

FIRST BANCORP /NC/  
Form DEF 14A  
March 21, 2019

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**SCHEDULE 14A**

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

Exchange Act of 1934 (Amendment No. \_\_\_\_\_)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

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

**First Bancorp**

(Name of Registrant as Specified in Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

Edgar Filing: FIRST BANCORP /NC/ - Form DEF 14A

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

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

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

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

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

(1) Amount previously paid:

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

(3) Filing party:

(4) Date filed:

**300 SW Broad Street**

**Southern Pines, North Carolina 28387**

**Telephone (910) 246-2500**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

**TO BE HELD THURSDAY, MAY 9, 2019**

**To Our Shareholders:**

The annual meeting of shareholders of First Bancorp (the “Company”) will be held at the Main Office of First Bank, located at 300 SW Broad Street, Southern Pines, North Carolina 28387 on Thursday, May 9, 2019, at 1:30 p.m. local time, for the purpose of considering and acting on the following matters:

1. To elect 13 nominees to the Board of Directors to serve until the 2020 annual meeting of shareholders, or until their successors are elected and qualified.
2. To ratify the appointment of BDO USA, LLP as the independent auditors of the Company for 2019.
3. To approve, on a non-binding advisory basis, the compensation paid to the Company’s named executive officers, as disclosed in the accompanying Proxy Statement (“say on pay”).
4. Such other business as may properly come before the annual meeting and any adjournment thereof.

Only shareholders of record as of the close of business on March 11, 2019 are entitled to notice of and to vote at the annual meeting and any adjournment thereof. We first mailed the Notice of Internet Availability of Proxy Materials to our shareholders on or about March 21, 2019.

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Shareholders to be Held on May 9, 2019:**

**The Notice and Proxy Statement and the Company's 2018 Annual Report on Form 10-K are available on the Internet at [www.proxyvote.com](http://www.proxyvote.com).**

The Proxy Statement accompanying this Notice sets forth further information concerning the proposals to be considered at the annual meeting. You are urged to study this information carefully. The 2018 Annual Report on Form 10-K includes the Company's financial statements and other required disclosures, but does not constitute proxy solicitation material.

By Order of the Board of Directors

Elizabeth B. Bostian

Secretary

March 21, 2019

**300 SW Broad Street**

**Southern Pines, North Carolina 28387**

**Telephone (910) 246-2500**

## **PROXY STATEMENT**

**Introduction.** This Proxy Statement is furnished to the shareholders (“shareholders,” “you,” or “your”) of First Bancorp (the “Company,” “us,” “we” or “our”) by our Board of Directors (hereinafter sometimes referred to as the “Board” or the “Board of Directors”) in connection with its solicitation of proxies for use at the annual meeting of shareholders of the Company (the “Annual Meeting”) to be held on Thursday, May 9, 2019, at 1:30 p.m. local time, at the Main Office of First Bank, 300 SW Broad Street, Southern Pines, North Carolina 28387, and at any adjournment thereof. Action will be taken at the Annual Meeting on the items described in the Notice of Annual Meeting and on any other business that properly comes before the Annual Meeting.

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

**Internet Availability of Proxy Materials.** We are providing proxy materials to our shareholders primarily via the Internet, instead of mailing printed copies of those materials to each shareholder. By doing so, we save costs and reduce the environmental impact of our Annual Meeting. On or about March 21, 2019, we mailed a Notice of Internet Availability of Proxy Materials (“Internet Notice”) to certain of our shareholders. The Internet Notice contains instructions about how to access our proxy materials and vote online or by telephone. If you would like to receive a paper copy of our proxy materials, please follow the instructions included in the Internet Notice. If you previously chose to receive our proxy materials electronically, you will continue to receive access to these materials via email unless you elect otherwise.

