

FIRST COMMUNITY BANCSHARES INC /NV/
Form S-4
April 04, 2012

As filed with the Securities and Exchange Commission on April 4, 2012

Registration No. 333-_____

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM S-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933**

FIRST COMMUNITY BANCSHARES, INC.

(Exact name of Registrant as specified in its charter)

Nevada	6035	55-0694814
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code No.)	(I.R.S. Employer Identification No.)

One Community Place

Bluefield, Virginia 24605-0989

(276) 326-9000

(Address, including zip code and telephone number, including area code, of Registrant's principal executive offices)

John M. Mendez

President and Chief Executive Officer

First Community Bancshares, Inc.

P.O. Box 989

Bluefield, Virginia 24605-0989

(Name, address, including zip code, and telephone number, including area code, of agent for service)

with a copy to:

Sandra M. Murphy, Esq.

George P. Whitley

Bowles Rice McDavid Graff & Love LLP LeClairRyan, A Professional Corporation

600 Quarrier Street

951 East Byrd Street, Eighth Floor

Charleston, West Virginia 25301

Richmond, Virginia 23219

(304) 347-1100

(804) 343-4089

Approximate date of commencement of proposed sale to the public: Upon consummation of the merger described herein.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. "

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

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 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 (Do not check if a smaller reporting company.) Smaller reporting company

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer)
 Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer)

Calculation of Registration Fee

Title of Each Class of Securities to be Registered	Amount to be Registered ⁽¹⁾	Proposed Maximum Offering Price Per Share or Unit	Proposed Maximum Aggregate Offering Price ⁽²⁾	Amount of Registration Fee
Common Stock, par value \$1.00 per share	2,157,133	N/A	\$ 26,312,871	\$ 3,015.46

Based upon the maximum number of shares of common stock of First Community Bancshares, Inc. (“First Community”) to be issued pursuant to the Agreement and Plan of Reorganization, dated March 1, 2012 by and among First Community, First Community Bank and Peoples Bank of Virginia, calculated as the product of (a) ⁽¹⁾ 2,016,012 (the number of shares of Peoples Bank common stock estimated to be outstanding at the time the merger transaction is consummated) and (b) 1.07 (the number of shares of common stock of First Community to be exchanged for each share of Peoples Bank common stock in the merger transaction).

Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457 under the Securities Act of 1933 on the basis of the market value of the shares of Peoples Bank common stock to be cancelled in the merger transaction, computed, in accordance with Rule 457(f)(1) and (3), as (a) the product of (i) \$19.90 (the market price ⁽²⁾ per share of Peoples Bank common stock as of March 30, 2012) and (ii) 2,016,012 (the number of shares of Peoples Bank common stock estimated to be outstanding at the time the merger transaction is consummated), less (b) \$13,805,767.34 (the estimated amount of cash that will be paid by First Community to the shareholders of Peoples Bank in the merger transaction).

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

PEOPLES BANK OF VIRGINIA

2701 N. Parham Road

Richmond, Virginia 23294

(804) 270-6800

April 26, 2012

Dear Shareholders:

You are cordially invited to attend a special meeting of shareholders of Peoples Bank to be held at 3:00 p.m., Eastern Daylight Saving Time, on Thursday, May 24, 2012 at Meadowbrook Country Club, 3700 Cogbill Road, Richmond Virginia 23234. At the special meeting, you will be asked to consider and vote upon a proposal to approve an agreement and plan of reorganization and a related plan of merger pursuant to which Peoples Bank will be merged with and into First Community Bank.

If the merger agreement is approved and the merger is subsequently completed, each outstanding share of Peoples Bank common stock will be converted into the right to receive:

\$6.08 in cash; and

1.07 shares of common stock of First Community Bancshares, Inc. ("First Community"), plus cash in lieu of any fractional share interest.

First Community common stock is traded on the Nasdaq Global Select Market under the symbol "FCBC." On April __, 2012, the closing sale price of a share of First Community common stock was \$_____.

The merger cannot be completed unless the holders of a majority of the outstanding shares of Peoples Bank common stock vote in favor of approval of the merger agreement at the special meeting. The directors and executive officers of Peoples Bank have agreed to vote their shares of Peoples Bank common stock in favor of the merger. The directors

and executive officers of Peoples Bank collectively own approximately 34.09% of the outstanding shares of Peoples Bank.

Based on our reasons for the merger described in the accompanying proxy statement/prospectus, including the fairness opinion issued by our financial advisor, Davenport & Company, our board of directors believes that the merger is fair to you and in your best interests. **Accordingly, our board of directors unanimously recommends that you vote “FOR” approval of the merger agreement.**

The accompanying proxy statement/prospectus gives you detailed information about the special meeting, the merger and related matters. **We urge you to read this entire document carefully, including the considerations discussed under “Risk Factors,” beginning on page 13, and the annexes to the accompanying document, which include the merger agreement.**

Your vote is very important. Whether or not you plan to attend the special meeting, please take the time to vote by completing and mailing the enclosed proxy card or by following the instructions to vote via the Internet or by telephone indicated on the proxy card.

We appreciate your continuing loyalty and support, and we look forward to seeing you at the special meeting.

Sincerely,

James H. Atkinson, Jr. Quentin L. Corbett
Chief Executive Officer President

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the First Community common stock to be issued in the merger or determined if this document is accurate or adequate. Any representation to the contrary is a criminal offense. The shares of First Community common stock are not savings accounts, deposits or other obligations of any bank or savings association and are not insured by the Federal Deposit Insurance Corporation or any other governmental agency.

This proxy statement/prospectus is dated April ____, 2012 and was first mailed to shareholders of Peoples Bank on or about April 26, 2012.

PEOPLES BANK OF VIRGINIA

2701 N. Parham Road

Richmond, Virginia 23294

(804) 270-6800

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

To Be Held on May 24, 2012

To the shareholders of Peoples Bank of Virginia:

We will hold a special meeting of shareholders of Peoples Bank of Virginia at 3:00 p.m., Eastern Daylight Saving Time, on Thursday, May 24, 2012, at Meadowbrook Country Club, 3700 Cogbill Road, Richmond, Virginia 23234, for the following purposes:

1. to consider and vote upon a proposal to approve an Agreement and Plan of Reorganization, dated as of March 1, 2012, by and among First Community Bancshares, Inc., First Community Bank and Peoples Bank of Virginia and a related plan of merger (collectively, the “merger agreement”), as described in the accompanying proxy statement/prospectus; and

2. further solicitation of proxies if there are not sufficient votes at the time of the special meeting to approve the merger agreement.

We have fixed the close of business on April 6, 2012 as the record date for the determination of shareholders entitled to notice of and to vote at the special meeting. Only holders of Peoples Bank common stock of record at the close of business on that date will be entitled to notice of and to vote at the special meeting or any adjournment or postponement of the special meeting.

Our board of directors has determined that the merger agreement is in the best interests of Peoples Bank and its shareholders and unanimously recommends that shareholders vote “FOR” approval of the merger agreement.

Holders of Peoples Bank common stock have the right to dissent from the merger and assert appraisal rights, provided the proper procedures in accordance with Article 15, Sections 13.1-729 through 13.1-741.1 of the Virginia Stock Corporation Act are followed. A copy of Article 15 of the Virginia Stock Corporation Act is attached as Annex C to the accompanying proxy statement/prospectus.

Your vote is very important. Whether or not you plan to attend the special meeting, please take the time to vote by completing and mailing the enclosed proxy card or by following the instructions to vote via the Internet or by telephone indicated on the proxy card.

By Order
of the
Board of
Directors

J. Kenneth
Timmons,
Jr.
Corporate
Secretary

Richmond, Virginia
April 26, 2012

HOW TO OBTAIN ADDITIONAL INFORMATION

This proxy statement/prospectus incorporates by reference important business and financial information about First Community Bancshares, Inc. from documents that are not included in or delivered with this proxy statement/prospectus. You can obtain documents incorporated in this proxy statement/prospectus by reference but not otherwise accompanying this proxy statement/prospectus by requesting them in writing or by telephone from First Community as follows:

First Community Bancshares, Inc.

P.O. Box 989

Bluefield, Virginia 24605-0989

Attention: Robert L. Schumacher, General Counsel

(276) 326-9000

You will not be charged for any of these documents that you request. If you would like to request documents, please do so no later than five business days prior to the date of the special meeting, or by May 16, 2012 in order to receive them before the special meeting.

For additional information regarding where you can find information about First Community, please see “Where You Can Find More Information” beginning on page ___.

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QUESTIONS AND ANSWERS
ABOUT THE SPECIAL MEETING AND MERGER

Q. What is the proxy statement/prospectus and why am I receiving it?

A: This proxy statement/prospectus describes the proposed merger between Peoples Bank of Virginia (“Peoples Bank”) and First Community Bank. Because you are a shareholder of Peoples Bank, you are being asked to vote on the merger agreement at a special meeting of shareholders to be held on Thursday, May 24, 2012.

Q. When and where is the special meeting?

A: The Peoples Bank special meeting of shareholders will be held at Meadowbrook Country Club, 3700 Cogbill Road, Richmond Virginia 23234, on Thursday, May 24, 2012 at 3:00 p.m., Eastern Daylight Saving Time.

Q: What do I need to do now?

A: After you have carefully read this proxy statement/prospectus, indicate on your proxy card how you want your shares to be voted. Then sign, date and mail your proxy card in the enclosed prepaid return envelope as soon as possible. Alternatively, you may vote by following the Internet and telephone voting instructions indicated on the proxy card. This will enable your shares to be represented and voted at the special meeting.

Q: Why is my vote important?

A: The merger agreement must be approved by the holders of a majority of the outstanding shares of Peoples Bank common stock. If you do not vote, it will have the same effect as a vote against the merger agreement.

Q: If my shares are held in street name by my broker, will my broker automatically vote my shares for me?

A: No. Your broker or other nominee will not be able to vote shares held by it in street name on your behalf without instructions from you. You should instruct your broker or other nominee to vote your shares, following the directions your broker or other nominee provides.

Q: What if I fail to instruct my broker?

A: If you fail to instruct your broker or other nominee to vote your shares, it will have the same effect as a vote against the merger agreement.

Q: Can I attend the meeting and vote my shares in person?

Yes. All shareholders are invited to attend the special meeting. However, if you hold your shares in street name, you will need proof of ownership (by means of a recent brokerage statement, letter from a broker, or other A: nominee) to be admitted to the meeting. Shareholders of record can vote in person at the special meeting. If your shares are held in street name, then you should instruct your broker on how to vote your shares, following the directions your broker provides.

Q: Can I change my vote?

A: Yes. There are three ways you can change your vote after you have sent in your proxy card:

you may send a written notice to the Corporate Secretary of Peoples Bank stating that you would like to revoke your proxy before the special meeting;

you may complete and submit a new proxy card, and any earlier proxy will be revoked automatically or, if you submitted your proxy via the Internet or by telephone, you can change your vote by submitting a proxy at a later date, in which case your later-submitted proxy will be recorded and your earlier proxy revoked; or

you may attend the special meeting and vote in person, and any earlier proxy will be revoked. However, simply attending the special meeting without voting will not revoke your proxy.

If you have instructed a broker or other nominee to vote your shares, you must follow directions you receive from your broker or other nominee to change your vote.

Q: Should I send in my stock certificates now?

No. You should not send in your stock certificates at this time. Instructions for surrendering your Peoples Bank A: common stock certificates in exchange for the merger consideration will be sent to you after we complete the merger.

Q: Where will my shares of First Community common stock be listed?

We intend to apply to have the shares of First Community common stock to be issued in the merger approved for A: quotation on the Nasdaq Global Select Market. First Community's common stock currently trades on the Nasdaq Global Select Market under the symbol "FCBC."

Q: May I resell my stock acquired in the merger?

The First Community common stock issued pursuant to the merger will be freely transferable under the Securities A: Act of 1933, as amended, which is referred to in this proxy statement/prospectus as the Securities Act, including those shareholders of Peoples Bank who may be deemed to be an affiliate of First Community for purposes of Rule 144 promulgated under the Securities Act.

Q: When do you expect to complete the merger?

A:

We expect to complete the merger in the second quarter of 2012. However, we cannot assure you when or if the merger will occur. Peoples Bank shareholders must first approve the merger agreement at the special meeting and the necessary regulatory approvals must be obtained.

Q: Whom should I call with questions?

A: You should contact James H. Atkinson, Jr., Chief Executive Officer, or Quentin L. Corbett, President, of Peoples Bank , at (804) 270-6800.

Q: What will I receive in the merger?

If the merger agreement is approved by the shareholders of Peoples Bank and the merger is subsequently completed, each outstanding share of Peoples Bank common stock will be converted into the right to receive the following:

\$6.08 in cash; and

1.07 shares of common stock of First Community, plus cash in lieu of any fractional share interest.

Q: How Does the Peoples Bank Board of Directors recommend that I vote?

A: The Peoples Bank board of directors has unanimously approved and adopted the merger agreement and recommends that Peoples Bank shareholders vote FOR approval of the merger.

Q: What happens if I transfer my Peoples Bank shares after the Record Date for the Special Meeting?

A: The record date for the special meeting is earlier than the expected date of completion of the merger. Therefore, if you transfer your shares of Peoples Bank after the record date for the special meeting, but prior to the merger, you will retain the right to vote at the special meeting, but the right to receive the merger consideration will transfer with the shares of Peoples Bank common stock.

SUMMARY

This summary highlights selected information from this proxy statement/prospectus and may not contain all of the information that is important to you. To understand the merger fully and for a more complete description of the legal terms of the merger, you should read carefully this entire document, including the merger agreement and the other documents to which we have referred you. See “Where You Can Find More Information” beginning on page __. Page references are included in this summary to direct you to a more complete description of the topics.

Throughout this proxy statement/prospectus, “Peoples Bank,” “we” and “our” refers to Peoples Bank, “First Community” refers to First Community Bancshares, Inc. and “First Community Bank” refers to First Community Bank, First Community’s banking subsidiary. Also, we refer to the merger between First Community Bank and Peoples Bank as the “merger,” and the Agreement and Plan of Reorganization, dated as of March 1, 2012, by and among First Community, First Community Bank and Peoples Bank and the related plan of merger as the “merger agreement.”

Parties to the Proposed Merger (Page __)

First Community Bancshares, Inc. First Community is a financial holding company incorporated under the laws of the State of Nevada and serves as the holding company for First Community Bank, a Virginia-chartered banking institution that conducts commercial banking operations within the states of Virginia, West Virginia, North Carolina, South Carolina and Tennessee. First Community also owns Greenpoint Insurance Group, Inc., a full-service insurance agency, and First Community Wealth Management, a registered investment advisory firm. First Community conducts its banking operations through 53 banking centers, loan production, administrative, or other financial services offices as of December 31, 2011. First Community had total consolidated assets of approximately \$2.16 billion, total deposits of approximately \$1.54 billion and total consolidated shareholders’ equity of approximately \$305 million at December 31, 2011. First Community’s principal executive offices are located at One Community Place, Bluefield, Virginia 24605 and its telephone number is (276) 326-9000.

Peoples Bank Peoples Bank is a Virginia-chartered banking institution headquartered in Richmond, Virginia. Peoples Bank operates four banking offices and had total consolidated assets of approximately \$286 million, total deposits of approximately \$246 million and total consolidated shareholders’ equity of approximately \$39 million as of December 31, 2011. Peoples Bank’s corporate office is located at 2702 N. Parham Road, Richmond, Virginia 23294, and its telephone number is (804) 270-6800.

