

The Geography of Banking

2026 Community Banking
Research Conference

W. Mark Nelson,
President & Chief Executive Officer



A Brief Bio

William “Mark” Nelson serves as President and Chief Executive Officer of First Bancorp, Inc. and The First Bank & Trust Company. Prior to his appointment as President and Chief Executive Officer, Mr. Nelson served as the Bank’s Chief Financial Officer for 21 years. With more than 40 years of banking experience, he has devoted his professional career to the financial services industry. Mr. Nelson was appointed to The First Bank & Trust Company Board of Directors in 2006 and elected to the First Bancorp, Inc. Board of Directors in 2015. He is a Certified Public Accountant and a member of the American Institute of Certified Public Accountants. Mr. Nelson graduated from Emory & Henry College in 1984 with degrees in Accounting and Economics and completed the University of Virginia National Banking School in 1993. He has served or previously served on several boards, including People, Inc.; Washington County Service Authority; Virginia Highlands Airport Authority; Washington County Industrial Development Authority; Virginia Bankers Association affiliated boards; and gubernatorial appointed member of the Virginia Aviation board. Mr. Nelson resides in Meadowview, Virginia, with his wife.

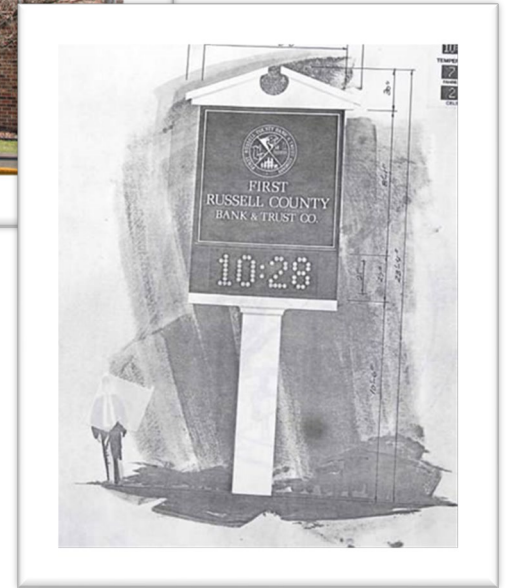


In the Beginning...

From a small basement gathering in Lebanon, VA in 1976 with an initial group of Russell County farmers and businessmen, First Russell County Bank was created. Operations began on August 3, 1979 with 5 employees.

The Bank's name was changed to First Bank & Trust Company in November of 1984.

The holding company, First Bancorp, Inc. was formed in 1992.