**Proxy Card.** The Board has designated Richard H. Moore and Elizabeth B. Bostian to serve as the proxy holders (the “Proxy Holders”) for the Annual Meeting. As Proxy Holders, they will vote the shares represented by proxies at the Annual Meeting. If you sign, date and return your Proxy Card but do not specify how to vote your shares, the Proxy Holders will vote FOR the election of all of the Director nominees, FOR ratification of BDO USA, LLP as the Company’s independent auditors, and FOR approval of the advisory vote on the compensation of our named executive

officers. The Proxy Holders will also have discretionary authority to vote in accordance with their judgment on any other matter that may properly come before the Annual Meeting.

**Quorum and Shares Outstanding.** A quorum, which is a majority of the total shares outstanding as of the record date, must be present to hold the Annual Meeting. A quorum is calculated based on the number of shares represented by shareholders attending in person or by proxy. On March 11, 2019 (the “Record Date”), a total of 29,742,062 shares of our common stock were outstanding. We also count broker non-votes, which we describe below, as shares present or represented at the Annual Meeting for the purpose of determining whether a quorum exists. If a quorum is not present or represented at the Annual Meeting, the shareholders present and entitled to vote have the power to adjourn the Annual Meeting from time to time, without notice other than announcement at the Annual Meeting, until a quorum is present or represented. At any such adjourned meeting at which a quorum is present or represented, any business may be transacted that might have been transacted at the Annual Meeting as originally notified.

**Election of Directors.** Each share is entitled to one vote, except in the election of directors where a shareholder may cumulate votes as to nominees, but only when a shareholder gives notice of intent to cumulate votes prior to the voting on nominees for election at the Annual Meeting. If any shareholder gives such notice, all shareholders may cumulate their votes for nominees. Under cumulative voting, each share carries as many votes as the number of Directors to be elected, and the shareholder may cast all of such votes for a single nominee or distribute them in any manner among as many nominees as desired. This Proxy Statement solicits the discretionary authority to cumulate votes and allocate them in the Proxy Holders’ discretion if any shareholder requests cumulative voting. Directors will be elected by the affirmative vote of the majority of votes cast, with a plurality vote standard for a contested director election, that is, when the number of director nominees exceeds the number of Board seats for which elections are being held. If your Proxy Card is marked “Withhold” with regard to the election of any nominee, your shares will be counted toward a quorum and voted for the other nominees, but they will not be voted for the election of that nominee. If you attend the Annual Meeting and have already voted, you must vote in person in order to rescind your previous vote.

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

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

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

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

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

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

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

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

**Beneficial Shareholders.** If your shares are held in a brokerage account in the name of your bank, broker, or other holder of record (“street name”), you are not a registered holder, but rather are considered a beneficial holder of those shares. Your bank, broker, or other holder of record will send you instructions on how to vote your shares. If you are a

beneficial holder, you must obtain a proxy, executed in your favor, from the holder of record to be able to vote in person at the Annual Meeting.

**Voting Deadlines.** The Internet and telephone voting facilities for eligible shareholders of record will close at 11:59 p.m., Eastern Daylight Savings Time, on May 8, 2019. For shareholders that hold their shares in a brokerage account, please refer to the deadlines established by the broker. For shareholders in our 401(k) plan, the Internet and telephone voting facilities will close at 11:59 p.m., Eastern Daylight Savings Time, on May 6, 2019.



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

### **Additional Information**

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

**Electronic Access to Proxy Materials and Annual Report.** This Proxy Statement and the 2018 Annual Report on Form 10-K are available at [www.proxyvote.com](http://www.proxyvote.com). If you hold your common stock in street name through a broker, a bank or other nominee, you may have the option of receiving your Proxy Statement and Annual Report on Form 10-K via the Internet. If you submit your proxy this year electronically, you may also elect to receive future Proxy Statements, Annual Reports on Form 10-K and other materials electronically by following the instructions given by your bank, broker, or other holder of record when you vote.

### **PRINCIPAL HOLDERS OF VOTING SECURITIES**

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

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class (1)
--------------------------------------	--	----------------------

RMB Capital Holdings, LLC, et al.

