

# First Bancorp Code of Ethics for Directors, Executive Officers, and Employees

## Statement of Purpose

All directors, executive officers and employees of First Bancorp (the "Company") are required to conduct business activities and operations in an ethical manner and in compliance with applicable laws, rules, regulations, Company policies, and the standards set forth in this First Bancorp Code of Ethics for Directors, Executive Officers and Employees (the "Code"). It is the responsibility of all directors, executive officers and employees of the Company to comply with this Code and all related policies.

The Company has adopted this Code to:

- Promote honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- Promote full, fair, accurate, timely, and understandable disclosure in reports and documents that First Bancorp files with, or submits to, the Securities and Exchange Commission and in other public communications made by First Bancorp;
- Promote compliance with applicable governmental laws, rules and regulations;
- Promote prompt internal reporting of violations of the Code to an appropriate person or persons identified in the Code;
- Promote accountability for adherence to the Code; and
- Deter wrongdoing.

## Confidential and "Insider" Information

Confidential information about customers and suppliers available to directors, executive officers and employees as a result of their relationship with the Company is to be used solely for the Company's business purposes and never for personal gain by such person. In no way should this information be given to or discussed with persons outside the Company, or even to other directors, executive officers or employees unnecessarily.

Financial information regarding the Company is always confidential and must not be given or disclosed in any way to any person unless it has been published in reports to shareholders or otherwise made publicly available.

Directors, executive officers and employees of the Company agree not to disclose confidential information about the Company's business or customers obtained during, or as a result of, their employment with the Company. This

includes releasing such information unintentionally by leaving it on a desk or anywhere else that someone may see it, or by mentioning it in casual conversation with friends or acquaintances.

In some instances, confidential information may be considered "material insider information." If such information is improperly used or disclosed, the director, executive officer or employee, the Company and people outside the Company to whom the information is disclosed could be subject to liability, including criminal prosecution, under federal and state securities laws.

Insider information is "material" if it is of such importance that it can be expected to affect the judgment of reasonable investors as to whether or not to buy, sell or hold the Company's stock. Insider information is "non-public" if it is not generally known by the public. Once information is disclosed to the public, there must be adequate time for the market as a whole to digest the information before it is considered "public" information. Directors, executive officers and employees must be extremely cautious in discussing the Company's affairs with outsiders. When in doubt, directors, executive officers and employees should not discuss any information about the Company to outsiders.

### **Compliance With Laws**

The activities of the Company, including its directors, executive officers and employees, are expected to be in compliance with the letter and spirit of all applicable laws, rules and regulations. Each director, executive officer and employee has personal responsibility for adhering to the standards and restrictions imposed by those laws, rules and regulations, including those relating to accounting and auditing matters.

In addition to compliance with all applicable laws, all of the Company's directors, executive officers and employees are expected to observe high standards of business and personal ethics in the discharge of their duties and responsibilities.

### **Disclosure and Reporting**

The Company seeks to provide fair, complete, accurate, timely and understandable disclosure in its reports and documents filed with, or submitted to, the SEC and in its other public communications. Each director, executive officer and employee whose responsibilities include compiling, reviewing, filing, submitting, or releasing such information must endeavor to meet this objective.

### **Conflicts of Interest**

A conflict of interest may arise when directors, executive officers, employees and immediate family of such individuals have a financial or other interest in a customer, borrower, supplier, company or other person dealing with the Company. Deposit relationships alone do not constitute a conflict of interest.

Conflicts of interest can arise when an individual's position or responsibilities with the Company present an opportunity for gain apart from the normal rewards of employment or service. They also can arise when an individual's personal or family interests are, or may be viewed as being, inconsistent with those of the Company, and therefore as creating conflicting loyalties. Such conflicting loyalties can cause the individual to give preference to personal interests, either internal or external, in situations where Company responsibilities come first.

"Immediate family" includes spouse, parents, children and siblings whether by blood, marriage or adoption and anyone else living in the same household as the director, executive officer or employee. Directors, executive officers and employees must plan personal and business affairs so as to avoid situations that might lead to a conflict, or even the appearance of a conflict, between self-interested obligation and obligation and duty to the Company, its customers and its shareholders.