The Merger (Page ___)

We have attached the merger agreement to this document as Annex A. Please read the entire merger agreement. It is the legal document that governs the merger. We propose a merger whereby Peoples Bank will merge with and into First Community Bank, with First Community Bank as the surviving entity. Subject to approval by Peoples Bank shareholders and the receipt of all required regulatory approvals, we expect to complete the merger in the second quarter of 2012.

Peoples Bank Shareholders will receive Cash and Whole Shares of First Community Common Stock for each Share of Peoples Bank Common Stock Exchanged Pursuant to the Merger (Page ___)

If the merger of Peoples Bank with and into First Community Bank is completed, each outstanding share of Peoples Bank common stock (other than shares held by dissenting shareholders) will be converted into the right to receive:

\$6.08 in cash, which is referred to as the “per share cash consideration;” and

1.07 shares of First Community common stock, which is referred to as the “exchange ratio,” plus cash in lieu of any fractional share interest.

The exchange ratio is subject to possible adjustment under certain circumstances described in “The Merger-Termination of the Merger Agreement” beginning on page ____.

Comparative Per Share Market Price Information (Page ___)

Shares of First Community common stock currently trade on the Nasdaq Global Select Market under the symbol “FCBC.” Shares of Peoples Bank common stock trade in the OTC Markets in the OTCQB Market Tier under the symbol “PBAV.” The following table sets forth the closing sale prices of First Community common stock as reported on the Nasdaq Global Select Market and the bid prices of Peoples Bank common stock as quoted in the OTCQB Market Tier of the OTC Markets on February 29, 2012, the last trading-day before we announced the merger, and on _____, 2012, the last practicable trading-day before the distribution of this proxy statement/prospectus.

The following table also includes the equivalent market value per share of Peoples Bank common stock on February 29, 2012 and _____, 2012, which reflects the sum of (a) the product of the exchange ratio of 1.07 multiplied by the last quoted bid price of First Community common stock on the dates indicated, plus (b) the per share cash consideration of \$6.08.

	First Community Common Stock	Peoples Bank Common Stock	Equivalent Market Value Per Share of Peoples Bank
At February 29, 2011	\$ 12.40	\$ 9.40	\$ 19.35
At _____, 2012	\$	\$	\$

The value of the stock portion of the merger consideration to be received for each share of Peoples Bank common stock will be based on the most recent closing price of First Community’s common stock prior to the consummation of the merger. Because the stock portion of the merger consideration to be paid to shareholders of Peoples Bank is based on a fixed number of shares of First Community common stock and because the market value of the shares of First Community common stock to be received by Peoples Bank shareholders will change, shareholders of Peoples Bank are not assured of receiving a specific market value of First Community common stock, and thus a specific market value for their shares of Peoples Bank common stock, at the effective time of the merger. First Community cannot assure you that its common stock will continue to trade at or above the prices shown above. You should obtain current stock price quotations for the First Community common stock from a newspaper, via the Internet or by calling your broker. See “The Merger – Merger Consideration” beginning on page ___.

Dividend Information (Page ___)

First Community currently pays a quarterly cash dividend to its shareholders. During the quarter ending December 31, 2011, First Community paid a cash dividend of \$0.10 per share of First Community common stock. First Community intends to continue to pay a quarterly cash dividend to its shareholders. However, the payment of dividends by First Community on its common stock in the future, either before or after the merger is completed, is subject to the determination of its board of directors and depends on its cash requirements, financial condition and earnings, legal and regulatory considerations and other factors.

During 2011 and in prior years, Peoples Bank did not pay a cash dividend. Pursuant to the merger agreement, Peoples Bank cannot pay future cash dividends without the prior approval of First Community.

Federal Income Tax Consequences of the Merger (Page __)

At the effective time of the merger, First Community and Peoples Bank will each receive an opinion of counsel to the effect that, based on certain facts, representations and assumptions, the merger will be treated as a “tax-free reorganization” for federal income tax purposes. Peoples Bank shareholders generally will not recognize any gain or a loss on the conversion of shares of Peoples Bank common stock into shares of First Community common stock. However, Peoples Bank shareholders will be taxed on the cash portion of the merger consideration received for their shares of Peoples Bank common stock. The parties’ obligation to complete the merger is conditioned on their receipt of the opinion regarding the federal income tax treatment of the merger.

Tax matters are complicated, and the tax consequences of the merger to you will depend upon the facts of your particular situation. In addition, you may be subject to state, local or foreign tax laws that are not discussed herein. Accordingly, we strongly urge you to consult your own tax advisor for a full understanding of the tax consequences to you of the merger.

Peoples Bank's Financial Advisor Believes that the Merger Consideration is Fair to Peoples Bank Shareholders (Page __)

Among other factors considered in deciding to approve the merger, the Peoples Bank board of directors received the opinion of its financial advisor, Davenport & Company, which we refer to in this proxy statement/prospectus as Davenport, that, as of March 1, 2012, the merger consideration was fair to the holders of Peoples Bank common stock from a financial point of view. The opinion dated as of March 1, 2012 is included as Annex B. You should read this opinion completely to understand the assumptions made, matters considered and limitations of the review undertaken by Davenport in providing its opinion. Davenport's opinion is directed to the Peoples Bank board of directors and does not constitute a recommendation to any shareholder as to any matters relating to the merger. Peoples Bank agreed to pay Davenport a retainer of \$10,000 and a cash fee equal to 0.85% of the market value of the total consideration received by Peoples Bank and its shareholders, plus reimbursement of reasonable out-of-pocket expenses.

Our Board of Directors Recommends Approval of the Merger (Page __)

Based on Peoples Bank's reasons for the merger described herein, including the fairness opinion of Davenport, the Peoples Bank board of directors believes that the merger is fair to you and in your best interests and unanimously recommends that you vote "FOR" approval of the merger agreement.

Date, Time and Location of the Special Meeting (Page __)

The special meeting will be held at 3:00 p.m., Eastern Daylight Saving Time, on Thursday, May 24, 2012, at Meadowbrook Country Club, 3700 Cogbill Road, Richmond Virginia 23234. At the special meeting, Peoples Bank shareholders will be asked to approve the merger agreement, to approve a proposal to adjourn the special meeting if necessary to permit further solicitation of proxies if there are not sufficient votes at the time of the special meeting to approve the merger agreement.

Record Date and Voting Rights for the Special Meeting (Page __)

You are entitled to vote at the special meeting if you owned shares of Peoples Bank common stock as of the close of business on April 6, 2012. You will have one vote at the special meeting for each share of Peoples Bank common stock that you owned on that date.

Shareholders of record may vote by mail, telephone, via the Internet or by attending the special meeting and voting in person. Each proxy returned to Peoples Bank (and not revoked) by a holder of Peoples Bank common stock will be voted in accordance with the instructions indicated thereon. If no instructions are indicated, the proxy will be voted "FOR" approval of the merger agreement and "FOR" the proposal to adjourn the special meeting if necessary to permit further solicitation of proxies on the proposal to approve the merger agreement.

Approval of the Merger Agreement Requires a Majority Vote by Peoples Bank Shareholders

The affirmative vote of the holders of a majority of the outstanding shares of Peoples Bank common stock is necessary to approve the merger agreement on behalf of Peoples Bank.

Management of Peoples Bank Owns Shares Which May Be Voted at the Special Meeting (Pages __ and __)

Each of the directors and executive officers of Peoples Bank , who collectively own approximately 34.09% of the outstanding shares of Peoples Bank common stock as of the record date for the special meeting, has entered into a shareholder agreement with First Community pursuant to which each of them has agreed to vote all of their shares in favor of the merger agreement.

First Community and Peoples Bank Must Meet Several Conditions to Complete the Merger (Page ___)

Completion of the merger depends on meeting a number of conditions, including the following:

shareholders of Peoples Bank must approve the merger agreement;

First Community and Peoples Bank must receive all required regulatory approvals for the merger, and any waiting periods required by law must have passed;

there must be no law, injunction or order enacted or issued preventing completion of the merger;

the First Community common stock to be issued in the merger must have been approved for trading on the Nasdaq Global Select Market (or on any securities exchange on which the First Community common stock may then be listed);

First Community and Peoples Bank must each receive a tax opinion confirming the tax-free nature of the merger;

the representations and warranties of each of First Community and Peoples Bank in the merger agreement must be accurate, subject to exceptions that would not have a material adverse effect on First Community or Peoples Bank, respectively;

First Community and Peoples Bank must have complied in all material respects with their respective obligations in the merger agreement;

First Community must have entered into a new employment agreement with Marshall E. McCall, Jr.;

First Community and Peoples Bank must have entered into severance agreements with certain executive officers of Peoples Bank;

First Community and certain executive officers of Peoples Bank must have entered into consulting agreements; and

dissenting shares shall not represent 20% or more of the outstanding Peoples Bank common stock.

Unless prohibited by law, either First Community or Peoples Bank could elect to waive a condition that has not been satisfied and complete the merger anyway. The parties cannot be certain whether or when any of the conditions to the merger will be satisfied, or waived where permissible, or that the merger will be completed.

First Community and Peoples Bank Must Obtain Regulatory Approvals to Complete the Merger (Page __)

To complete the merger, the parties need the prior approval of or waiver from the Federal Reserve Board, which is referred to in this proxy statement/prospectus as the FRB, and the Bureau of Financial Institutions of the Virginia State Corporation Commission, which is referred to as the VA Bureau of Financial Institutions. The U.S. Department of Justice is able to provide input into the approval process of federal banking agencies and will have between 15 and 30 days following any approval of a federal banking agency to challenge the approval on antitrust grounds. First Community, First Community Bank, and Peoples Bank have filed all necessary applications with the applicable regulatory agencies. First Community and Peoples Bank cannot predict, however, whether the required regulatory approvals will be obtained or whether any such approvals will have conditions which would be detrimental to First Community following completion of the merger.

First Community and Peoples Bank may Terminate the Merger Agreement (Page __)

First Community and Peoples Bank can mutually agree at any time to terminate the merger agreement before completing the merger, even if shareholders of Peoples Bank have already voted to approve it.

Either company also can terminate the merger agreement:

if any required regulatory approvals are for consummation of the merger is not obtained;

if the merger is not completed by December 31, 2012;

if the shareholders of Peoples Bank do not approve the merger agreement;

if the other company is in material breach of any of its representations, warranties or obligations under the merger agreement and the breach cannot be or has not been cured within 30 days of notice of the breach; or

if the other party's conditions to closing in the merger agreement have not been satisfied within 5 business days of the last joint condition to closing and the breach cannot be or has not been cured within 30 days of notice of the breach.

In addition, First Community may terminate the merger agreement at any time prior to the special meeting if the board of directors of Peoples Bank withdraws or modifies its recommendation to the Peoples Bank shareholders that the merger agreement be approved in any way that is adverse to First Community, or breaches its covenants requiring the calling and holding of a meeting of shareholders to consider the merger agreement and prohibiting the solicitation of other offers. First Community also may terminate the merger agreement if a third party commences a tender offer or exchange offer for 20% or more of the outstanding Peoples Bank common stock and the board of directors of Peoples Bank recommends that Peoples Bank shareholders tender their shares in the offer or otherwise fails to recommend that they reject the offer within a specified period.

Peoples Bank may terminate the merger agreement at any time during the five calendar day period beginning on the later of (i) the last date when any requisite approval, consent or waiver from a governmental authority required to permit consummation of the merger is received and all statutory waiting periods have expired, or (ii) the date on which the shareholders of Peoples Bank approve the merger agreement (referred to as the "determination date") if (a) the average closing price of First Community's common stock (the average of the last reported sale prices per share of First Community common stock for the 20 consecutive full trading days immediately preceding the determination date) declines by more than 20% from its price of \$12.40 as of the date immediately preceding the date of the merger agreement and (b) underperforms by more than 20% of a group of peers (as defined in the merger agreement); provided, however, that First Community may elect to increase the exchange ratio within five (5) days of receipt of notice from Peoples Bank to a number equal to the lesser of (x) a quotient, the numerator of which is the product of \$9.92 and the exchange ratio then in effect, and the denominator of which is First Community's average closing price; and (y) a quotient, the numerator of which is the product of (1) the index ratio (calculated by dividing the average of

the closing prices of the NASDAQ Bank Index for the 20 consecutive full trading days ending on the trading day prior to the determination date by \$1734.94 (the average of the closing prices of the NASDAQ Bank Index on February 29, 2012 and subtracting 0.20 therefrom)) and the (2) FCBI Ratio (defined below), and the denominator of which is the quotient, the numerator of which is the average closing price of First Community's common stock and the denominator is \$12.40 (the "FCBI Ratio"), in which case the merger agreement will not be terminated. First Community is not required, however, to increase the exchange ratio, and it is possible under these circumstances that the Peoples Bank board of directors could conclude that proceeding with the merger at the lower price, rather than exercising Peoples Bank's right to terminate the merger agreement, would still be in the best interests of Peoples Bank and its shareholders.

First Community and Peoples Bank may Amend and Extend the Merger Agreement (Page __)

The parties may amend the merger agreement at any time before the merger actually takes place, and may agree to extend the time within which any action required by the merger agreement is to take place. The merger agreement may not, however, be amended after the special meeting without the approval of the shareholders of Peoples Bank if such amendment would require the approval of the Peoples Bank shareholders under applicable law.

Peoples Bank's Directors and Executive Officers Have Some Interests in the Merger that Are in Addition to or Different Than Your Interests (Page __)

Peoples Bank's directors and executive officers have interests in the merger as individuals which are in addition to, or different from, their interests as shareholders of Peoples Bank. These interests include, among other things:

as contemplated by the terms of the merger agreement, James H. Atkinson, Jr., Quentin L. Corbett and Vera H. Primm have each executed a Severance Agreement and Release, acknowledging termination of certain prior employment and change in control agreements with Peoples Bank, and releasing claims with respect to Peoples Bank, First Community Bank and First Community. The severance payments that will be payable following the termination of their employment at the effective date of the merger are as follows: \$783,739 to Mr. Atkinson, \$738,038 to Mr. Corbett and \$423,826 to Ms. Primm. The severance payments to Mr. Atkinson and Mr. Corbett are subject to a six month delay if required to comply with Code Section 409A, and subject to a cutback if the parties determine in good faith, prior to the merger date, that the payment would subject Mr. Atkinson or Mr. Corbett to an excise tax under Code Sections 4999 and 280G. The severance payment to Ms. Primm is subject to a cutback if the payment would subject her to an excise tax under Code Sections 4999 and 280G. Mr. Atkinson and Mr. Corbett will retain vested split dollar agreements which provide a death benefit of approximately one million dollars each;

as contemplated by the terms of the merger agreement, First Community Bank and Peoples Bank have entered into an employment agreement with Marshall E. McCall, Jr. dated March 1, 2012, that will be effective as of the closing with the merger, as well as a stock award agreement between First Community and Mr. McCall. Mr. McCall's employment agreement has a two year term subject to automatic one year renewals. Mr. McCall will serve as Senior Vice President and City Executive with an initial base salary of \$168,000, subject to adjustment on each anniversary of the employment agreement. In the event of a change in control and subsequent involuntary termination of Mr. McCall, other than for cause, due to disability or death, all within two years after the merger, Mr. McCall is entitled to salary accrued through the date of termination, plus a severance benefit of 2.99 times his base salary at the time of the change in control, subject to a cutback if such severance would subject Mr. McCall to an excise tax under Internal Revenue Code ("Code") Sections 280G and 4999. The employment agreement also contains severance provisions and a non-solicitation and non-competition provision for a period of the lesser of the remainder of the initial term or one year. Mr. McCall's stock award agreement provides for the award to Mr. McCall, of 16,000 shares of restricted stock, subject to the terms and conditions of the 2004 Omnibus Stock Option Plan of First Community, with an initial award of 4,000 shares of common stock of First Community to be delivered to Mr. McCall following the closing of the merger, and 4,000 additional shares to be delivered to him each June 30, provided certain performance goals are met, until June 30, 2015. Mr. McCall is also subject to a one-year non-competition and non-solicitation agreement that is a condition precedent to receipt of stock awards;

as contemplated by the terms of the merger agreement, Mr. Atkinson and Mr. Corbett have signed Consulting Agreements, dated March 1, 2012, with First Community Bank that will be effective as of the merger. Each of Mr. Atkinson and Mr. Corbett will provide consulting services to First Community Bank's management team, on an independent contractor basis for a period of thirty-six months after the merger, providing support on employee and customer retention, as requested;

the cash payment to the Peoples Bank executive officers and directors holding outstanding, vested and unexercised stock options to acquire shares of Peoples Bank common stock; and

First Community's agreement to honor indemnification obligations of Peoples Bank for a period of six years and to maintain Peoples Bank's existing directors' and officers' liability insurance for a period of three years following the

merger, subject to the terms of the merger agreement.