115 S. LaSalle Street

1,513,740 shares (2) 5.09%

34<sup>th</sup> Floor

Chicago, IL 60603

Dimensional Fund Advisors LP

Building One

1,513,497 shares (3) 5.09%

6300 Bee Cave Road

Austin, TX 78746

BlackRock Inc.

55 East 52<sup>nd</sup> Street

2,175,436 shares (4) 7.31%

New York, NY 10055

- (1) Based on a total of 29,742,062 shares of our common stock outstanding as of the Record Date.
- (2) Based on a Schedule 13G filed by RMB Capital Holdings, LLC, et. al on February 14, 2019, and the Schedule indicates shared power to vote or dispose of these shares.
- (3) Based on a Schedule 13G filed by Dimensional Fund Advisors LP on February 8, 2019, and the Schedule indicates sole power to vote 1,406,723 shares and sole power to dispose of 1,513,497 shares. Dimensional Fund Advisors LP disclaims beneficial ownership of the securities reported in the Schedule 13G.
- (4) Based on a Schedule 13G/A filed by BlackRock Inc. on February 4, 2019, and the Schedule indicates sole power to vote 2,102,166 shares and sole power to dispose of 2,175,436 shares.

## **PROPOSAL 1 - ELECTION OF DIRECTORS**

The Company's Bylaws provide that the number of directors on our Board will be not less than seven nor more than 25, as may be fixed by resolution duly adopted by the Board of Directors at or prior to the annual meeting at which such directors are to be elected. In accordance with the Bylaws, the size of the Board has been fixed at 13 members.

In the absence of any instructions to the contrary, proxies will be voted for the election of all 13 of the nominees listed in the table below. Should cumulative voting apply, the Proxy Holders may cumulate votes and allocate them in their discretion. If, at or before the time of the Annual Meeting, any of the nominees listed below becomes unavailable for any reason, the Proxy Holders have the discretion to vote for a substitute nominee or nominees. The Board currently knows of no reason why any nominee listed below is likely to become unavailable.

Director nominees will be elected by the affirmative vote of the majority of votes cast in the election of directors at the Annual Meeting, with a plurality vote standard for a contested director election, that is, when the number of director nominees exceeds the number of Board seats for which elections are being held, i.e. 13 seats. Abstentions from voting, as well as broker non-votes, if any, are not treated as votes cast and, therefore, will have no effect on the proposal to elect directors.

## **NOMINATIONS FOR DIRECTOR**

Nominees for election to the Board of Directors are selected by the Board prior to each annual meeting upon the recommendation of the Nominating and Corporate Governance Committee. Nominations from shareholders must be made in accordance with the Bylaws, which generally require such nominations to be made in writing and not less than 50 nor more than 75 days before the first anniversary of the date of the distribution of the Company's proxy statement for the last meeting of shareholders called for the election of directors.

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

The Company's Bylaws state that a nominee will be ineligible to stand for election as a director after he or she has attained the age of 72, absent specific approval of an exception by the Board. All of the nominees are less than 72 years of age, other than Thomas F. Phillips, for whom the Board has approved an exception to the foregoing age restriction until age 75.

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

## **DIRECTORS, NOMINEES AND EXECUTIVE OFFICERS**

Except as otherwise noted below, the following table sets forth certain information as of December 31, 2018, with respect to the Company's current directors, the 13 nominees for election to the Board of Directors and the executive officers of the Company.