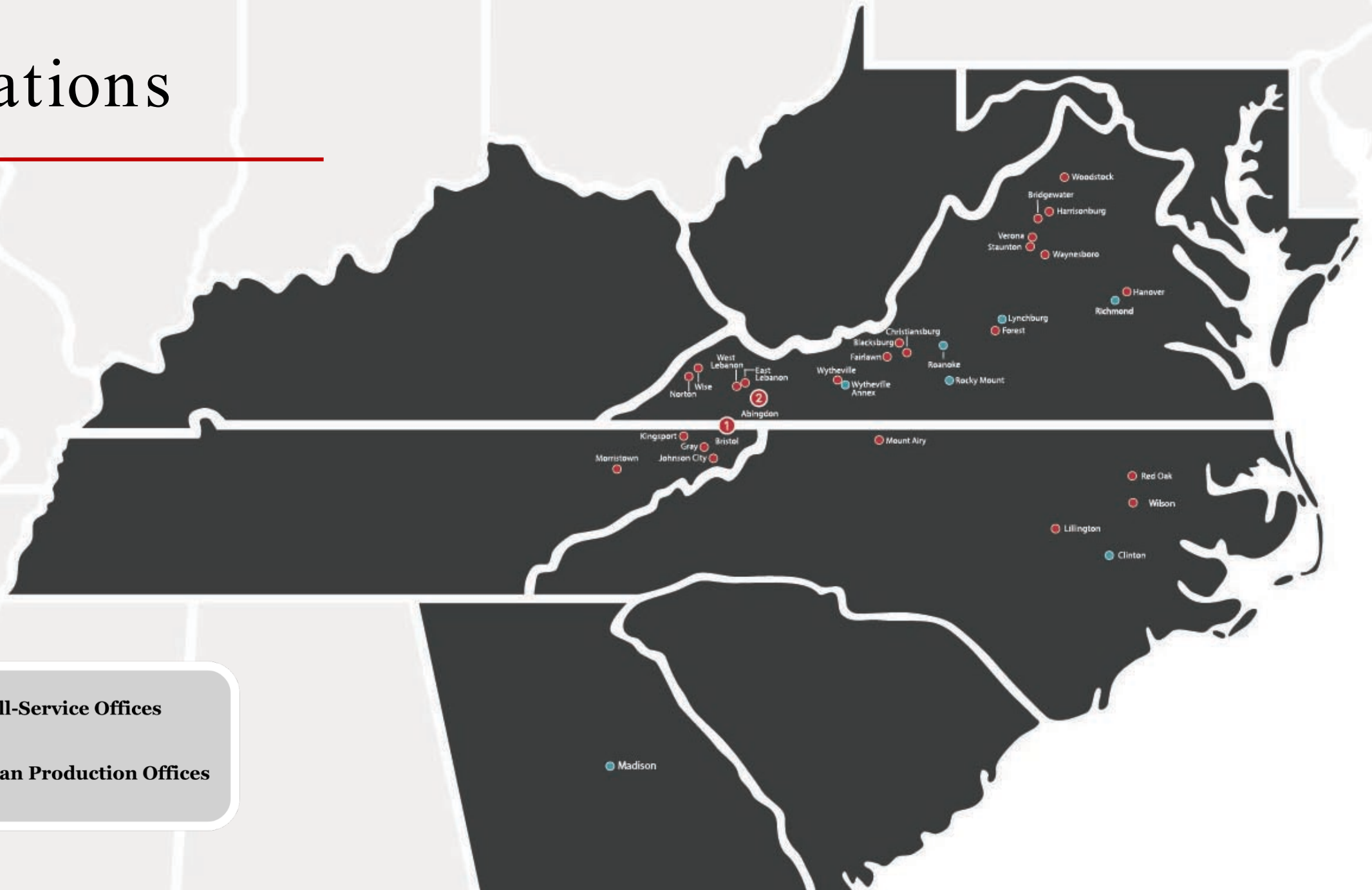


Look How Far We've Come

- Opened August 3, 1979 with 5 employees – today 460+ employees
- June 30, 2026 Financials (in thousands):
 - Assets \$4,275,906
 - Loans \$3,585,777
 - Deposits \$3,805,217
 - Capital \$425,167
 - Liquidity \$466,257
- 29 Full-Service Offices and 7 Loan Production Offices
- 1,045 shareholders with 61% owned by Directors, Officers, Employees and Prior Director Families
- In 1979, a \$1,000 investment in First Bancorp, Inc. stock purchased 50 shares; equivalent to 12,800 shares today based on 8 split adjustments which is equivalent to \$870,000.00 based on the last known trading price of \$ 68.00 per share.



Locations



Mission and Core Values



A Tradition of Performance

46 years of consistent performance

*in Thousands

Mission Statement: To meet the credit, investment and financial services of our community through a diverse array of financial products distributed through accessible locations with exceptional customer service while providing our shareholders with an above average return on their investment while at the same time maintaining employee security and longevity.

Core Values:

- ✓ High Quality Customer Service
- ✓ Motivated Employees
- ✓ Profits
- ✓ Honesty
- ✓ Enjoyment

Credit Without Proximity: Informational Frictions and Unequal Gains from Technology

- While technology and AI enable banking that is faster and more adaptable, there is no substitute for genuine customer understanding and the relationships built upon it.
- Relationship and local knowledge allow for better credit decisions than automated decision making.
- Banks should utilize automated systems and technology to assist in the application process, but outcomes will be better if final decisions are made by bank employees.



Going the Distance? Bank-Customer Proximity, Applicant Demographics and Credit Access

- The study highlights the continued relevance of independent, relationship-based community banks in sustaining equitable access to credit, particularly for underserved populations and communities that may be less effectively served by larger national and regional banking institutions.
- Community relationships and local market knowledge function as principal drivers of credit access.
- Because in-house mortgage programs at community banks rely on direct familiarity with the borrower rather than credit scoring models alone, they meaningfully broaden access to mortgage credit.



Geographically Concentrated Banks and the Amplification of Regional Shocks

- Geographically concentrated banks requires strong diversification and risk management. Community banks' local industry knowledge can help them make responsible lending decisions and remain committed to supporting key regional industries through both strong and difficult economic periods.
- These banks must prepare for and manage capital, liquidity and overall credit quality to include credit enhancements, guarantees, etc.
- These banks must seek to manage natural credit risk through expansion to other sectors.



In Conclusion

The findings across these studies indicate that a hybrid banking model, pairing physical presence with technology, establishes a framework for success. Nothing replaces genuine customer knowledge, supported by a credit portfolio diversified by both credit type and geography.