The board of directors of Peoples Bank was aware of the foregoing interests and considered them, among other matters, in approving the merger agreement and the merger.

Peoples Bank is Prohibited from Soliciting Other Offers (Page __)

Peoples Bank has agreed that, while the merger is pending, it will not initiate or, subject to some limited exceptions, engage in discussions with any third party other than First Community regarding extraordinary transactions such as a merger, business combination or sale of a material amount of assets or capital stock.

Accounting Treatment of the Merger (Page ___)

The merger will be accounted for as a business combination under generally accepted accounting principles, or GAAP.

Shareholders of First Community and Peoples Bank Have Different Rights (Page ___)

The rights of Peoples Bank's and First Community's shareholders under their respective business corporation laws are different. Upon consummation of the merger, in addition to cash, the shareholders of Peoples Bank will receive shares of First Community common stock in exchange for their shares of Peoples Bank common stock. As a result, the Peoples Bank shareholders will become shareholders of First Community and their rights as shareholders of First Community will be governed by First Community's articles of incorporation, as amended, and bylaws and the Nevada Revised Statutes, which is referred to in this proxy statement/prospectus as the NRS. The rights of shareholders of First Community differ in certain respects from the rights of shareholders of Peoples Bank.

Termination Fee (Page ___)

Peoples Bank must pay First Community a termination fee of \$2.2 million if the merger agreement is terminated under specified circumstances.

Peoples Bank Shareholders Have Appraisal Rights (Page ___)

Under Virginia law, holders of Peoples Bank common stock may exercise appraisal rights and, if the merger is consummated and all requirements law are satisfied by holders seeking to exercise such rights, may receive payment equal to the fair value of their shares of Peoples Bank common stock, determined in the manner set forth under Virginia law. The procedures which must be followed in connection with the exercise of appraisal rights by shareholders are described in this proxy statement/prospectus under "The Merger - Appraisal Rights" and in Article 15, Sections 13.1-729 through 13.1-741.1 of the Virginia Stock Corporation Act ("VSCA"), a copy of which is attached as Annex C to this proxy statement/prospectus. A shareholder seeking to exercise appraisal rights must deliver to Peoples Bank, before the shareholder vote on the merger agreement at the special meeting, a written objection to the merger stating that he or she intends to demand payment for his or her shares through the exercise of his or her statutory

appraisal rights, and must not vote his or her shares in favor of the merger agreement. The return of a signed proxy which does not specify whether you vote in favor or against approval of the merger proposal or abstain from voting will be considered a vote in favor of the merger proposal. A shareholder vote against the merger proposal or an abstention alone, however, will not satisfy the notice requirement of Article 15 of the VSCA. **Any failure to follow the specific procedures set forth in Article 15 of the VSCA may result in a shareholder losing the right to claim fair value as described above.**

The Shares of First Community Common Stock to be Issued in the Merger will be listed on Nasdaq (Page ___)

Pursuant to the merger agreement, the shares of First Community common stock issued in connection with the merger will be listed on the Nasdaq Global Select Market or on any securities exchange on which the First Community common stock may then be listed.

SELECTED HISTORICAL FINANCIAL DATA

Selected Consolidated Historical Financial Data of First Community

Set forth below are highlights from First Community's audited consolidated financial data at and for the years ended December 31, 2007 through 2011. In the opinion of First Community's management, this information reflects all adjustments, consisting of only normal recurring adjustments, necessary for a fair presentation. You should read this information in conjunction with First Community's consolidated financial statements and related notes included in First Community's Annual Report on Form 10-K for the year ended December 31, 2011, which are incorporated in this proxy statement/prospectus by reference and from which this information is derived. See "Where You Can Find More Information" beginning on page ___.

Five-Year Selected Financial Data (Amounts in thousands, except per share data)	At or for the year ended December 31,				
	2011	2010	2009	2008	2007
Balance Sheet Summary (at end of period)					
Securities	\$485,920	\$484,701	\$493,511	\$529,393	\$676,195
Loans held for Sale	5,820	4,694	11,576	1,024	811
Loans Held for investment, net of unearned income	1,396,067	1,386,206	1,393,931	1,298,159	1,225,502
Allowance for loan losses	26,205	26,482	24,277	17,782	12,833
Total assets	2,164,789	2,244,238	2,273,283	2,132,187	2,149,838
Deposits	1,543,467	1,620,955	1,645,960	1,503,758	1,393,443
Borrowings	295,141	332,087	352,558	381,791	517,843
Total liabilities	1,859,060	1,974,360	2,021,016	1,912,972	1,932,740
Preferred stock	18,921	—	—	41,500	—
Total stockholders' equity	305,729	269,878	252,267	219,215	217,098
Summary of Earnings					
Interest income	\$94,176	\$103,582	\$107,934	\$110,765	\$127,591
Interest expense	22,147	29,725	38,682	44,930	59,276
Net interest income	72,029	73,857	69,252	65,835	68,315
Provision for loan losses	9,047	14,757	15,801	9,226	717
Net interest income after provision for loan losses	62,982	59,100	53,451	56,609	67,598
Noninterest income	35,534	40,508	(53,677)	2,374	24,831
Noninterest expense	68,915	69,943	66,624	60,516	50,463
Income (loss) before income taxes	29,601	29,665	(66,850)	(1,533)	41,966
Income tax expense (benefit)	9,573	7,818	(28,154)	(3,487)	12,334
Net income (loss)	20,028	21,847	(38,696)	1,954	29,632
Dividends on preferred stock	703	—	2,160	255	—

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Net income (loss) available to common shareholders	19,325	21,847	(40,856)	1,699	29,632
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Per Share Data

Basic earnings (loss) per common share	\$1.08	\$1.23	\$(2.75)	\$0.15	\$2.64
Diluted earnings (loss) per common share	\$1.07	\$1.23	\$(2.75)	\$0.15	\$2.62

Cash dividends per common share	\$0.40	\$0.40	\$0.30	\$1.12	\$1.08
Book value per common share at year-end	\$15.96	\$15.11	\$14.20	\$15.36	\$19.61

Selected Ratios

Return on average assets	0.88	%	0.97	%	-1.83	%	0.08	%	1.39	%
Return on average common equity	6.81	%	8.11	%	-16.73	%	0.86	%	13.54	%
Average equity to average assets	13.44	%	11.91	%	10.95	%	9.86	%	10.30	%
Dividend payout	37.00	%	32.52	%	N/M	(1)	N/M	(1)	40.91	%
Risk based capital to risk adjusted assets	18.15	%	15.33	%	13.81	%	12.94	%	12.34	%
Leverage ratio	11.50	%	9.44	%	8.51	%	9.70	%	8.09	%

(1) N/M - Not meaningful

Selected Historical Financial Data of Peoples Bank

Set forth below are highlights from Peoples Bank's audited financial data at and for the years ended December 31, 2007 through 2011. In the opinion of Peoples Bank's management, this information reflects all adjustments, consisting of only normal recurring adjustments, necessary for a fair presentation of this data for those dates.

Five-year Selected Financial Data (Amounts in thousands, except per share data)	At or for the year ended December 31,				
	2011	2010	2009	2008	2007
Balance Sheet Summary (at end of period)					
Securities	\$ 14,864	\$ 25,805	\$ 53,871	\$ 34,848	\$ 74,435
Loans held for sale	-	-	-	-	-
Loans held for investment, net of unearned income	181,439	196,898	203,601	197,294	182,269
Allowance for loan losses	3,948	4,036	2,445	2,198	1,929
Total assets	285,898	288,776	281,470	259,489	270,395
Deposits	246,263	247,704	242,007	219,082	231,697
Borrowings	-	-	-	-	-
Total Liabilities	246,800	251,733	245,371	224,986	238,472
Preferred stock	-	-	-	-	-
Total stockholders' equity	39,098	37,043	36,099	34,503	31,923
Summary of Earnings					
Interest income	\$ 12,456	\$ 13,056	\$ 13,267	\$ 15,060	\$ 16,951
Interest expense	3,507	4,388	5,372	7,410	8,835
Net interest income	8,949	8,668	7,895	7,650	8,116
Provision for loan losses	1,250	3,142	1,055	295	230
Net interest income after provision for loan losses	7,699	5,526	6,840	7,355	7,886
Noninterest income	556	660	685	780	581
Noninterest expense	5,098	4,815	4,714	4,305	4,297
Income (loss) before income taxes	3,157	1,371	2,811	3,830	4,170
Income tax expense (benefit)	1,062	436	941	1,304	1,435
Net income (loss)	2,095	935	1,870	2,526	2,735
Dividends on preferred stock	-	-	-	-	-
Net income (loss) available to common shareholders	2,095	935	1,870	2,526	2,735
Per Share Data					
Basic earnings per common share	\$ 1.04	\$ 0.46	\$ 0.93	\$ 1.25	\$ 1.36
Diluted earnings per common share	\$ 1.03	\$ 0.46	\$ 0.90	\$ 1.18	\$ 1.27
Cash dividends per common share	-	-	-	-	-
Book value per common share at year end	\$ 19.39	\$ 18.37	\$ 17.91	\$ 17.11	\$ 15.85

Selected Ratios

Return on average assets	0.71	%	0.32	%	0.70	%	0.96%	1.07	%	
Return on average common equity	5.49	%	2.54	%	5.27	%	7.56	%	9.09	%
Average equity to average assets	13.01	%	12.68	%	13.24	%	12.71	%	11.75	%
Dividend payout	-		-		-		-		-	
Risk based capital to risk adjusted assets	22.00	%	19.40	%	17.70	%	17.70	%	16.40	%
Leverage ratio	13.40	%	12.60	%	12.90	%	13.20	%	11.80	%

RISK FACTORS

Upon completion of the merger, you will receive cash and shares of First Community common stock in exchange for your shares of Peoples Bank common stock. Prior to deciding whether or not to approve the transaction, you should be aware of and consider the following risks and uncertainties that are applicable to the merger and First Community, in addition to the other information contained in or incorporated into this proxy statement/prospectus by reference, including the matters addressed under the caption “Cautionary Statement Concerning Forward-Looking Statements” beginning on page __. First Community has included in its Annual Report on Form 10-K for the year ending December 31, 2011, additional risk factors that address its business.

Risks Associated with the Merger

Because the exchange ratio is fixed and the market price of First Community’s common stock will fluctuate, you cannot be sure of the market value of the First Community common stock that you will receive in the merger.

Upon completion of the merger, each issued and outstanding share of Peoples Bank common stock will automatically be cancelled and converted into the right to receive \$6.08 in cash and 1.07 shares of First Community common stock. The value of the shares of First Community common stock that you will receive will vary based on the trading price of First Community’s common stock. As of April __, 2012, the last practicable trading day for which information was available prior to the date of this prospectus/proxy statement, the closing sale price reported on the Nasdaq Global Select Market for First Community’s common stock was \$__.

Stock price changes may result from a variety of factors, including general market and economic conditions, changes in the values and perceptions of financial services stocks generally, changes in First Community’s business, operations and prospects, and regulatory considerations. Many of these factors are beyond First Community’s control. Accordingly, at the time of the special meeting, you will not necessarily know or be able to calculate the exact value of the shares of First Community’s common stock you will receive upon completion of the merger. The value of the transaction and each share of Peoples Bank common stock on consummation of the merger may be higher or lower depending on the value of First Community’s common stock on that date. Additionally, the value of the shares of First Community’s common stock received by a Peoples Bank shareholder may decline immediately after, including, as a result of, the completion of the merger.

The merger agreement limits Peoples Bank’s ability to pursue alternatives to the merger with First Community, may discourage other acquirers from offering a higher valued transaction to Peoples Bank and may, therefore, result in less value for the Peoples Bank shareholders.

The merger agreement contains a provision that, subject to certain limited exceptions, prohibits Peoples Bank from soliciting, negotiating, or providing confidential information to any third party relating to any competing proposal to acquire Peoples Bank or any of its subsidiaries. In addition, if Peoples Bank executes a definitive agreement in respect of, or closes, an acquisition transaction with a third party, the merger agreement provides that Peoples Bank must pay a \$2.2 million termination fee to First Community. These provisions of the merger agreement could discourage a potential competing acquirer that might have an interest in acquiring Peoples Bank, even if it were prepared to pay a higher per share price than proposed in the merger agreement.

The fairness opinion obtained by Peoples Bank from its financial advisor will not reflect changes in circumstances prior to the merger.

Davenport, the financial advisor to Peoples Bank, delivered an oral fairness opinion to the Board of Directors of Peoples Bank on February 29, 2012, which was subsequently confirmed in writing on March 1, 2012. The fairness opinion states that, as of the date of the opinion, the merger consideration set forth in the merger agreement was fair, from a financial point of view, to the holders of shares of Peoples Bank common stock. However, the fairness opinion does not reflect changes that may occur or may have occurred after the date on which it was delivered, including changes to the operations and prospects of First Community or Peoples Bank, changes in general market and economic conditions, or other changes. Any such changes may alter the relative value of First Community and Peoples Bank.

Directors and officers of Peoples Bank have interests in the merger that are in addition to or different than the interests of shareholders.

When considering the recommendation of Peoples Bank's board of directors, you should be aware that some executive officers and directors of Peoples Bank have interests in the merger that are different from your interests. These arrangements may create potential conflicts of interest. For example, some of Peoples Bank's executive officers will receive a cash payment following the closing of the merger under the terms of their severance agreements. These and certain other additional interests of Peoples Bank's directors and executive officers may cause some of these persons to view the proposed transaction differently than you view it, as a shareholder. See "The Merger — Interests of Certain Persons in the Merger" beginning on page ___.

First Community may fail to realize the anticipated benefits of the merger.

The success of the merger will depend on, among other things, First Community's ability to realize anticipated cost savings and to combine the businesses of First Community and Peoples Bank in a manner that does not materially disrupt the existing customer relationships of Peoples Bank or result in decreased revenues resulting from any loss of customers and that permits growth opportunities to occur. If First Community is not able to successfully achieve these objectives, the anticipated benefits of the merger may not be realized fully or at all or may take longer to realize than expected.

The market price of shares of First Community common stock may be affected by factors which are different from those affecting shares of Peoples Bank common stock.

You will receive shares of First Community common stock in connection with the merger. Some of First Community's current businesses and markets differ from those of Peoples Bank and, accordingly, the results of operations of First Community after the merger may be affected by factors different from those currently affecting the results of operations of Peoples Bank. For a discussion of the businesses of First Community and Peoples Bank and of certain factors to consider in connection with those businesses, see "Information About Peoples Bank," beginning on page ___, "Information About First Community," beginning on page __ and the documents incorporated into this proxy statement/prospectus by reference concerning First Community and referred to under "Where You Can Find More Information" beginning on page ___.