**The Board of Directors recommends a vote “FOR” the election of these nominees.**

TABLE OF DIRECTORS, NOMINEES AND EXECUTIVE OFFICERS

Name (Age)**	Current Director (D), Nominee (N), or Position with Company	Common Stock Beneficially Owned (1)				Percent of Class
		Number of Shares Owned (excluding options)	Number of That May Be Acquired within 60 Days by Exercising Options	Total Number of Shares Beneficially Owned		
<u>Directors and Nominees</u>						
Richard H. Moore (58)	CEO (D) (N) President of the Company;	150,601 (2)	—	150,601	*	
Michael G. Mayer (59)	President and CEO of First Bank(D) (N)	29,430 (3)	—	29,430	*	
Donald H. Allred (72)	(D)	5,166 (4)	—	5,166	*	
Daniel T. Blue, Jr. (69)	(D) (N)	14,895	—	14,895	*	
Mary Clara Capel (60)	(D) (N)	13,758	—	13,758	*	
James C. Crawford, III (62)	(D) (N)	77,584 (5)	—	77,584	*	
Suzanne S. DeFerie (62)	(D) (N)	139,716(6)	—	139,716	*	
Abby J. Donnelly (56)	(D) (N)	3,110 (7)	—	3,110	*	
John B. Gould (66)	(D) (N)	38,408 (8)	—	38,408	*	
Thomas F. Phillips (73)	(D) (N)	84,112 (9)	2,250	86,362	*	
O. Temple Sloan, III (58)	(D) (N)	9,430	—	9,430	*	
Frederick L. Taylor, II (49)	(D) (N)	28,252	2,250	30,502	*	
Virginia C. Thomasson (67)	(D) (N)	26,164	2,250	28,414	*	
Dennis A. Wicker (66)	(D) (N)	36,697 (10)	—	36,697	*	
<u>Non-Director Executive Officer</u>						
Eric P. Credle (50)	Executive Vice President & Chief Financial Officer	39,646 (11)	—	39,646	*	
Directors/Nominees and Non-Director Executive Officer as a Group (15 persons)		696,969(12)	6,750	703,719	2.37%	

\* Indicates beneficial ownership of less than 1% of the issued and outstanding shares.

\*\*

Ages as of April 1, 2019.

- Unless otherwise indicated, each individual has sole voting and investment power with respect to all shares beneficially owned by such individual. The “Number of Shares Owned” in the table above includes executive officers’ reported shares in our 401(k) defined contribution plan, which are voted by the plan trustee and not by the executive for whom such shares are listed.
- (1)
  - (2) Mr. Moore’s shares also include 7,467 shares held in the 401(k) defined contribution plan.
  - (3) Mr. Mayer’s shares include 1,119 shares held in the 401(k) defined contribution plan.

5

- Mr. Allred also holds 9,797 shares in a Rabbi Trust related to director fees accumulated during his service as a (4) director of Carolina Bank Holdings, Inc. (acquired by the Company in 2017). In accordance with the Company's retirement policy for directors, Mr. Allred is retiring from the Board at the Annual Meeting.
- (5) Mr. Crawford's shares include 8,325 shares held by his spouse and 6,600 shares held jointly with his children.
- (6) Ms. DeFerie's shares include 7,200 shares held by her spouse and 734 shares held in the 401(k) defined contribution plan.
- (7) Ms. Donnelly also holds 5,184 shares in a Rabbi Trust for director fees accumulated during her service as a director of Carolina Bank Holdings, Inc.
- (8) Mr. Gould's shares include 2,301 shares held by his spouse.
- (9) Mr. Phillips' shares include 1,965 shares held by his spouse and 186 shares that his spouse owns jointly with two of their children.
- (10) Mr. Wicker's shares include 5,000 shares held by his spouse.
- (11) Mr. Credle's shares include 10,462 shares held in the 401(k) defined contribution plan.
- The number of shares held by directors, nominees, and non-director executive officer includes 53,390 shares that (12) have been pledged as collateral by these persons for loans received from the Company's banking subsidiary, First Bank, and other financial institutions, as follows: Mr. Phillips – 32,976 shares; and Mr. Credle – 20,414 shares.

## Director Nominees

**Daniel T. Blue, Jr.**, 69, is the managing partner of Blue LLP, a law firm located in Raleigh, NC, where he has been an attorney since 1973. In 1980, Mr. Blue was elected to the North Carolina House of Representatives and was re-elected 12 times. From 1991 to 1995, Mr. Blue was twice elected Speaker of the North Carolina House of Representatives. Mr. Blue currently serves in the North Carolina Senate, representing Wake County, and was elected in March 2014 as the Senate Minority Leader. Mr. Blue is a past Chair of the Board of Trustees of Duke University. He is a former member of the Duke University Health System and a former director of Duke University Management Company. Mr. Blue has been a director of the Company and First Bank since 2010.

