduction in demand for credit and a decline in real estate values;

a general decline in the real estate and lending markets, particularly in First Bancorp's market areas, could negatively affect its financial results;

risk associated with income taxes including the potential for adverse adjustments and the inability of First Bancorp to fully realize deferred tax benefits;

increased cybersecurity risk, including potential network breaches, business disruptions or financial losses;