Peoples Bank shareholders will have a reduced ownership and voting interest after the merger and will exercise less influence over management.

Following completion of the merger, Peoples Bank shareholders will own approximately 10.78% of First Community's outstanding shares of common stock. Consequently, Peoples Bank shareholders should expect to exercise less influence over the management and policies of First Community than they currently exercise over the management and policies of Peoples Bank.

The merger is subject to the receipt of waivers and approvals from government entities that may not be received, may take longer than expected or impose conditions that are not presently anticipated.

Before the merger may be completed, various waivers and approvals must be obtained from the FRB and the VA Bureau of Financial Institutions. There can be no assurance as to whether these regulatory waivers and approvals will be received or the timing of the waivers and approvals. In addition, these governmental entities may impose conditions on the completion of the merger or require changes to the terms of the merger. Neither First Community nor Peoples Bank is obligated to complete the merger if the regulatory approvals received in connection with the completion of the merger include any condition which First Community reasonably determines in good faith would materially reduce the benefits of the merger to such a degree that First Community would not have entered into the merger agreement had such condition been known as of the date of the merger agreement.

If the merger is not completed, Peoples Bank will have incurred substantial expenses without realizing the expected benefits.

Peoples Bank has incurred substantial expenses in connection with the merger. The completion of the merger depends on the satisfaction of certain conditions including the approval of Peoples Bank's shareholders and the approval of state and federal regulatory authorities. We cannot guarantee that these conditions will be met. If the merger is not completed, these expenses could have a material adverse impact on the financial condition of Peoples Bank because they would not have realized the expected benefits.

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This proxy statement/prospectus and the documents incorporated herein by reference contain forward-looking statements by First Community and Peoples Bank within the meaning of the federal securities laws. These forward-looking statements include information about the consummation and anticipated timing of the merger and the financial condition, results of operations and businesses of First Community and Peoples Bank. In addition, any of the words "believes," "expects," "anticipates," "estimates," "plans," "projects," "predicts" and similar expressions indicate forward-looking statements. These forward-looking statements involve certain risks and uncertainties. Actual results may differ materially from those contemplated by the forward-looking statements due to, among others, the following factors:

estimated cost savings from the merger may not be fully realized within the expected time frame;

deposit attrition, customer loss or revenue loss following the merger may be greater than expected;

competitive pressure among depository and other financial institutions may increase significantly;

costs or difficulties related to the integration of the businesses of First Community and Peoples Bank may be greater than expected;

changes in the interest rate environment may reduce interest margins;

general economic or business conditions, either nationally or in the states or regions in which First Community does business, may be less favorable than expected, resulting in, among other things, a deterioration in credit quality or a reduced demand for credit;

legislation or changes in regulatory requirements, including changes in accounting standards, may adversely affect the businesses in which First Community is engaged;

adverse changes may occur in the securities markets; and

competitors of First Community may have greater financial resources and develop products and technology that enable those competitors to compete more successfully than First Community.

Management of First Community and Peoples Bank each believes that the forward-looking statements about their respective company are reasonable; however, you should not place undue reliance on them. Forward-looking statements are not guarantees of performance. They involve risks, uncertainties and assumptions. The future results and shareholder values of First Community following completion of the merger may differ materially from those expressed in these forward-looking statements. Many of the factors that will determine these results and values are beyond First Community's and Peoples Bank's ability to control or predict.

All subsequent written and oral forward-looking statements attributable to First Community or Peoples Bank or any person acting on their behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Neither First Community nor Peoples Bank undertakes any obligation to update publicly any forward-looking statements to reflect events, circumstances or new information after the date of this document or to reflect the occurrence of unanticipated events.

GENERAL INFORMATION

This document constitutes a proxy statement and is being furnished to all holders of Peoples Bank common stock in connection with the solicitation of proxies by the board of directors of Peoples Bank to be used at a special meeting of shareholders of Peoples Bank to be held on Thursday, May 24, 2012 and any adjournment of the special meeting. The purposes of the special meeting are to consider and vote upon a proposal to approve the merger agreement between First Community and Peoples Bank, which provides, among other things, for the merger of Peoples Bank with and into First Community Bank, and a proposal to adjourn the special meeting to the extent necessary to solicit additional votes on the merger agreement.

This document also constitutes a prospectus of First Community relating to the First Community common stock to be issued to holders of Peoples Bank common stock upon completion of the merger. Based on the number of shares of Peoples Bank common stock outstanding on the record date for the special meeting and an exchange ratio of 1.07 shares, approximately 2,157,133 shares of First Community common stock will be issuable upon completion of the merger.

First Community has supplied all of the information contained or incorporated herein by reference relating to First Community, and Peoples Bank has supplied all of the information relating to Peoples Bank.

THE SPECIAL MEETING

Time, Date and Place

A special meeting of shareholders of Peoples Bank will be held at 3:00 p.m., Eastern Daylight Saving Time, on Thursday, May 24, 2012 at Meadowbrook Country Club, 3700 Cogbill Road, Richmond Virginia 23234.

Matters to be Considered

The purposes of the special meeting are to consider and approve the merger agreement and to consider and approve a proposal to adjourn the special meeting if necessary to permit further solicitation of proxies if there are not sufficient votes at the time of the special meeting to approve the merger agreement.

Shares Outstanding and Entitled to Vote; Record Date

The close of business on April 6, 2012 has been fixed by Peoples Bank as the record date for the determination of Peoples Bank shareholders entitled to notice of and to vote at the special meeting and any adjournment or postponement of the special meeting. At the close of business on the record date, there were 2,016,012 shares of Peoples Bank common stock outstanding and entitled to vote. Each share of Peoples Bank common stock entitles the holder to one vote at the special meeting on all matters properly presented at the meeting.

How to Vote Your Shares

Shareholders of record may vote by mail, telephone, via the Internet or by attending the special meeting and voting in person. If you choose to vote by mail, simply mark the enclosed proxy card, date and sign it, and return it in the postage paid envelope provided.

If your shares are held in the name of a bank, broker or other holder of record, you will receive instructions from the holder of record that you must follow in order for your shares to be voted. Also, please note that if the holder of record of your shares is a broker, bank or other nominee and you wish to vote at the special meeting, you must bring a legal proxy from the broker, bank or other nominee confirming that you are the beneficial owner of the shares.

Any shareholder executing a proxy may revoke it at any time before it is voted by:

delivering to Peoples Bank prior to the special meeting a written notice of revocation addressed to Kenneth Timmons, Jr., Corporate Secretary, Peoples Bank, 2702 N. Parham Road, Richmond, Virginia 23294;

delivering to Peoples Bank prior to the special meeting a properly executed proxy with a later date; or

attending the special meeting and voting in person.

Attendance at the special meeting will not, in and of itself, constitute revocation of a proxy.

Each proxy returned to Peoples Bank (and not revoked) by a holder of Peoples Bank common stock will be voted in accordance with the instructions indicated thereon. If no instructions are indicated, the proxy will be voted "FOR" approval of the merger agreement and "FOR" the proposal to adjourn the special meeting if necessary to permit further solicitation of proxies on the proposal to approve the merger agreement.

Votes Required

A quorum, consisting of the holders of a majority of the issued and outstanding shares of Peoples Bank common stock, must be present in person or by proxy before any action may be taken at the special meeting. Abstentions will be treated as shares that are present for purposes of determining the presence of a quorum but will not be counted in the voting on a proposal and this will have the same effect of a vote against the merger proposal.

The affirmative vote of the holders of a majority of the outstanding shares of Peoples Bank common stock is necessary to approve the merger agreement on behalf of Peoples Bank. The affirmative vote of a majority of the votes cast by shareholders at the meeting is required to approve the proposal to adjourn the special meeting if necessary to permit further solicitation of proxies on the proposal to approve the merger agreement.

Any "broker non-votes" submitted by brokers or nominees in connection with the special meeting will not be counted for purposes of determining the number of votes cast on a proposal but will be treated as present for quorum purposes. "Broker non-votes" are shares held by brokers or nominees as to which voting instructions have not been received from the beneficial owners or the persons entitled to vote those shares and the broker or nominee does not have

discretionary voting power under the applicable New York Stock Exchange rules. Under these rules, the proposals to approve the merger agreement and to adjourn the special meeting are not items on which brokerage firms may vote in their discretion on behalf of their clients if such clients have not furnished voting instructions within ten days of the special meeting. Because the proposal to approve the merger agreement is required to be approved by the holders of a majority of the outstanding shares of Peoples Bank common stock, abstentions and broker “non-votes” will have the same effect as a vote against the proposal to approve the merger agreement at the special meeting. And for the same reason, the failure of a Peoples Bank shareholder to vote by proxy or in person at the special meeting will have the effect of a vote against this proposal. Because of the vote required for the proposal to adjourn the special meeting, abstentions and “broker non-votes” will have no effect on this proposal.

The directors and executive officers of Peoples Bank, who collectively own approximately 34.09% of the outstanding shares of Peoples Bank common stock as of the record date for the special meeting, have entered into shareholder agreements with First Community pursuant to which they have agreed to vote all of their shares in favor of the merger agreement. See “The Merger — Shareholder Agreements” on page ___.

As of the close of business on the record date for the special meeting, First Community did not beneficially own any shares of Peoples Bank common stock.

Solicitation of Proxies

Peoples Bank will pay for the costs of mailing this document to its shareholders, as well as all other costs incurred by it in connection with the solicitation of proxies from its shareholders on behalf of its board of directors. In addition to solicitation by mail, the directors, officers and employees of Peoples Bank and its subsidiaries may solicit proxies from shareholders of Peoples Bank in person or by telephone, telegram, facsimile or other electronic methods without compensation other than reimbursement for their actual expenses.

Arrangements also will be made with custodians, nominees and fiduciaries for the forwarding of solicitation material to the beneficial owners of stock held of record by such persons, and Peoples Bank will reimburse such custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses in connection therewith.

Recommendation of the Peoples Bank Board of Directors

The Peoples Bank board of directors has unanimously approved the merger agreement and the transactions contemplated by the merger agreement. Based on Peoples Bank's reasons for the merger described in this proxy statement/prospectus, including Davenport's fairness opinion, the board of directors of Peoples Bank believes that the merger is in the best interests of Peoples Bank's shareholders and unanimously recommends that you vote "FOR" approval of the merger agreement. See "The Merger—Peoples Bank's Reasons for the Merger" beginning on page ___.

THE MERGER (PROPOSAL ONE)

The following information describes the material aspects of the merger agreement and the merger. This description does not purport to be complete and is qualified in its entirety by reference to the annexes to this proxy statement/prospectus, including the merger agreement. You are urged to carefully read the annexes in their entirety.

General

Subject to satisfaction or waiver of all conditions in the merger agreement, Peoples Bank will merge with and into First Community Bank, a wholly-owned subsidiary of First Community. Upon completion of the merger, Peoples Bank's corporate existence will terminate and First Community Bank will continue as the surviving corporation.

Immediately following the merger, William H. “Bill” Pruitt will join the board of directors of First Community Bank. All of the remaining members of Peoples Bank board will be invited to serve on a First Community Bank’s regional advisory board encompassing the Richmond, Virginia market. Marshall E. “Eddie” McCall, Jr. will be appointed as the Senior Vice President and City Executive of such market.

At the effective time of the merger, each share of common stock of Peoples Bank, outstanding immediately before the effective time of the merger (except as provided below) will, by virtue of the merger and without any action on the part of a Peoples Bank shareholder, be converted into the right to receive:

\$6.08 in cash, which is referred to as the “per share cash consideration”; and

1.07 shares of common stock of First Community, which is referred to as the “exchange ratio,” plus cash in lieu of any fractional share interest.

As of April 6 , 2012, there were 2,016,012 shares of Peoples Bank common stock outstanding.

Shares of Peoples Bank common stock held by Peoples Bank shareholders who have elected dissenters' rights will not be converted into the right to receive the merger consideration upon consummation of the merger. Shareholders who wish to assert their dissenters' rights and comply with the procedural requirements of Article 15, Sections 13.1-729 through 13.1-741.1 of the Virginia Stock Corporation Act,, will be entitled to receive payment of the fair value of their shares in cash in accordance with Virginia law. For more information regarding the exercise of these rights, see “—Dissenters' Rights.”

After completion of the merger, it is expected that current First Community shareholders will own approximately 89.22% of the combined company and former Peoples Bank shareholders will own approximately 10.78% of the combined company.

Background of the Merger

The management and directors of Peoples Bank have periodically explored and discussed strategic options available to the bank for maintaining its competitiveness and increasing shareholder value. These discussions have included, among other things, exploring the merger and acquisition environment for financial institutions and a potential business combination involving Peoples Bank. Several times over the last few years, representatives from other financial institutions have inquired about Peoples Bank's interest in such a transaction. These preliminary discussions did not result in any proposals that the board could recommend to the bank's shareholders. Based in large part on these inquiries and in view of the changing regulatory and economic environment, the board began in the first quarter of 2011 to seriously consider the advisability of consulting with an investment banking firm to further explore its strategic options.

In April 2011, senior management of Peoples Bank held preliminary discussions with representatives of Davenport , a regional investment banking firm headquartered in Richmond, Virginia, about the business environment for community banks and the status of merger and acquisition activity in the financial services industry. Based on these discussions, senior management of Peoples Bank invited Davenport representatives to participate in the bank's next board meeting.

On May 10, 2011, representatives of Davenport met with the board and provided an overview of current market conditions, a preliminary valuation of Peoples Bank and an analysis of various strategic alternatives. Davenport's presentation included a comparison of the valuations of peer institutions and a list of potential acquirers that may be interested in expanding in the Richmond, Virginia market. After hearing Davenport's presentation and reviewing its report, the board concluded that it would be prudent to continue to explore the possibilities of a strategic business combination.

On July 7, 2011, representatives of Davenport again met with the board to update its May 10, 2011, presentation. The meeting included additional information regarding peer institutions, recent merger and acquisition activity and a discussion of Peoples Bank 's franchise position and value, and possible merger partners. After considering Davenport's presentation and written report, and the probable value of the bank in a merger context, the board encouraged senior management to proceed with identifying and gauging the interest of potential merger partners. As a result of this meeting, Davenport was authorized to contact six institutions, including First Community, to see if there was an interest in exploring a possible transaction with Peoples Bank.

On August 3, 2011, senior management of Peoples Bank asked Davenport to provide its recommendation as to which institutions would best complement Peoples Bank in a merger. On September 7, 2011, senior management received an update from Davenport on its discussions with each of the six institutions contacted and its recommendation.

On September 14, 2011, the Peoples Bank board met with representatives of Davenport to review the six institutions contacted in further detail. Davenport provided an analysis of each institution that included a discussion of pricing considerations, financial performance and non-financial matters such as organizational structure and management strength. Following Davenport's presentation and further discussion regarding the advantages and disadvantages of each institution, the board instructed Davenport to solicit offers from certain selected institutions.

First Community and another institution indicated an interest in proceeding to the next step to conduct a preliminary due diligence review of Peoples Bank. First Community and the other interested institution completed their respective due diligence reviews of Peoples Bank by early November, and each institution indicated it would like to continue discussions toward a potential merger transaction.

In late November, Peoples Bank received written, non-binding indications of interest from First Community and the other interested banking institution that outlined the basic financial and other terms for a merger transaction. Each offer was contingent upon completion of the due diligence process and subject to the negotiation of a mutually agreeable definitive merger agreement and related agreements.