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

**Mary Clara Capel**, 60, is a former member of senior management as the director of administration and marketing at Capel, Incorporated, a rug manufacturer, importer and exporter located in Troy, NC, where she was employed from 1981 until her retirement in September 2017. She is a past member of the North Carolina Banking Commission and has attended the North Carolina Bank Directors' College. Ms. Capel has been a director of the Company and First Bank since 2005. Ms. Capel is the immediate past chairman of the Board of Directors.

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

**James C. Crawford, III**, 62, served on the Board of Directors, including as its Chairman, of Great Pee Dee Bancorp, Inc., a bank holding company headquartered in Cheraw, SC, from 1992 until its acquisition by the Company in April 2008. Mr. Crawford is the retired Chief Executive Officer of B.C. Moore and Sons, Inc., a department store chain. He has been a director of the Company and First Bank since 2008. Mr. Crawford is the current chairman of the Board of Directors and the Board of Directors of First Bank.

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

**Suzanne S. DeFerie**, 62, was named Executive Vice President and Regional President for the Asheville Region of First Bank upon the merger of ASB Bancorp with the Company in October 2017. She served as the President and Chief Executive Officer of ASB Bancorp and Asheville Savings Bank, its banking subsidiary, from 2008 until ASB Bancorp's merger with the Company. Ms. DeFerie holds a CPA license and is active in the banking industry and the Asheville community, currently serving roles with the Federal Home Loan Bank of Atlanta, Mission Health System, Asheville Area Chamber of Commerce, and the United Way of Asheville and Buncombe County.



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

**Abby J. Donnelly**, 56, is founder and Chief Executive Officer of The Leadership & Legacy Group, a consulting practice in leadership development and executive succession. She is the internationally recognized author of *Networking Works!*, a workbook and training curriculum on building strong business relationships. Ms. Donnelly served as a director of Carolina Bank Holdings, Inc. (“CBHI”) from 2014 until its merger with the Company in 2017, at which time she joined the Board of Directors. Ms. Donnelly has been active in volunteering and serving in many leadership roles in various civic organizations in the Greensboro area. She has attended the North Carolina Bank Directors’ College and the North Carolina Bank Directors’ Assembly.

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

**John B. Gould**, 66, has served as President of Cason Companies, Inc., a family-owned business, since 1976 and has been instrumental in the mergers and acquisitions that have grown and diversified the business over more than 40 years. He has served as the Vice Chairman of the ASB Bancorp Board, as well as past Chairman of the Henderson County Chamber of Commerce and the Henderson County Partnership for Economic Development. He is the current Chairman of the Board of Trustees of Blue Ridge Community College, and he also serves on the UNC Healthcare - Pardee Hospital Board of Directors. He joined our Board upon the merger of ASB Bancorp with the Company in 2017.

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

**Michael G. Mayer**, 59, was named the President of First Bank effective in March 2014, was appointed as a director of First Bank in October 2014, and was named the Chief Executive Officer of First Bank in February 2017. Mr. Mayer was named the President of the Company in February 2016 and was appointed to the Board of Directors in February 2017. Prior to joining the Company, Mr. Mayer served as Chief Executive Officer of 1<sup>st</sup> Financial Services Corporation, the parent company of Mountain 1<sup>st</sup> Bank & Trust, a position he held from January 2010 until 1<sup>st</sup> Financial Services Corporation’s acquisition in January 2014. He previously served as President and Chief Executive Officer of Carolina Commerce Bank from 2009 until 2010 and Colony Signature Bank (In Organization) from 2007 to 2009, and has held various senior banking positions over his 30 year banking career.

