

**CPP ANNUAL USE OF CAPITAL SURVEY - 2010**



NAME OF INSTITUTION  
(Include Holding Company Where Applicable)

First Community Bancshares, Inc. & First Community Bank

Point of Contact:	Keith E. Bouchey	RSSD: (For Bank Holding Companies)	1983977
UST Sequence Number:	1075	Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	14,800,000	FDIC Certificate Number: (For Depository Institutions)	14023
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	May 15, 2009	City:	Overland Park
Date Repaid <sup>1</sup> :	N/A	State:	Kansas

<sup>1</sup>If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

**What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).**

**Increase lending or reduce lending less than otherwise would have occurred.**  
 Net Loan volume remains stable with an approximate increase of \$3.4 million or 1% for 2010.

**To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).**

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Increase securities purchased (ABS, MBS, etc.).

Empty response box for 'Increase securities purchased (ABS, MBS, etc.).'

Make other investments.

Empty response box for 'Make other investments.'

Increase reserves for non-performing assets.

Total loan loss reserves increased approximately \$1.0 million or 10% during 2010.

Empty response box for 'Increase reserves for non-performing assets.'

Reduce borrowings.

Borrowed funds decreased \$12.0 million or 48% during 2010.

Empty response box for 'Reduce borrowings.'

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**Increase charge-offs.**

Losses, net of recoveries equalled \$2.4 million during 2010 compared to \$5.4 million in 2009 but still exceeds historical levels prior to recession.

**Purchase another financial institution or purchase assets from another financial institution.**

**Held as non-leveraged increase to total capital.**

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**What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?**

FCB has successfully maintained a "Well Capitalized" Capital Ratio Classification and avoided any adverse formal regulatory actions. FCB has avoided significant reduction in lending to any of our qualified existing or potential new customers.

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**What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?**

A large, empty rectangular box with a black border, intended for the respondent to provide their answer to the question above.

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**Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.**

As intended by the US Treasury's Capital Purchase Program, this capital has provided: (1) a capital cushion for FCB Bank to remain "Well Capitalized" as regulatory agencies have significantly increased minimum standards; (2) an ability for FCB Bank to significantly increase its reserve for loan losses; (3) an ability for FCB Bank to absorb significant increases in loan losses; and (4) an ability for FCB Bank to remain a community bank lender serving its customers credit needs. Even as credit risks and losses have risen to historic highs for real estate oriented banks like FCB Bank, the organization is maintaining a steady loan production to support its communities and customers. Further, all CPP funds received from the US Treasury have been used to support the financial strength of the federally insured subsidiary bank as required by the Federal Reserve Bank of Kansas City's guidance.