On November 30, 2011, the Peoples Bank board met with representatives of Davenport to review and consider the indications of interest from each of the institutions. Davenport provided an analysis of each offer, including an evaluation of the level and form of consideration offered, the structure of each proposed transaction, the expected future operations of the combined institution and the material differences between each proposal. At that meeting, Davenport was officially engaged to act as the bank's financial advisor in connection with the merger negotiations.

At separate meetings held in Richmond in early December, members of each institution's senior management team gave an in-depth presentation of their respective companies to the Peoples Bank board.

In late January, Peoples Bank received revised indications of interest from First Community and the other interested bank. First Community's revised offer provided for a fixed exchange ratio of 1.0578 shares of its common stock and \$6.07 in cash in exchange for each share of Peoples Bank of Virginia common stock. At that time, the offer represented an aggregate value of approximately \$20.25 per share of Peoples Bank common stock based on the market value of First Community common stock as of the date of the offer. The revised offer represented an increase in value of approximately \$0.20 per share from First Community's initial offer. The proposed merger was structured so that Peoples Bank would merge with and into First Community Bank, the wholly owned subsidiary bank of First Community. The other interested institution's revised offer provided for a reduced stock exchange ratio that resulted in a decrease in value of approximately \$1.00 per share from its initial offer. Similar to the offer from First Community, the other interested institution structured its offer so that Peoples Bank would merge with and into its wholly-owned subsidiary bank.

On January 26, 2012, the Peoples Bank board reviewed the revised offers from First Community and the other interested institution with representatives from Davenport. Davenport provided a detailed analysis of the advantages and disadvantages of each proposal. The terms of the proposal were considered and evaluated, including the percentage of cash and stock portions of the merger consideration relative to the total merger consideration. The board also considered the impact of the proposed transaction on Peoples Bank's management and employees. Additionally, the board considered the financial performance, stock performance, market position, growth prospects and other matters concerning First Community and the other interested bank. After a lengthy discussion, the board determined that a merger with First Community would provide substantial long-term benefits to Peoples Bank's shareholders and its constituencies. The Peoples Bank board then authorized management to proceed with the negotiation of a definitive merger agreement and related agreements with First Community, provided that certain modifications were made to the proposal related to the treatment of Peoples Bank's employment contracts and employee benefit plans.

On February 3, 2012, First Community delivered a revised and final non-binding indication of interest. The proposal was substantially the same as First Community's last proposal, but included slight adjustments to the stock exchange ratio to 1.07 (from 1.0578) shares of First Community common stock for each share of Peoples Bank common stock and to the cash consideration to \$6.08 (from \$6.07) per share. In addition, the revised offer included the modifications requested by Peoples Bank related to its existing employment contracts and employee benefit plans.

On February 9, 2012, Bowles Rice McDavid Graff & Love LLP, outside counsel to First Community, delivered to LeClairRyan, A Professional Corporation, outside counsel to Peoples Bank, an initial draft merger agreement and certain related documents. During the remainder of February 2012, Peoples Bank and First Community, and their respective advisors and representatives, negotiated the terms of the definitive merger agreement and related agreements.

On February 28, 2012, the Peoples Bank board held a special meeting to discuss with senior management, and Peoples Bank's legal and financial advisors, the status of the merger negotiations and to review the proposed merger terms and the merger agreement. Management reviewed for the board the progress of its negotiations with First Community. Representatives of LeClairRyan discussed the definitive merger agreement in detail, and discussed the legal standards applicable to the board's decisions and actions with respect to its consideration of the proposed merger. Davenport discussed the structure and other terms of the proposed transaction, and financial information regarding Peoples Bank, First Community and the transaction. Davenport's presentation included, among other things, information regarding stock trading history, peer group valuation, present value analysis, financial impact and comparable transactions.

On February 29, 2012, representatives from Davenport and LeClairRyan again met with the Peoples Bank board to report on the final revisions to the terms of the transaction as reflected in the latest draft of the definitive merger agreement. In connection with deliberations by the Peoples Bank board, Davenport rendered to the board its oral opinion (subsequently confirmed in writing on March 1, 2012) that as of such date, the merger consideration to be received by the shareholders of Peoples Bank was fair, from a financial point of view, to Peoples Bank and its shareholders. Davenport and LeClairRyan responded to questions from the board regarding the proposed merger and the draft merger agreement and related documents. After reviewing Davenport's opinion and further discussion of the terms of the merger, the Peoples Bank board determined that the proposed merger with First Community and the related transactions as reflected in the definitive merger agreement presented at the meeting were in the best interest of Peoples Bank and its shareholders. The board voted unanimously to approve the merger agreement and related transactions and agreements, and to recommend approval of the merger agreement to the shareholders of Peoples Bank.

Following completion of the Peoples Bank board meeting on February 29, 2012, the merger agreement and related agreements were placed in final form. On March 1, 2012, representatives of Peoples Bank and First Community met and the parties executed the merger agreement. A joint press release announcing the merger agreement was issued on such date.

Peoples Bank's Reasons for the Merger; Recommendation of the Peoples Bank Board of Directors

In reaching its decision to adopt and approve the merger agreement and recommend its approval of the merger to Peoples Bank's shareholders, the Peoples Bank board of directors consulted with senior management, as well as with its outside financial and legal advisors, and reviewed various financial data and due diligence materials. After such consultation and review, and considering Peoples Bank's future prospects and strategic options, the board concluded that affiliating with a larger financial institution would better maximize the long-term value of shareholders' investments than if Peoples Bank remained independent, and that the proposed merger with First Community was in the best interests of Peoples Bank and its shareholders.

The Peoples Bank board of directors considered a number of positive factors that it believes support its recommendation that Peoples Bank's shareholders approve the merger agreement, including (not in any relative order of importance):

the value of the merger consideration compared to Peoples Bank's prevailing book value, together with the fact that approximately 31% of the total merger consideration will be in the form of cash;

the financial analysis and presentation of Davenport, and its opinion that, as of March 1, 2012, the merger consideration to be received by the shareholders of Peoples Bank was fair, from a financial point of view, to the shareholders of Peoples Bank (see "Opinion of Peoples Bank's Financial Advisor");

the financial terms of recent business combinations in the financial services industry and a comparison of the multiples paid in selected business combinations with the terms of the merger;

its belief that the merger will create a larger and more diversified organization, with a higher combined legal lending limit, that is better positioned to compete and grow its business;

its knowledge and analysis of the current regulatory environment for financial institutions, Peoples Bank's current competitive position in its banking market and the other potential strategic alternatives available to Peoples Bank, including remaining independent, accelerating branch growth, making acquisitions, developing or acquiring non-bank businesses and selling Peoples Bank to another financial institution;

its assessment of the business, earnings, operations, financial condition, capital levels, management and prospects of First Community, taking into account the results of Peoples Bank's due diligence investigation of First Community;

its belief that First Community is a high quality financial services company with a compatible business culture and shared approach to customer service and increasing shareholder value;

the fact that the merger will enable Peoples Bank's shareholders to exchange their shares of Peoples Bank, in a tax-free transaction, for registered shares of a company trading on a national stock exchange, except for the portion of the merger consideration paid in cash for full or fractional shares, thereby providing enhanced liquidity for Peoples Bank shareholders to sell their shares quickly and efficiently;

the fact that First Community currently pays a cash dividend on its common stock, while Peoples Bank does not and is not likely to pay a cash dividend to its shareholders in the near future; and

the assessment of the likelihood that the merger will be completed without unacceptable regulatory conditions or requirements, and the ability of First Community's management team to successfully integrate and operate the business of the combined company after the merger.

The Peoples Bank board also considered the risks and potentially negative factors outlined below, but concluded that the anticipated benefits of combining with First Community were likely to outweigh substantially these risks and factors. The risks and factors included (not in any relative order of importance):

that the exchange ratio of the stock portion of the merger consideration is fixed, so, if the market price of First Community common stock is lower at the time of the consummation of the merger, the economic value of the per share stock consideration to be received by holders of Peoples Bank stock will also be lower;

the provisions of merger agreement obligating Peoples Bank to pay a substantial termination fee if it later chooses to pursue a more attractive uninvited merger proposal or if the agreement is terminated under certain circumstances;

the loss of autonomy associated with being an independent financial institution;

the possibility that the merger and the related integration process could result in the loss of key employees, in the disruption of Peoples Bank's on-going business and in the loss of customers for the combined company;

the fact that Peoples Bank's officers and employees will have to focus extensively on actions required to complete the merger, which will divert their attention from Peoples Bank's business, and that Peoples Bank will incur substantial transaction costs even if the merger is not consummated; and

that while the merger is pending, Peoples Bank will be subject to certain restrictions on the conduct of its business that may delay or prevent it from pursuing business opportunities that may arise or preclude it from taking actions that would be advisable if it was to remain independent.

The foregoing discussion of the factors considered by Peoples Bank's board of directors is not intended to be exhaustive, but is believed to include all the material factors considered by Peoples Bank's board. In view of the wide variety of factors considered in connection with its evaluation of the merger and the complexity of these matters, the board of directors did not find it useful and did not attempt to quantify or assign any relative or specific weights to the various factors that it considered in reaching its determination to approve the merger and the merger agreement and recommend that shareholders vote "FOR" approval of the merger agreement. In addition, individual members of the Peoples Bank board of directors may have given differing weights to different factors. The board of directors conducted an overall analysis of the factors described above, including thorough discussions with, and questioning of, Peoples Bank's management and its outside financial and legal advisors. The board considered all of the foregoing factors as a whole and unanimously supported a determination to approve the merger and recommend that shareholders approve the merger agreement.

The above explanation of the reasoning of the Peoples Bank board and the other information presented in this section is forward-looking in nature and, therefore, should be read in light of the factors discussed under the heading "Cautionary Statement Regarding Forward-Looking Statements."

The Peoples Bank board of directors unanimously determined that the merger, the merger agreement and the transactions contemplated by the merger agreement are in the best interests of Peoples Bank and its shareholders and unanimously approved and adopted the merger agreement. **The Peoples Bank board unanimously recommends that holders of Peoples Bank stock vote "FOR" the approval of the merger agreement and "FOR" the approval to adjourn or postpone the Peoples Bank special meeting, if necessary.**

In considering the recommendation of the Peoples Bank board with respect to the proposal to approve and adopt the merger, the merger agreement and the transactions contemplated thereby, Peoples Bank shareholders should be aware that Peoples Bank's directors and executive officers have interests in the merger that are different from, or in addition to, those of other Peoples Bank shareholders. The Peoples Bank board was aware of and considered these interests, among other matters, in evaluating and negotiating the merger and the merger agreement, and in making its recommendation. See "The Merger — Interests of Certain Persons in the Merger beginning on page ____.

First Community's Reasons for the Merger

The merger is consistent with First Community's plan to have operations, offices and distinct capabilities in every market of its choice within its region. The merger will afford First Community the opportunity to further expand market share in the Richmond, Virginia area. Following the merger, First Community Bank will be the 10th largest Virginia based bank by deposits in the Richmond area. First Community believes that, in addition to expanding its presence in a very attractive market, the merger provides an opportunity to enhance First Community's shareholder value with the prospects of positive long-term performance of First Community's common stock. First Community believes that the merger is a strategic and cultural fit between First Community and Peoples Bank given the

compatibility of the management and business philosophy of each company. Enhanced opportunities should result from the merger by eliminating redundant or unnecessary costs and enhancing revenue growth prospects.

Opinion of Peoples Bank's Financial Advisor

Peoples Bank engaged Davenport to act as its financial advisor in connection with the proposed merger and Davenport agreed to assist Peoples Bank in analyzing, structuring and negotiating the merger. Davenport was also engaged to render a written opinion to Peoples Bank's board of directors as to the fairness, from a financial point of view, of the consideration to be paid to Peoples Bank's shareholders in accordance with the merger. In requesting Davenport's advice and opinion, no restrictions or limitations were imposed by Peoples Bank upon Davenport with respect to the investigations made or the procedures followed by Davenport in rendering its opinion.

Davenport is a regional investment banking firm. As part of its investment banking business, Davenport is regularly engaged in the valuation of businesses and securities in connection with mergers, acquisitions, underwritings, sales and distributions of listed and unlisted securities and valuations for estate, corporate and other purposes. Davenport was selected by Peoples Bank to act as its financial advisor because of Davenport's expertise in valuing and advising financial institutions in merger and acquisition transactions and because Davenport was familiar with Peoples Bank and its business. However, prior to such selection and in the past two years, Peoples Bank has had no material relationship with Davenport unrelated to the merger and the evaluation of Peoples Bank's strategic alternatives.

On March 1, 2012, Davenport reviewed the financial aspects of the merger with Peoples Bank's board of directors and delivered to Peoples Bank's board of directors its opinion that, as of that date, and based upon and subject to the assumptions, limitations and qualifications set forth in the opinion, the merger consideration to be received by the shareholders of Peoples Bank pursuant to the merger agreement was fair, from a financial point of view.

The full text of the Davenport opinion, which describes, among other things, the assumptions made, matters considered, and the limitations on the review undertaken, is included in this proxy statement/prospectus as Appendix B. The description of the Davenport opinion set forth below is qualified in its entirety by reference to the full text of the Davenport opinion in Appendix B. Peoples Bank's shareholders are urged to read the Davenport opinion carefully and in its entirety.

The Davenport opinion is directed only to the fairness, from a financial point of view, of the consideration to be received by Peoples Bank's shareholders. It does not address the underlying business decision of Peoples Bank to engage in the merger or any other aspect of the merger. Further, the Davenport opinion is not a recommendation to any Peoples Bank shareholder as to how he, she or it should vote with regard to the merger. Davenport was not retained as an advisor or agent to Peoples Bank's shareholders or any other person, and it is acting only as an advisor to Peoples Bank's board of directors. The Davenport opinion does not express any opinion about the fairness of the amount or nature of the compensation to Peoples Bank's officers, directors, employees or class of such persons, relative to compensation to the public shareholders of Peoples Bank. In accordance with internal procedures adopted pursuant to FINRA rules and regulations, Davenport's fairness opinion was approved by a fairness committee of Davenport.

In arriving at its opinion, Davenport, among other things:

· reviewed the merger agreement;

· reviewed certain business, financial and other information regarding Peoples Bank and its prospects that was furnished to it by the management of Peoples Bank and that it discussed with the management of PeoplesBank ;

· reviewed certain business, financial and other information regarding First Community and its prospects that was furnished to it by the management of First Community and that it discussed with the management of First Community;

· reviewed the publicly reported historical price and trading activity for Peoples Bank's and First Community's common stock;

compared certain business, financial and other information regarding Peoples Bank and First Community with similar information regarding certain other publicly traded companies that it deemed to be relevant;

compared the proposed financial terms of the merger with the financial terms of various other mergers and acquisitions of financial institutions in recent years;

reviewed the pro forma financial impact of the merger on Peoples Bank and First Community, based on assumptions relating to transaction expenses, purchase accounting adjustments and cost savings determined by the senior management of Peoples Bank and First Community;

reviewed the relative contribution of assets, liabilities, equity and earnings of Peoples Bank and First Community to the resulting institution and the relative pro forma ownership of the shareholders of Peoples Bank and First Community in the combined company; and

considered other information such as financial studies, analyses and investigations as well as financial and economic and market criteria that it deemed appropriate.