It is the Company's policy that no director, executive officer or employee should have an outside interest which:

- Materially encroaches on time or attention which should be devoted to duties and obligations owed to the Company.
- Adversely affects the quality of work performed.
- Competes with the Company's activities.
- Involves any significant use of the Company's equipment, supplies or facilities.
- Adversely affects the good name of the Company or any of its subsidiaries.

Activities of the type described above can be permitted only with the prior review and approval of the Audit Committee. The Audit Committee may be contacted by writing to Audit Committee, First Bancorp, Post Office Box 417, Troy, North Carolina 27371.

### **Corporate Opportunities**

Directors, executive officers and employees are prohibited from taking for himself or herself any opportunity that is discovered through the use of the Company's property, information, or position and from using the Company's property, information, or position for personal gain.

### **Fair Dealing**

Each director, executive officer or employee should undertake to deal fairly with the Company's customers, suppliers, competitors and employees. No director, executive officer or employee may take unfair advantage of anyone through manipulation, concealment, abuse of confidential information, misrepresentation of material facts, or any other intentional unfair-dealing practices.

## **Administration**

This Code shall be administered and monitored by the Internal Auditor, reporting directly to the Audit Committee of the Board of Directors. Any individual having information about violations or suspected violations of this Code, including, without limitation, violations of federal criminal law by any director, executive officer, employee or agents, etc., should report that information to the Company's Internal Auditor as soon as reasonably possible. The Internal Auditor may be contacted by calling 910?572?3168, or by writing to Internal Auditor, First Bancorp, Post Office Box 417, Troy, North Carolina 27371.

The Internal Auditor shall keep the Audit Committee apprised of such complaints on a periodic basis and shall notify the Audit Committee immediately of material violations or complaints. If the suspected violation involves the Internal Auditor, or if the situation is reported to the Internal Auditor and the appropriate steps are not taken to address the situation, an individual should report the problem to a member of the Audit Committee of the Company's Board of Directors.

Directors, executive officers and employees should not have any concerns that their employment, position or job status will be affected in any way due to reporting a violation of this Code including a violation or suspected violation of law, or an instance of financial fraud. Specifically, it is a violation of Company policy to initiate or encourage retaliatory action against any employee or person who, in good faith, reports a known or suspected instance of a violation of this Code. No director, executive officer or employee will be penalized or suffer any reprisals when making any such report.

If the Company receives information regarding an alleged violation of the Code, the Internal Auditor or such other person or persons authorized by the Audit Committee to investigate alleged violations of the Code shall, as appropriate, in accordance with procedures established by the Audit Committee:

- Evaluate such information as to gravity and credibility;
- Initiate an informal inquiry or a formal investigation with respect thereto;
- Prepare a report of the results of such inquiry or investigation, including recommendations as to the disposition of such matter;

- Make the results of such inquiry or investigation available to the Board of Directors or the Audit Committee for action (including disciplinary action by the Audit Committee); and
- Recommend changes in the Code necessary or desirable to prevent further similar violations.
- The Company shall consistently enforce the Code with appropriate discipline. The Internal Auditor or such person or persons designated by the Audit Committee, shall, under the direction of the Audit Committee, determine whether violations of the Code have occurred, and if so, shall determine the disciplinary measures to be taken against any director, executive officer, employee or agent of the Company who has violated the Code. The Company may disclose the results of investigations to law enforcement or regulatory agencies.

### **Waivers**

Directors, executive officers and employees of the Company are expected to follow this Code at all times. Generally, there should be no waivers to this Code. However, in rare circumstances, conflicts may arise that necessitate waivers. Waivers will be determined on a case-by-case basis by the Audit Committee. The Audit Committee shall have the sole and absolute discretionary authority to approve any deviation or waiver from this Code. Any changes to or waivers from this Code will, to the extent required, be disclosed to the SEC, Nasdaq, and the Company's Shareholders. Any waiver and reasons for such waiver will be disclosed on the Company's Internet website at [www.FirstBancorp.com](http://www.FirstBancorp.com) within four business days of the waiver being made.

Approved May 24, 2011