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

**Richard H. Moore**, 58, was named as President and Chief Executive Officer of the Company in June 2012. Prior to joining the Company, he served as a managing director of San Diego-based Relational Investors LLC. Prior to joining Relational Investors, Mr. Moore served two terms as State Treasurer of North Carolina and for four years as the Secretary of Crime Control and Public Safety. Mr. Moore also served as Chair of the North Carolina State Banking Commission for eight years. Mr. Moore serves on numerous New York Stock Exchange boards and committees and is the past chair of the NYSE Regulation Board of Directors. Mr. Moore was previously an Assistant U.S. Attorney and also practiced corporate, real estate and tax law for many years. Mr. Moore is a former trustee of Wake Forest University and served on its Investment Committee. Mr. Moore has been a director of the Company and First Bank since 2010.

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

**Thomas F. Phillips**, 73, is a retired automobile dealer. He served as a director of First Savings Bancorp, Inc. from 1985 until its merger with the Company in 2000. Mr. Phillips has served as a director of the Company and First Bank since 2000 and is a former chairman of both boards of directors.

Mr. Phillips brings over 30 years of financial experience. He also has extensive skills in accounting, finance and risk management.

**O. Temple Sloan, III**, 58, is the former Chief Executive Officer and President of General Parts, Inc. (“GPI”), the largest privately-owned auto parts supplier in the United States, which owned and operated more than 3,100 CARQUEST Auto Parts stores and over 80 WORLDPAK branches in the United States, Canada and Puerto Rico. Prior to GPI’s acquisition by Advance Auto Parts, Inc., Mr. Sloan served as President and Chief Executive Officer of GPI from 2008 to January of 2014 and as President of GPI from 2001 to 2008. Mr. Sloan is currently a director of Golden Corral Corporation, and previously served as a director of Advance Auto Parts, Inc. and Car Care Council. He is currently a member of The University of North Carolina Board of Governors, and is a former member of the Board of Trustees of Northwood University.

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

**Frederick L. Taylor, II**, 49, is President of Troy Lumber Company, located in Troy, NC, where he has been employed since 1992. Mr. Taylor has been a director of the Company and First Bank since 2005.

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

**Virginia Thomasson**, 67, is a Certified Public Accountant with the firm Brownback & Thomasson CPAs, PLLC, located in Southern Pines, NC, where she is a partner. She served as a director of First Savings Bancorp, Inc. from 1997 until its merger with the Company in 2000. Ms. Thomasson has served as a director of the Company and First Bank since 2000. Ms. Thomasson has been designated as an “audit committee financial expert” in accordance with SEC regulations.

Ms. Thomasson brings to the Company experience and skills in public accounting and over 20 years of financial industry experience.

**Dennis A. Wicker**, 66, is a partner in the law firm Nelson Mullins Riley and Scarborough, LLP, located in Raleigh, NC, a position he has held since 2009. From 2008 to 2009, Mr. Wicker was a shareholder and a member of the Executive Committee of the law firm of SZD Wicker, LPA, and from 2001 to 2008 he was a partner in the law firm of Helms, Mulliss & Wicker, LLP. Mr. Wicker served in the North Carolina General Assembly from 1981 to 1993, the last four years as House Majority Leader, and he served as Lieutenant Governor of North Carolina from 1993 to 2001. Mr. Wicker has been a director of the Company and First Bank since 2001. Mr. Wicker currently serves as a director of Coca Cola Bottling Company Consolidated and previously served as a director of Air T, Inc.

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

### **Executive Officers**

In addition to Mr. Mayer and Mr. Moore:

**Eric P. Credle**, 50, is an Executive Vice President of the Company and First Bank and has served as the Chief Financial Officer of the Company and First Bank since joining the Company in 1997.

**BOARD COMMITTEES AND ATTENDANCE**

The Board of Directors has established four standing committees: the Executive and Loan Committee, the Audit Committee, the Compensation Committee, and the Nominating and Corporate Governance Committee. In addition, the Board of Directors may establish other committees from time to time for specific purposes. The following table presents the 2018 membership of the four standing committees. The chair of each Committee is identified with a “(c)”.