In rendering its opinion, Davenport assumed and relied upon the accuracy, completeness and fairness of all of the financial and other information that was available to it from public sources, that was provided to it by Peoples Bank and First Community or their representatives or that was otherwise reviewed by it. Davenport did not attempt or assume any responsibility to independently verify any of the information reviewed by it. Davenport is not an expert in the evaluation of loan portfolios for the purpose of assessing the adequacy of allowances for losses, and it assumed that Peoples Bank's and First Community's respective allowances are, in the aggregate, adequate. These reports and analyses indicated that the fair value, under generally accepted accounting principles, of Peoples Bank's loan portfolio was lower than its carrying amount. Davenport did not review any individual credit files or make any independent evaluation, appraisal or physical inspection of the assets, liabilities or individual properties of Peoples Bank or First Community, nor was Davenport furnished with any evaluation or appraisal of their assets, liabilities or properties.

With respect to the financial forecast information furnished to or discussed with Davenport by Peoples Bank or First Community, Davenport assumed that such financial forecast information had been reasonably prepared and reflected the best currently available estimates and judgment of Peoples Bank's or First Community's management as to the expected future financial performance of Peoples Bank or First Community, respectively. Davenport assumed no responsibility for and expressed no view as to any such forecasts or estimates or the assumptions upon which they were based. This forward-looking information, as well as the other estimates used by Davenport in its analyses, was based on numerous variables and assumptions that are inherently uncertain and, accordingly, actual results could vary materially from those set forth in such forecasts.

Davenport assumed that there had been no material change in Peoples Bank's and First Community's assets, financial condition, results of operations, business or prospects or other financial information since the date of the last financial information made available to it, that Peoples Bank and First Community will remain as going concerns for all periods relevant to its analyses and that the merger will qualify as a tax-free reorganization for federal income tax purposes. Davenport also assumed that the merger will be completed substantially in accordance with the terms set forth in the merger agreement and that the merger will be accounted for as a purchase under generally accepted accounting principles. The Davenport opinion is necessarily based on economic, market, financial and other conditions as they existed on, and on the information made available to Davenport as of the date of the Davenport opinion.

The Davenport opinion was just one of the many factors taken into consideration by Peoples Bank's board of directors in determining to approve the merger agreement. See "—Background of the Merger" and "—Peoples Bank's Reasons for the Merger; and Recommendation of Peoples Bank's Board of Directors" at pages [__] and [____], respectively. The Davenport opinion does not address the relative merits of the merger as compared to any alternative business strategies that might exist for Peoples Bank, nor does it address the effect of any other business combination in which Peoples Bank might engage. The Davenport opinion was not an expression of an opinion as to the prices at which shares of First Community common stock or Peoples Bank common stock would trade following the announcement of the merger or the actual value of the First Community common shares when issued pursuant to the merger, or the prices at which the First Community common shares will trade following the completion of the merger.

In connection with rendering its opinion, Davenport performed a variety of financial analyses. The following is a summary of the material analyses presented to Peoples Bank's board of directors at its March 1, 2012 meeting. The financial analyses summarized below include information presented in tabular format. The summary set forth below does not purport to be a complete description of the analyses performed by Davenport, but describes, in summary form, the principal elements of the presentation made by Davenport to Peoples Bank's board of directors on February 29, 2012. The preparation of a fairness opinion involves various determinations as to the most appropriate and relevant methods of financial analysis and the application of these methods to the particular circumstances. Therefore, such an opinion is not readily susceptible to a partial analysis or summary description. Each of the analyses conducted by Davenport was carried out in order to provide a different perspective on the transaction and add to the total mix of information available.

Davenport did not form a conclusion as to whether any individual analysis, considered in isolation, supported or failed to support an opinion as to fairness from a financial point of view. Rather, in reaching its conclusion, Davenport considered the results of the analyses in light of each other and ultimately reached its opinion based on the results of all analyses taken as a whole. Davenport did not place particular reliance or weight on any individual analysis, but instead concluded that its analyses, taken as a whole, supported its determination. Accordingly, notwithstanding the separate factors summarized below, Davenport believes that its analyses must be considered as a whole and that selecting portions of its analyses and the factors considered by it, without considering all analyses and factors, could create an incomplete or misleading view of the evaluation process underlying its opinion.

In performing its analyses, Davenport made numerous assumptions with respect to industry performance, general business, economic and market conditions and other matters, many of which are beyond the control of Peoples Bank and First Community. The projections and other information used in the analyses performed by Davenport are not necessarily indicative of actual values or future results, which may be significantly more or less favorable than suggested by the projections and other information used in the analyses, and the results of such analyses.

Transaction Summary. Davenport reviewed the terms of the merger, including the aggregate transaction value. As is more specifically set forth in the merger agreement, upon completion of the merger, each share of Peoples Bank common stock shall be converted into, and shall be canceled in exchange for, solely the right to receive 1.07 shares of First Community common stock and a cash sum of \$6.08.

Transaction multiples from the merger were based upon the closing price of First Community's common stock on March 1, 2012 of \$12.44 per share and Peoples Bank's per share financial data as of and for the year ended December 31, 2011. This per share value resulted in an implied total transaction value of approximately \$40.6 million and a per share value of \$19.39. Based on the per share deal price of \$19.39, Davenport calculated the premium over Peoples Bank's closing price of \$9.40 as of March 1, 2012 to be 106.3%, the price to December 31, 2011 tangible book value to be 1.00x, the price to December 31, 2011 earnings per share to be 18.7x and the price to 2012 estimated earnings per share to be 15.6x (earnings estimates based on management's forecast).

Analysis of Certain Other Publicly Traded Companies. To provide contextual data and comparative market information, Davenport compared selected financial information for First Community to the corresponding publicly available information of certain other peer group companies whose securities are publicly traded. The peer group companies were chosen because they possess general business, operating and financial characteristics representative of companies in the region and the industry in which First Community operates. The peer group companies were comprised of publicly traded banks headquartered in the Southeast or Mid-Atlantic with total assets ranging from approximately \$1.0 billion to \$5.0 billion. The peer group was further refined to consist of the 15 banks with the closest last twelve months ("LTM") return on average equity, or "ROAE," to First Community. The peer group companies were: Ameris Bancorp, BCB Bancorp, Inc., Codorus Valley Bancorp, Inc., Fidelity Southern Corporation, Intervest Bancshares Corporation, Lakeland Bancorp, Inc., Pinnacle Financial Partners, Inc., Sandy Spring Bancorp, Inc., SCBT Financial Corporation, Simmons First National Corporation, Sterling Bancorp and Univest Corporation of Pennsylvania

To perform this analysis, Davenport used the most recent financial information available as of December 31, 2011, for each of the peer group companies. Market price information was as of March 1, 2012. The following table summarizes the relevant data items for First Community and the peer group.

	First Community	Peer Median	
<u>Capitalization (MRQ)</u>			
Total Assets (\$ in Thousands)	2,164,789	2,994,308	
Total Loans/ Total Assets (%)	64.0	67.8	
LTM Loan Growth (%)	0.7	1.4	
LTM Deposit Growth (%)	(4.8) 3.4	
Tangible Equity/ Tangible Assets (%)	10.5	9.2	
Total Risk-Based Capital Ratio (%)	18.2	15.3	
Asset Quality (MRQ)			
NPAs/ Assets (%)	1.60	2.65	
Reserves/ Loans (%)	1.87	1.59	
<u>Performance (LTM)</u>			
ROAA (%)	0.91	0.74	
ROAE (%)	6.8	7.4	
Net Interest Margin (%)	3.87	3.78	
Efficiency Ratio (%)	58.8	66.9	
Noninterest Income/ Operating Revenue (%)	31.1	21.9	
Noninterest Expense/ Average Assets (%)	3.1	3.2	
Operating Revenue Growth (%)	(1.7) 1.8	
LTM EPS Growth (%)	(13.0) 6.7	
LTM Dividend Payout Ratio (%)	37.4	39.6	
Market Statistics			
Market Value (\$ in Millions)	222.0	273.6	
YTD Average Daily Volume	39,444	37,889	
Price to LTM Core Earnings	11.9	x 14.8	x
Price to Projected 2012 Earnings	11.5	x 13.8	x
Price to Book (%)	77.4	95.3	
Price to Tangible Book (%)	111.3	119.5	
52-Week Price Change (%)	1.4	(4.5)

In addition, Davenport compared selected financial information for Peoples Bank to the corresponding publicly available information of certain other peer group companies whose securities are publicly traded. The peer group companies were chosen because they possess general business, operating and financial characteristics representative of companies in the region and the industry in which Peoples Bank operates. The peer group companies were comprised of publicly traded banks headquartered in Virginia with total assets ranging from approximately \$500 million to \$1.0 billion. The peer group was further refined to consist of the 15 banks with the closest ROAE to Peoples Bank. The peer group companies were: Bank of McKenney, Cardinal Bankshares Corporation, Citizens Bancorp of Virginia, Inc., Community Financial Corporation, Eagle Financial Services, Inc., Farmers Bank, Heritage Bankshares, Inc., HomeTown Bankshares Corporation, MainStreet Bank, Pinnacle Bankshares Corporation, Southern National Bancorp of Virginia, Inc., United Financial Banking Companies, Inc., Virginia National Bank, WashingtonFirst Bankshares, Inc. and Xenith Bankshares, Inc.

To perform this analysis, Davenport used the most recent financial information available as of December 31, 2011 for each of the peer group companies. Market price information was as of March 1, 2012. The following table summarizes the relevant data items for Peoples Bank and the peer group.

	Peoples Bank	Peer Median		
<u>Capitalization (MRO)</u>				
Total Assets (\$ in Thousands)	285,898	361,175		
Total Loans/ Total Assets (%)	64.0	70.7		
LTM Loan Growth (%)	(7.3)	0.5		
LTM Deposit Growth (%)	(0.6)	7.0		
Tangible Equity/ Tangible Assets (%)	13.7	9.9		
Total Risk-Based Capital Ratio (%)	22.1	14.4		
<u>Asset Quality (MRO)</u>				
NPAs/ Assets (%)	2.14	2.69		
Reserves/ Loans (%)	2.13	1.50		
<u>Performance (LTM)</u>				
ROAA (%)	0.71	0.53		
ROAE (%)	5.5	5.2		
Net Interest Margin (%)	3.10	4.12		
Efficiency Ratio (%)	53.2	74.0		
Noninterest Income/ Operating Revenue (%)	5.8	7.9		
Noninterest Expense/ Average Assets (%)	1.7	3.0		
Operating Revenue Growth (%)	1.9	6.1		
LTM EPS Growth (%)	126.1	18.5		
LTM Dividend Payout Ratio (%)	NA	34.1		
Market Statistics				
Market Value (\$ in Millions)	19.0	20.7		
YTD Average Daily Volume	71	370		
Price to LTM Core Earnings	9.0	x 12.9	x	
Price to Book (%)	49.7	62.8		
Price to Tangible Book (%)	49.7	66.2		
52-Week Price Change (%)	(32.9)	(9.0)		

Relative Contribution Analysis. Davenport analyzed the relative contributions to be made by Peoples Bank and First Community to the combined institution based on balance sheet data as of December 31, 2011, net income for the year ending December 31, 2011, and projected net income for the year ending December 31, 2012 provided by Peoples Bank management and FactSet Research Systems' ("FactSet") median estimates (a nationally recognized earnings estimate consolidator for publicly traded companies) for First Community and market capitalization data as of March 1, 2012. Davenport compared such contributions to the ownership stake that Peoples Bank shareholders would have in the combined institution, based on the conversion ratio of 1.07 shares of First Community common stock for each share of Peoples Bank common stock. This information is presented in the following table.

	First Community		Peoples Bank	
Total Assets	88.3	%	11.7	%
Total Net Loans	88.3	%	11.7	%
Total Deposits	86.2	%	13.8	%
Tangible Common Equity	83.6	%	16.4	%
Net Income – 2011	90.5	%	9.5	%
Pro Forma Ownership (if all stock transaction)	85.0	%	15.0	%
Pro Forma Ownership (according to deal terms)	89.2	%	10.8	%

Stock Trading History of First Community. Davenport reviewed the history of the distribution of the reported trading prices of First Community's common stock as a percentage of the total number of shares of First Community common stock traded for the one-year period ended March 1, 2012 and the reported trading volume of First Community's common stock over the same period. During the one year period, the average daily trading volume of First Community common stock was 43,200 shares.

First Community One-Year Trading Distribution Beginning March 1, 2011

Price per Share Range	Volume Distribution	
\$9.40 - \$10.56	9.3	%
\$10.56 - \$11.72	15.7	%
\$11.72 - \$12.89	41.1	%
\$12.89 - \$14.05	19.3	%
\$14.05 - \$15.21	14.6	%

Davenport also reviewed, for each trading day during the one-year period ended March 1, 2012, the implied transaction price premium to Peoples Bank shareholders, which was calculated by multiplying the closing price of the common stock of First Community by the conversion ratio of 1.07 adding \$6.08, which represents the cash portion of the consideration, and comparing the resulting value to the closing price of the common stock of Peoples Bank. This analysis presented the implied market price premium over a period of time versus a single point in time. The average implied premium over the one year period was 89.6% as compared to the premium of 106.3% on March 1, 2012.

Comparable Bank Acquisition Analysis. Davenport compared the merger details to a selected group of acquisition transactions in the banking industry. The transactions selected were a group of 41 bank merger transactions announced since January 1, 2009 involving commercial banks headquartered in the Mid-Atlantic and Southeast where the target had total assets between \$100 million and \$1.0 billion. Davenport compared the multiples from the merger to the median of the 41 transaction multiples announced since January 1, 2009. Davenport also compared the merger multiples of the transaction to a group of 120 merger transactions throughout the entire United States, also announced since January 1, 2009 and where the target had total assets between \$100 million and \$1.0 billion. Davenport compared the transaction price per common share to the closing market price of the acquired company one day prior to the announcement of the transaction. Davenport also reviewed the following median transaction value multiples for the transactions listed above: price to the LTM earnings per share; price to book value; and price to tangible book value. The median multiples for these transactions are summarized in the table below along with the implied multiples for Peoples Bank based on the merger and an assumed purchase price of \$19.39.

	First Community / Peoples Bank		Southeast & Mid-Atlantic Transactions Since 1/1/2009		United States Transactions Since 1/1/2009	
Premium to 3/1/2012 Stock Price	106.3	%	55.5	%	64.1	%
Price to LTM EPS	18.7	x	17.9	x	25.2	x
Price to Book Value	1.00	x	0.93	x	1.09	x
Price to Tangible Book Value	1.00	x	0.97	x	1.11	x

Accretion/Dilution Analyses. Based on the exchange ratio of 1.07 shares of First Community common stock and cash consideration of \$6.08 for each share of Peoples Bank common stock, Davenport calculated the pro forma earnings per share and tangible book value per share for Peoples Bank as if the merger had been completed on December 31, 2011 and compared the results to those measures assuming no merger. This analysis was based on estimated earnings per share for 2012 through 2013 provided by management of Peoples Bank. First Community's estimated earnings per share for 2012 and 2013 were based on Factset's median estimates. Tangible book value per share was based on financial data as of December 31, 2011. The analysis assumed pre-tax cost savings of \$1.5 million, increasing 3% annually in 2013. For purposes of this analysis, no fair value purchase accounting adjustments to Peoples Bank's carrying values other than the amortization of the core deposit intangibles and deal expenses were included. For comparative purposes, and in order to calculate accretion and dilution at the per share level, we assumed the hypothetical Peoples Bank shareholder received all stock consideration rather than cash and stock consideration. This

information is presented in the following table.

