

FIRST BANCORP /NC/
Form 10-Q
May 10, 2013

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2013

Commission File Number 0-15572

FIRST BANCORP

(Exact Name of Registrant as Specified in its Charter)

North Carolina
(State or Other Jurisdiction of
Incorporation or Organization)

56-1421916
(I.R.S. Employer
Identification Number)

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341 North Main Street, Troy, North Carolina 27371-0508
(Address of Principal Executive Offices) (Zip Code)

(Registrant's telephone number, including area code) (910) 576-6171

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding twelve months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES NO

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one)

Large Accelerated Filer Accelerated Filer Non-Accelerated Filer
 Smaller Reporting Company (Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES NO

The number of shares of the registrant's Common Stock outstanding on April 30, 2013 was 19,669,302.

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FORWARD-LOOKING STATEMENTS

Part I of this report contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934 and the Private Securities Litigation Reform Act of 1995, which statements are inherently subject to risks and uncertainties. Forward-looking statements are statements that include projections, predictions, expectations or beliefs about future events or results or otherwise are not statements of historical fact. Further, forward-looking statements are intended to speak only as of the date made. Such statements are often characterized by the use of qualifying words (and their derivatives) such as “expect,” “believe,” “estimate,” “plan,” “project,” or other statements concerning our opinions or judgment about future events. Our actual results may differ materially from those anticipated in any forward-looking statements, as they will depend on many factors about which we are unsure, including many factors which are beyond our control. Factors that could influence the accuracy of such forward-looking statements include, but are not limited to, the financial success or changing strategies of our customers, our level of success in integrating acquisitions, actions of government regulators, the level of market interest rates, and general economic conditions. For additional information about factors that could affect the matters discussed in this paragraph, see the “Risk Factors” section of our 2012 Annual Report on Form 10-K.

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Index**Part I. Financial Information**

Item 1 - Financial Statements

First Bancorp and Subsidiaries**Consolidated Balance Sheets**

	March 31, 2013	December 31, 2012 (audited)	March 31, 2012
<i>(\$ in thousands-unaudited)</i>			
ASSETS			
Cash and due from banks, noninterest-bearing	\$73,205	96,588	58,001
Due from banks, interest-bearing	242,890	144,919	234,137
Federal funds sold	249	—	1,203
Total cash and cash equivalents	316,344	241,507	293,341
Securities available for sale	170,214	167,352	159,182
Securities held to maturity (fair values of \$60,758, \$61,496, and \$61,226)	55,649	56,064	57,066
Presold mortgages in process of settlement	4,584	8,490	7,003
Loans – non-covered	2,132,683	2,094,143	2,094,524
Loans – covered by FDIC loss share agreement	263,468	282,314	342,100
Total loans	2,396,151	2,376,457	2,436,624
Allowance for loan losses – non-covered	(44,761)	(41,643)	(46,455)
Allowance for loan losses – covered	(5,028)	(4,759)	(6,372)
Total allowance for loan losses	(49,789)	(46,402)	(52,827)
Net loans	2,346,362	2,330,055	2,383,797
Loans held for sale	—	30,393	—
Premises and equipment	77,823	74,371	72,343
Accrued interest receivable	9,737	10,201	10,969
FDIC indemnification asset	100,594	102,559	113,405
Goodwill	65,835	65,835	65,835
Other intangible assets	3,495	3,108	3,675
Foreclosed real estate – non-covered	20,115	26,285	36,838
Foreclosed real estate – covered	30,156	47,290	79,535
Bank-owned life insurance	28,065	27,857	2,219
Other assets	51,972	53,543	51,798
Total assets	\$3,280,945	3,244,910	3,337,006
LIABILITIES			
Deposits: Noninterest bearing checking accounts	\$429,202	413,195	371,293
Interest bearing checking accounts	539,270	519,573	468,691

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Money market accounts	575,766	556,354	526,684
Savings accounts	166,510	158,578	157,619
Time deposits of \$100,000 or more	649,714	664,330	738,839
Other time deposits	497,105	509,330	567,933
Total deposits	2,857,567	2,821,360	2,831,059
Borrowings	46,394	46,394	133,894
Accrued interest payable	1,118	1,299	1,659
Other liabilities	18,634	19,740	31,963
Total liabilities	2,923,713	2,888,793	2,998,575