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

**Executive and Loan Committee**

The Executive and Loan Committee is authorized, between meetings of the Board of Directors, to perform all duties and exercise all authority of the Board, except those duties and authorities exclusively reserved to the Board by applicable law. The Executive and Loan Committee also serves as Loan Committee for First Bank. The Executive and Loan Committee held 12 meetings during 2018.

## **Audit Committee**

The Audit Committee is responsible for the appointment, compensation and oversight of the Company's independent auditors, and must approve in advance all audit fees and the terms of all non-audit services provided by the independent auditors. The Audit Committee reviews and presents to the Board of Directors information regarding the effectiveness of the Company's policies and procedures with respect to auditing, accounting, and internal controls. The Audit Committee also reviews the Company's financial reporting process on behalf of the Board. All of the current members of the Audit Committee are independent, as defined under the rules of The Nasdaq Stock Market ("NASDAQ") and the Exchange Act, as well as the Company's Corporate Governance Guidelines. The Board of Directors has determined that Ms. Thomasson is an "audit committee financial expert" within the meaning of SEC rules and regulations. The Audit Committee held six meetings during 2018.

The Audit Committee reviews and ratifies its charter on an annual basis. The Audit Committee charter is available on the Company's website at [www.LocalFirstBank.com](http://www.LocalFirstBank.com) under the tab "About Us – Investor Relations – Governance Documents."

## **Compensation Committee**

Generally, the Compensation Committee is responsible for reviewing the compensation policies and benefit plans of the Company and for making recommendations regarding the compensation of its executive officers. The Committee also administers the Company's equity compensation plans. Each of the current members of this Committee is independent under the rules of NASDAQ and the Exchange Act, as well as the Company's Corporate Governance Guidelines. The Committee held four meetings during 2018.

The Compensation Committee reviews and ratifies its charter on an annual basis. The Compensation Committee charter is available on the Company's website at [www.LocalFirstBank.com](http://www.LocalFirstBank.com) under the tab "About Us – Investor Relations – Governance Documents."

#### Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee is responsible for identifying and recommending qualified individuals to become Board members, determining the composition of the Board and its committees, and developing and implementing the Company's corporate governance guidelines. The Committee will consider shareholder nominees for Board membership. Any shareholder wishing to nominate a candidate for director must follow the procedures described in the section "Nominations For Director" above. The section below entitled "Corporate Governance Policies and Practices - Director Nomination Process" describes the process utilized by the Nominating and Corporate Governance Committee for identifying and evaluating candidates to be nominated as directors. Each of the current members of this Committee is independent as defined by the rules of NASDAQ and the Company's Corporate Governance Guidelines. The Committee held two meetings during 2018.

The Nominating and Corporate Governance Committee reviews and ratifies its charter on an annual basis. The Nominating and Corporate Governance Committee charter is available on the Company's website at [www.LocalFirstBank.com](http://www.LocalFirstBank.com) under the tab "About Us – Investor Relations – Governance Documents."

#### **Attendance**

The Board of Directors held eight meetings during 2018. All of the directors and nominees for re-election attended at least 75% of the aggregate of the meetings of the Board and the standing committees on which they served during the period they were directors and members of such Committees.

#### CORPORATE GOVERNANCE POLICIES AND PRACTICES

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

## Director Independence

The Board of Directors believes that a substantial majority of the Board should consist of directors who are independent under the rules of NASDAQ and the Exchange Act, and as further defined in our Corporate Governance Guidelines. The Board of Directors makes an annual determination regarding the independence of each director. The Board last made these determinations for each member of the Board in February 2019, based on the review of director questionnaires designed to elicit information regarding independence. The Board has determined that 11 of its 14 current directors are independent as contemplated under the rules of NASDAQ, applicable provisions of the Exchange Act and our Corporate Governance Guidelines. The individu