	Peoples Bank				
	Pro Forma per Share	Impact of the Merger			
	Contribute	Receive	Accretion / (Dilution)		
			(\$)	(%)	
2012E EPS	\$ 1.24	\$ 1.60	\$ 0.36	28.4	%
2013E EPS	\$ 1.50	\$ 1.71	\$ 0.21	14.2	%
Tangible Book Value per Share	\$ 19.39	\$ 17.43	\$ (1.96)	(10.1)%

Present Value Analysis. Davenport estimated the present value of the future stream of earnings Peoples Bank could produce through December 31, 2016 on a stand-alone basis. The forecast assumed that Peoples Bank did not pay a dividend to its common shareholders throughout the forecast period. Davenport then estimated the terminal values for Peoples Bank common stock at the end of the period by applying multiples ranging from 10.0x to 14.0x of projected earnings in 2016. The terminal value was then discounted to present values using various discount rates (ranging from 11.0% to 15.0%) chosen to reflect different assumptions regarding the required rates of return to prospective buyers of Peoples Bank common stock. This present value analysis provided a range of present values from \$10.50 to \$17.39 per share of Peoples Bank common stock.

Davenport noted that it included a present value analysis because it is a widely used valuation methodology, but also noted that the results of this methodology are highly dependent upon the assumptions that must be made. The projections and other information used in the present value analysis performed by Davenport are not necessarily indicative of actual values or future results, which may be significantly more or less favorable than suggested by the projections and other information used in the analyses, and the results of such analyses.

Other Analyses. Davenport reviewed earnings estimates, balance sheet composition, historical stock performance and stock liquidity for First Community. Davenport also analyzed the impact of the transaction on the pro forma combined capital ratios for the combined entity under different scenarios.

Fees. Peoples Bank and Davenport have entered into an agreement relating to the services provided by Davenport in connection with the transaction. Peoples Bank has agreed to pay Davenport a success fee in connection with the merger equal to 0.85% of the overall consideration received by Peoples Bank shareholders in the transaction. Davenport was paid an initial retainer of \$10,000 and the balance of the fee is contingent, and payable, upon closing of the merger. Peoples Bank has also agreed to reimburse Davenport for reasonable out-of-pocket expenses incurred in connection with its engagement and to indemnify Davenport and certain related persons against certain liabilities in connection with its engagement, including liabilities under the federal securities laws.

The terms of the fee arrangement with Davenport, which Davenport and Peoples Bank believe are customary in transactions of this nature, were negotiated at arm's length between Peoples Bank and Davenport, and Peoples Bank's board of directors was aware of such arrangement, including the fact that the majority of the fee payable to Davenport is contingent upon completion of the merger. In the past two years, Davenport has had no material relationship with Peoples Bank or First Community unrelated to the merger and the evaluation of Peoples Bank's strategic alternatives.

Other. In the ordinary course of its business as a broker-dealer, Davenport may, from time to time, purchase securities from, and sell securities to, Peoples Bank and First Community. Davenport may from time to time have a long or short position in, and buy or sell, equity securities of Peoples Bank and First Community for Davenport's own account or for the accounts of its customers.

The full text of Davenport's written opinion is attached as Annex B to this proxy statement/prospectus and is incorporated herein by reference. Peoples Bank's shareholders are urged to read the opinion in its entirety for a description of the procedures followed, assumptions made, matters considered, and qualifications and limitations on the review undertaken by Davenport.

Davenport's opinion is directed to the Peoples Bank's board of directors and addresses only the fairness, from a financial point of view, of the transaction consideration to Peoples Bank's shareholders. It does not address the underlying business decision to proceed with the merger and does not constitute a recommendation to any Peoples Bank shareholder as to how the shareholder should vote at the Peoples Bank special meeting on the merger agreement or any related matter.

Merger Consideration

Upon consummation of the merger, each outstanding share of Peoples Bank common stock (other than any dissenting shares) will be converted into the right to receive:

\$6.08 in cash; and

1.07 shares of common stock of First Community, plus cash in lieu of any fractional share interest.

No fractional shares of First Community common stock will be issued in connection with the merger. Instead, First Community will make a cash payment to each Peoples Bank shareholder who would otherwise receive a fractional share.

The amount and nature of the merger consideration was established through arm's-length negotiations between First Community and Peoples Bank and their respective advisors, and reflects the balancing of a number of countervailing factors. The total amount of the merger consideration reflects a price both parties concluded was appropriate. See “— Background of the Merger” beginning on page ___ and “— First Community’s Reasons for the Merger” beginning on page _____. The parties have structured the merger, in part, to have the favorable tax attributes of a “reorganization” for federal income tax purposes. See “— Federal Income Tax Consequences” beginning on page _____.

As more fully described under “— Federal Income Tax Consequences” commencing on page ___, Peoples Bank shareholders generally will not recognize a gain or a loss as a result of receiving shares of First Community common stock. However, Peoples Bank shareholders will be taxed on the cash portion of the merger consideration received for their shares of Peoples Bank common stock.

Upon consummation of the merger, any shares of Peoples Bank common stock that are held directly or indirectly by First Community, other than in a fiduciary capacity or in satisfaction of a debt previously contracted, will be canceled and retired and no payment will be made with respect to those shares.

We cannot assure you that the current fair market value of First Community or Peoples Bank common stock will be equivalent to the fair market value of First Community or Peoples Bank common stock on the effective date of the merger.

Procedures for Exchanging Peoples Bank Common Stock Certificates

Each person who, on or prior to April 6, 2012, which date we refer to as the record date, is a record holder of shares of Peoples Bank common stock will be entitled, with respect to all or any portion of such person's shares, to receive the merger consideration in exchange for his or her shares of Peoples Bank common stock.

Promptly following the completion of the merger, the exchange agent will mail to each holder of record of shares of Peoples Bank common stock a letter of transmittal and instructions for surrendering certificates representing shares of Peoples Bank common stock in exchange for the merger consideration allocated to them. Upon surrender of a stock certificate of Peoples Bank common stock for exchange and cancellation to the exchange agent, together with a duly executed letter of transmittal, the holder of such certificate will be entitled to receive the merger consideration and the certificate for Peoples Bank common stock so surrendered will be canceled. No interest will be paid or accrued on any cash constituting merger consideration. **In any event, do not forward your Peoples Bank stock certificates with your proxy cards.**

Peoples Bank shareholders who surrender their stock certificates and complete the letter of transmittal, will receive the merger consideration as the result of the merger promptly following completion of the exchange agent's delivery procedures. Other shareholders will receive the merger consideration as soon as practicable after their stock certificates have been surrendered with appropriate documentation to the exchange agent or other steps have been taken to surrender the evidence of their stock interest in Peoples Bank in accordance with the instructions accompanying the letter of transmittal. No certificates representing First Community shares will be issued, and shares of PBV Common Stock owned will be exchanged for book-entry shares of First Community.

No stock certificates representing fractional shares of First Community common stock will be issued upon the surrender for exchange of Peoples Bank stock certificates. In lieu of the issuance of any such fractional share, First Community will pay to each former shareholder of Peoples Bank who otherwise would be entitled to receive a fractional share of First Community common stock an amount in cash determined by multiplying the fraction of a share of First Community common stock which such holder would otherwise be entitled to receive pursuant to the merger agreement by Thirteen and 25/100 Dollars (\$13.25), rounded to the nearest whole cent.

You will receive dividends on First Community common stock or other distributions, if any as so declared by the board of directors of First Community, declared after the completion of the merger only if you have surrendered your Peoples Bank stock certificates. Only then will you be entitled to receive all previously withheld dividends and distributions, without interest.

After completion of the merger, no transfers of Peoples Bank common stock issued and outstanding immediately prior to the completion of the merger will be allowed. Peoples Bank stock certificates that are presented for transfer after the completion of the merger will be canceled and exchanged for the appropriate merger consideration.

First Community will only issue a First Community stock certificate in a name other than the name in which a surrendered Peoples Bank stock certificate is registered if you present the exchange agent with all documents required to show and effect the unrecorded transfer of ownership of the shares of Peoples Bank common stock formerly represented by such Peoples Bank stock certificate, and show that you paid any applicable stock transfer taxes.

If your Peoples Bank stock certificate has been lost, stolen or destroyed, you may be required to deliver an affidavit and a lost certificate bond as a condition to receiving any First Community stock certificate to which you may be entitled. Upon request, the exchange agent will send you instructions on how to provide evidence of ownership.

Payment and Termination of Peoples Bank Stock Options

At the effective time of the merger, each option to purchase shares of Peoples Bank common stock granted under Peoples Bank's stock option plan which is outstanding, vested and unexercised immediately prior thereto will be canceled in exchange for the right to receive a lump sum cash payment equal to the number of shares of Peoples Bank common stock subject to such outstanding and unexercised option multiplied by the difference of \$20.26 and the exercise price for such unexercised option, subject to any price adjustment described in "The Merger- Termination of the Merger Agreement" beginning on page _____. As of April 6, 2012, there were 269,115 Peoples Bank stock options issued and unexercised with exercise prices between \$10.00 and \$19.00 per share.

Conditions to the Merger

The respective obligations of First Community and Peoples Bank to consummate the merger are subject to the satisfaction of certain mutual conditions, including the following:

The merger agreement, the plan of merger and the transactions contemplated thereby, described in the proxy statement/prospectus, have been approved by the requisite vote of the holders of outstanding shares of Peoples Bank common stock;

All regulatory approvals required by law to consummate the transactions contemplated by the merger agreement, including from the Federal Reserve Board and the Virginia State Corporation Commission, are obtained and remain in full force and effect and all statutory waiting periods in respect thereof shall have expired and no such approvals shall contain any conditions, restrictions or requirements that the board of directors of First Community reasonably determines in good faith would materially reduce the benefits of the merger to such a degree that First Community would not have entered into the merger agreement had such condition, restriction or requirements been known at the date thereof;

No governmental authority of competent jurisdiction shall have enacted, issued, promulgated, enforced or entered any statute, rule, regulation, judgment, decree, injunction or other order (whether temporary, preliminary or permanent) which is in effect and prohibits consummation of the merger or the transaction contemplated by the merger agreement;

The registration statement (of which this proxy statement/prospectus is a part) registering shares of First Community common stock to be issued in the merger is declared effective and not subject to a stop order suspending the effectiveness of such registration statement and no proceedings for that purpose shall have been initiated by the Securities and Exchange Commission and not withdrawn; and

Authorization for the listing on The NASDAQ Stock Market, Inc.'s Global Select Market of the shares of First Community common stock to be issued in the merger.

In addition to the mutual covenants described above, the obligation of First Community to consummate the merger is subject to the satisfaction, unless waived, of the following other conditions:

The representations and warranties of Peoples Bank made in the merger agreement are true and correct as of the date of the merger agreement and as of the effective time of the merger and First Community has received a certificate of its chief executive officer and the chief financial officer to that effect;

Peoples Bank performs in all material respects all obligations required to be performed under the merger agreement prior to the effective time of the merger and has delivered to First Community a certificate of its chief executive officer and chief financial to that effect;

No more than 20% of the outstanding shares of Peoples Bank common stock shall represent shares for which appraisal rights have been asserted and not been withdrawn by shareholders of Peoples Bank;

As of the month-end prior to the effective time of the merger, Peoples Bank shall not have non-performing loans (consisting of non-accrual loans and loans delinquent 90 days or more but still accruing interest) and troubled debt restructurings, but excluding certain designated loans, in each case, determined in accordance with generally accepted accounting principles, consistently applied, which in the aggregate equal or exceed 3.70% of Peoples Bank's total

loans outstanding in the aggregate, (ii) as of the month-end prior to the effective time of the merger, Peoples Bank shall not have non-performing assets (consisting of non-accrual loans, loans delinquent 90 days or more but still accruing interest and other real estate owned) and troubled debt restructurings, but excluding certain designated loans, in each case, determined in accordance with generally accepted accounting principles, consistently applied, which in the aggregate equal or exceed 2.65% of Peoples Bank's total assets in the aggregate, and (iii) as of any monthly, quarterly or annual period commencing as of the date of the merger agreement and ending as of the effective time of the merger, Peoples Bank shall not have net charge-offs (i.e., charge-offs that are net of recoveries), determined in accordance with generally accepted accounting principles, consistently applied, which equal or exceed on an annualized basis 0.60% of Peoples Bank's total loans outstanding in the aggregate; provided that reserves or charge-offs that are requested to be made by First Community in accordance with the merger agreement shall not be included in determining Peoples Bank's satisfaction of the condition;

As of the month-end prior to the effective time, Peoples Bank shall not have total shareholders' equity (as adjusted pursuant to the following sentence) of less than \$39,000,000.00. Peoples Bank's total shareholders' equity shall be calculated in accordance with generally accepted accounting principles, applied in a manner consistent with the financial statements of Peoples Bank as of and for the year ended December 31, 2011, but Peoples Bank's net income or loss for the period beginning on January 1, 2012 and ending as of the month-end prior to the effective time shall exclude the effect of (i) any reserves or charge-offs that are requested to be made by First Community pursuant to the merger agreement; (ii) any expenses or other costs incurred by Peoples Bank that are associated with or result directly from the transactions contemplated by the merger agreement, including, but not limited to: (A) the reasonable fees and expenses incurred by Peoples Bank to pay Davenport's fee, (B) the reasonable fees and expenses incurred by Peoples Bank to pay its counsel and accountants in connection with the transactions contemplated by the merger agreement, (C) the printing, mailing and proxy solicitation costs incurred in connection with the Peoples Bank shareholder meeting, and (D) any severance payments to James H. Atkinson, Jr., Quentin L. Corbett and Vera H. Primm are eligible to receive; and (iii) any special or emergency assessments levied by the Federal Deposit Insurance Corporation;

No material adverse effect with respect to Peoples Bank has occurred; and

First Community shall have received an opinion of Bowles Rice McDavid Graff & Love LLP, special counsel to First Community, dated as of the effective time of the merger, that the merger constitutes a "reorganization" under Section 368 of the Internal Revenue Code.

In addition to the mutual covenants described above, Peoples Bank's obligation to complete the merger is subject to the satisfaction, unless waived, of the following other conditions:

The representations and warranties of First Community and First Community Bank made in the merger agreement are true and correct as of the date of the merger agreement and as of the effective time of the merger and Peoples Bank receives a certificate of the chief executive officer and chief financial officer of First Community to that effect;

First Community and First Community Bank perform in all material respects all obligations required to be performed under the merger agreement prior to the effective time of the merger and First Community delivers to Peoples Bank a certificate of its chief executive officer and chief financial officer to that effect;

Peoples Bank shall have received an opinion of LeClairRyan, counsel to Peoples Bank, stating that, among other things, as of the effective time of the merger, the merger constitutes a "reorganization" under Section 368 of the Internal Revenue Code and that no gain or loss will be recognized by the shareholders of Peoples Bank to the extent that they receive First Community common stock in exchange for their Peoples Bank common stock in the merger; and

No material adverse effect with respect to First Community and First Community Bank has occurred.

Under the terms of the merger agreement, a material adverse effect on either First Community or Peoples Bank is defined to mean any effect that (1) is material and adverse to the financial condition, results of operations or business of such entity and its subsidiaries taken as a whole or (2) would materially impair the ability of such entity and its subsidiaries to perform their respective obligations under the merger agreement or otherwise materially threaten or materially impede the consummation of the merger. However, under the terms of the merger agreement, none of the following would be deemed to constitute a material adverse effect on any entity:

changes in tax, banking and similar laws of general applicability or interpretations of them by governmental authorities;

changes in GAAP or regulatory accounting requirements applicable to banks, savings banks or their holding companies generally;

- changes in general economic conditions affecting banks, savings banks and their holding companies generally;

- the announcement or pendency of the transactions contemplated by the merger agreement; and

with respect to Peoples Bank only, the effects of any action or omission taken with the prior consent of First Community or as otherwise contemplated by the merger agreement;

provided that the effect of the changes described in the first four bullet points shall not be excluded as a material adverse effect to the extent of a materially disproportionate impact, if any, that they have on First Community and its subsidiaries as a whole on the one hand, or Peoples Bank and its subsidiaries as a whole on the other hand, as measured relative to similarly situated companies in the banking industry.