Commitments and contingencies

SHAREHOLDERS' EQUITY

Preferred stock, no par value per share. Authorized: 5,000,000 shares			
Series B issued & outstanding: 63,500, 63,500, and 63,500 shares	63,500	63,500	63,500
Series C, convertible, issued & outstanding: 728,706, 728,706, and 0 shares	7,287	7,287	—
Common stock, no par value per share. Authorized: 40,000,000 shares			
Issued & outstanding: 19,669,302, 19,669,302, and 16,937,641 shares	131,896	131,877	105,068
Retained earnings	154,911	153,629	178,195
Accumulated other comprehensive income (loss)	(362)	(176)	(8,332)
Total shareholders' equity	357,232	356,117	338,431
Total liabilities and shareholders' equity	\$3,280,945	3,244,910	3,337,006

See accompanying notes to consolidated financial statements.

Index**First Bancorp and Subsidiaries****Consolidated Statements of Income (Loss)**

(\$ in thousands, except share data-unaudited)	Three Months Ended	
	March 31,	
	2013	2012
INTEREST INCOME		
Interest and fees on loans	\$33,551	35,042
Interest on investment securities:		
Taxable interest income	905	1,258
Tax-exempt interest income	479	493
Other, principally overnight investments	154	139
Total interest income	35,089	36,932
INTEREST EXPENSE		
Savings, checking and money market accounts	510	849
Time deposits of \$100,000 or more	1,613	2,175
Other time deposits	789	1,269
Securities sold under agreements to repurchase	—	4
Borrowings	256	544
Total interest expense	3,168	4,841
Net interest income	31,921	32,091
Provision for loan losses – non-covered	5,771	18,557
Provision for loan losses – covered	5,378	2,998
Total provision for loan losses	11,149	21,555
Net interest income after provision for loan losses	20,772	10,536
NONINTEREST INCOME		
Service charges on deposit accounts	2,935	2,847
Other service charges, commissions and fees	2,175	2,192
Fees from presold mortgage loans	747	411
Commissions from sales of insurance and financial products	399	383
Bank-owned life insurance income	208	11
Foreclosed property gains (losses and write-downs) – non-covered	758	(688)
Foreclosed property losses and write-downs – covered	(4,616)	(4,547)
FDIC indemnification asset income, net	4,897	4,105
Securities gains	—	452
Other gains (losses)	(395)	183
Total noninterest income	7,108	5,349
NONINTEREST EXPENSES		
Salaries	10,677	10,174
Employee benefits	2,627	3,914
Total personnel expense	13,304	14,088
Net occupancy expense	1,674	1,681

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Equipment related expenses	1,088	1,170
Intangibles amortization	199	223
Other operating expenses	6,959	7,213
Total noninterest expenses	23,224	24,375
Income (loss) before income taxes	4,656	(8,490)
Income tax expense (benefit)	1,556	(3,308)
Net income (loss)	3,100	(5,182)
Preferred stock dividends	(245)	(760)
Net income (loss) available to common shareholders	\$2,855	(5,942)
Earnings (loss) per common share:		
Basic	\$0.15	(0.35)
Diluted	0.14	(0.35)
Dividends declared per common share	\$0.08	0.08
Weighted average common shares outstanding:		
Basic	19,669,302	16,924,616
Diluted	20,409,760	16,924,616

See accompanying notes to consolidated financial statements.

Index**First Bancorp and Subsidiaries****Consolidated Statements of Comprehensive Income (Loss)**

(\$ in thousands-unaudited)	Three Months Ended	
	2013	2012
Net income (loss)	\$ 3,100	(5,182)
Other comprehensive income (loss):		
Unrealized gains on securities available for sale:		
Unrealized holding gains (losses) arising during the period, pretax	(308)	717
Tax (expense) benefit	120	(280)
Reclassification to realized gains	—	(452)
Tax expense	—	176
Postretirement Plans:		
Amortization of unrecognized net actuarial loss	3	301
Tax expense	(1)	(117)
Amortization of prior service cost and transition obligation	—	9
Tax expense	—	(4)
Other comprehensive income (loss)	(186)	350
Comprehensive income (loss)	\$ 2,914	(4,832)

See accompanying notes to consolidated financial statements.

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First Bancorp and Subsidiaries

Consolidated Statements of Shareholders' Equity

(In thousands, except per share - unaudited)	Preferred Stock	Common Stock Shares	Common Stock Amount	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Share- holders' Equity
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