Regulatory Approvals

Consummation of the merger is subject to receipt of certain regulatory approvals and waivers. We are not aware of any other material governmental approvals or actions that are required prior to the parties' completion of the merger other than those described below. We presently contemplate that if any additional governmental approvals or actions are required, these approvals or actions will be sought. However, we cannot assure you that any of these approvals or actions, including any additional approvals or actions required, will be obtained.

As a bank holding company, First Community is subject to regulation under the Bank Holding Company Act of 1956. First Community Bank and Peoples Bank are each Virginia banking corporations, member banks of the Federal Reserve System and subject to the Virginia Banking Act. First Community, Peoples Bank and First Community Bank have filed all required applications seeking approval of the merger with the Federal Reserve and the Bureau of Financial Institutions of the Virginia State Corporation Commission.

Federal Reserve Board. Under the Bank Holding Company Act, the Federal Reserve Board is required to examine the financial and managerial resources and future prospects of the combined organization and analyze the capital structure and soundness of the resulting entity. The Federal Reserve Board has the authority to deny an application if it concludes that the combined organization would have inadequate capital. In addition, the Federal Reserve Board can withhold approval of the merger if, among other things, it determines that the effect of the merger would be to substantially lessen competition in the relevant market. Further, the Federal Reserve must consider whether the combined organization meets the requirements of the Community Reinvestment Act of 1977 by assessing the involved

entities' records of meeting the credit needs of the local communities in which they operate, consistent with the safe and sound operation of such institutions.

The merger may not be completed until the 30th day or, with the consent of the relevant agencies, the 15th day, following the date of the Federal Reserve Board approval, during which period the United States Department of Justice may comment adversely on the merger or challenge the merger on antitrust grounds. The commencement of an anti-trust action would stay the effectiveness of any approval unless a court specifically orders otherwise.

State Applications. The merger is subject to the approval of the merger of the Bureau of Financial Institutions of the Virginia State Corporation Commission.

Status of Applications, Notices and Waivers. First Community, First Community Bank, and Peoples Bank have filed all required applications, notices and waiver requests with applicable regulatory authorities in connection with the merger. There can be no assurance that all requisite approvals and waivers will be obtained, that such approvals and waivers will be received on a timely basis or that such approvals and waivers will not impose conditions or requirements which, individually or in the aggregate, would so materially reduce the economic or business benefits of the transactions contemplated by the merger agreement to First Community that had such condition or requirement been known, First Community, in its reasonable judgment, would not have entered into the merger agreement. If any such condition or requirement is imposed, First Community may elect not to consummate the merger. See “ – Conditions to the Merger” beginning on page ___.

The approval of any application merely implies the satisfaction of regulatory criteria for approval, which does not include review of the merger from the standpoint of the adequacy of the cash consideration or the exchange ratio for converting Peoples Bank common stock to First Community common stock. Furthermore, regulatory approvals do not constitute an endorsement or recommendation of the merger.

Business Pending the Merger

The merger agreement contains certain covenants of the parties regarding the conduct of their respective businesses pending consummation of the merger. These covenants, which are contained in Article IV of the merger agreement included as Annex A hereto, are briefly described below.

Peoples Bank, First Community and First Community Bank have agreed that, until the effective time of the merger, none of them, without the prior written consent of the other, will:

Take any action that would, or is reasonably likely to, prevent or impede the merger from qualifying as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended; or

Take any action that is intended or is reasonably likely to result in (x) any of its representations and warranties set forth in the merger agreement being or becoming untrue in any material respect at any time at or prior to the effective time, (y) any of the conditions to the merger set forth in Article VII of the merger agreement not being satisfied or (z) a material violation of any provision of the merger agreement, except as may be required by applicable law or regulation.

Peoples Bank has also agreed that, prior to the effective time, without the prior written consent of First Community and except as previously disclosed, it will not:

Conduct its business other than in the ordinary and usual course consistent with past practice or fail to use reasonable best efforts to preserve its business organization, keep available the present services of its employees and preserve for itself and First Community the goodwill of the customers of Peoples Bank and others with whom business relations exist;

Except as previously disclosed, issue, sell or otherwise permit to become outstanding, or authorize the creation of, any additional shares of capital stock or any warrants, options, rights, convertible securities and other arrangements or commitments that obligate the person to issue or dispose of any of its capital stock or other ownership interests (“Rights”) or permit any additional shares of capital stock to become subject to grants of employee or director stock

options or other Rights;

Enter into or amend or renew any employment, consulting, severance, change in control, bonus, salary continuation or similar agreements or arrangements with any director, officer or employee of Peoples Bank or grant any salary or wage increase or increase any employee benefit (including incentive or bonus payments), except for changes that are required by applicable law or as previously disclosed to First Community; Hire any person as an employee of Peoples Bank or promote any employee, except (i) to satisfy contractual obligations existing as of the date hereof and as previously disclosed and (ii) persons hired to fill any employee or non-executive officer vacancies arising after the date hereof and whose employment is terminable at the will of Peoples Bank and who are not subject to or eligible for any severance or similar benefits or payments that would become payable as a result of the merger or the consummation thereof;

Enter into, establish, adopt, amend, terminate or make any contributions to (except (i) as may be required by applicable law, (ii) to satisfy contractual obligations existing as of the date hereof and as previously disclosed to First Community or (iii) to comply with the requirements of the merger agreement), any pension, retirement, stock option, stock purchase, savings, profit sharing, deferred compensation, consulting, bonus, group insurance or other employee benefit, incentive or welfare contract, plan or arrangement, or any trust agreement (or similar arrangement) related thereto, in respect of any director, officer or employee of Peoples Bank or take any action to accelerate the vesting or exercisability of stock options, restricted stock or other compensation or benefits payable thereunder;

Sell, transfer, mortgage, encumber or otherwise dispose of or discontinue any of its assets, deposits in bulk, business or properties except for: (i) Other Real Estate Owned (OREO) that is sold in the ordinary course of business consistent with past practices; (ii) transactions previously disclosed to First Community; or (iii) transactions in the ordinary course of business consistent with past practice in amounts that do not exceed \$10,000.00 individually or \$25,000.00 in the aggregate;

Acquire all or any portion of the assets, business, securities, deposits or properties of any other person, including without limitation, by merger or consolidation or by investment in a partnership or joint venture except for: (i) acquisitions of securities as previously disclosed to First Community; (ii) such acquisitions by way of foreclosures or acquisitions of control in a bona fide fiduciary capacity or in satisfaction of debts previously contracted in good faith; and (iii) such acquisitions in the ordinary course of business consistent with past practice in amounts that do not exceed \$10,000.00 individually or \$25,000.00 in the aggregate;

Except as previously disclosed, make any capital expenditures, other than capital expenditures in the ordinary course of business consistent with past practice, in amounts not exceeding \$10,000.00 individually or \$25,000.00 in the aggregate;

Amend Peoples Bank's articles of incorporation or bylaws;

Implement or adopt any change in its accounting principles, practices or methods, other than as may be required by changes in laws or regulations or generally accepted accounting principles;

Except as previously disclosed, enter into, cancel, fail to renew or terminate any material contract or amend or modify in any material respect any of its existing material contracts;

Enter into any settlement or similar agreement with respect to any action, suit, proceeding, order or investigation to which Peoples Bank is or becomes a party after the date of the merger agreement, which settlement, agreement or action involves payment by Peoples Bank of an amount that exceeds \$20,000.00 and/or would impose any material restriction on the business of Peoples Bank or create precedent for claims that are reasonably likely to be material to Peoples Bank;

Enter into any new material line of business; introduce any material new products or services; change its material lending, investment, underwriting, pricing, servicing, risk and asset liability management and other material banking and operating policies or otherwise fail to follow such policies, except as required by applicable law, regulation or policies imposed by any governmental authority, or the manner in which its investment securities or loan portfolio is classified or reported; or invest in any mortgage-backed or mortgage-related security that would be considered “high risk” under applicable regulatory guidance; or file any application or enter into any contract with respect to the opening, relocation or closing of, or open, relocate or close, any branch, office, service center or other facility;

Introduce any material marketing campaigns or any material new sales compensation or incentive programs or arrangements (except those the material terms of which have been fully disclosed in writing to, and approved by, First Community prior to the date of the merger agreement);

Enter into or settle any swap transaction, option, warrant, forward purchase or sale transaction, futures transaction, cap transaction, floor transaction or collar transaction relating to one or more currencies, commodities, bonds, equity securities, loans, interest rates, credit-related events or conditions or any indexes, or any other similar transaction or combination of any of these transactions, including collateralized mortgage obligations or other similar instruments or any debt or equity instruments evidencing or embedding any such types of transactions, and any related credit support, collateral or other similar arrangements related to such transactions;

Incur any indebtedness for borrowed money; or assume, guarantee, endorse or otherwise as an accommodation become responsible for the obligations of any other person, other than with respect to the collection of checks and other negotiable instruments in the ordinary course of business consistent with past practice;

Acquire (other than by way of foreclosures or acquisitions in a bona fide fiduciary capacity or in satisfaction of debts previously contracted in good faith, in each case in the ordinary course of business consistent with past practice) any debt security or equity investment other than federal funds or United States Government securities or United States Government agency securities, in each case with a term of one year or less or (ii) dispose of any debt security or equity investment

(i) Make, renew or otherwise modify any loan, loan commitment, letter of credit or other extension of credit (collectively, “Loans”) other than Loans made or acquired in the ordinary course of business consistent with past practice and that have (w) in the case of unsecured loans made to any one borrower that are originated in compliance with Peoples Bank’s internal loan policies, a principal balance not in excess of \$25,000.00 in total, which is understood to include any current outstanding principal balance to any such borrower, (x) in the case of loans secured other than by real estate that are originated in compliance with Peoples Bank’s internal loan policies, a principal balance not in excess of \$150,000.00 in total, which is understood to include any current outstanding principal balance to any such borrower, (y) in the case of loans secured by cash flow producing commercial real estate and any conforming residential real estate made to any one borrower that are originated in compliance with Peoples Bank’s internal loan policies, a principal balance not in excess of \$500,000.00 in total, which is understood to include any current outstanding principal balance to any such borrower, and (z) in the case of loans secured by non-cash flow producing commercial real estate made to any one borrower that are originated in compliance with Peoples Bank’s internal loan policies, a principal balance not in excess of \$250,000.00 in total, which is understood to include any current outstanding principal balance to any such borrower; (ii) except in the ordinary course of business, take any

action that would result in any discretionary release of collateral or guarantees or otherwise restructure the respective amounts set forth in clause (i) above; or (iii) enter into any Loan securitization or create any special purpose funding entity;

Make any investment or commitment to invest in real estate or in any real estate development project (other than by way of foreclosure or acquisitions in a bona fide fiduciary capacity or in satisfaction of a debt previously contracted in good faith, in each case in the ordinary course of business consistent with past practice);

Make or change any material tax election, settle or compromise any material tax liability of Peoples Bank, agree to an extension or waiver of the statute of limitations with respect to the assessment or determination of a material amount of taxes of Peoples Bank, enter into any closing agreement with respect to any material amount of taxes or surrender any right to claim a material tax refund, adopt or change any method of accounting with respect to taxes or file any amended tax return;

Take any action (i) that would cause the merger agreement or the transactions contemplated thereby to be subject to the provisions of any state antitakeover law or state law that purports to limit or restrict business combinations or the ability to acquire or vote shares or (ii) to exempt or make not subject to the provisions of any state antitakeover law or state law that purports to limit or restrict business combinations or the ability to acquire or vote shares, any person (other than First Community or its subsidiaries) or any action taken thereby, which person or action would have otherwise been subject to the restrictive provisions thereof and not exempt therefrom; or

Enter into any contract with respect to, or otherwise agree or commit to do, any of the foregoing.

Board of Directors' Covenant to Recommend the Merger Agreement

Pursuant to the merger agreement and except as set forth below, the Peoples Bank board of directors is required to recommend that Peoples Bank shareholders approve the merger agreement at all times prior to and during the special meeting of Peoples Bank shareholders at which the merger agreement is to be considered and will take all reasonable lawful actions to solicit approval of the merger agreement by its shareholders. The Peoples Bank board of directors shall not withdraw, modify or qualify in any manner adverse to First Community such recommendation or take any other action or make any other public statement in connection with the meeting of its shareholders inconsistent with such recommendation, except as set forth below. Notwithstanding any change in the Peoples Bank board of directors' recommendation, the merger agreement shall be submitted to the shareholders of Peoples Bank at the special meeting of Peoples Bank shareholders for the purpose of approving the merger agreement and any other matters required to be approved by Peoples Bank's shareholders for consummation of the transaction. Peoples Bank shall not submit to the vote of its shareholders any acquisition proposal other than the merger while the merger agreement is in effect.

Notwithstanding the recommendation requirements discussed above, the Peoples Bank board of directors shall be permitted to effect a change in recommendation if Peoples Bank has complied with the merger agreement and the Peoples Bank board of directors, based on the advice of its outside counsel, has determined in good faith that failure to do so would result in a violation of its fiduciary duties under applicable law. If the Peoples Bank board of directors intends to effect a change in recommendation following an acquisition proposal (as defined in "— No Solicitation" below) it shall have concluded in good faith, after giving effect to all of the adjustment that may be offered by First Community, that another acquisition proposal constitutes a superior proposal (as defined in "— No Solicitation" below). Peoples Bank also shall notify First Community at least five business days in advance of its intention to effect a change in recommendation in response to the superior proposal, including the identity of the party making the acquisition proposal, and furnish to First Community a detailed summary of all material terms of the superior proposal and all other material documents. Prior to effecting the change in recommendation, Peoples Bank shall, and shall cause its financial and legal advisors to, during the period following its delivery of the required notice, negotiate in

good faith with First Community for a period of up to five business days to the extent First Community desires to negotiate to make the adjustments in the terms and conditions of the merger agreement so that the other acquisition proposal ceases to constitute a superior proposal.

No Solicitation

The merger agreement provides that Peoples Bank will and will direct and use its reasonable best efforts to cause its affiliates, directors, officers, employees, agents and representatives, including, without limitation, any investment banker, financial advisor, attorney, accountant, or other representative retained by it, to immediately cease any discussions or negotiations with any other parties that may be ongoing with respect to the possibility or consideration of any acquisition proposal and will use its reasonable best efforts to enforce any confidentiality or similar agreement relating to any acquisition proposal, including by requesting the other party to promptly return or destroy any confidential information previously furnished by or on behalf of Peoples Bank and by specifically enforcing the terms in a court of competent jurisdiction. For purposes of the merger agreement, “acquisition proposal” is defined to mean any inquiry, proposal or offer, filing of any regulatory application or notice, whether in draft or final form, or disclosure of an intention to do any of the foregoing from any person relating to any (1) direct or indirect acquisition or purchase of a business that constitutes 25% or more of the total revenues, net income, assets, or deposits of Peoples Bank taken as a whole; (2) direct or indirect acquisition or purchase of any class of equity securities representing 25% or more of the voting power of Peoples Bank; (3) tender offer or exchange offer that if consummated would result in any person beneficially owning 25% or more of any class of equity securities of Peoples Bank; or (4) merger, consolidation, business combination, recapitalization, liquidation, dissolution or similar transaction involving Peoples Bank, other than the transactions contemplated by the merger agreement.

From the date of the merger agreement through the effective time, Peoples Bank will not and will cause its directors, officers or employees, or any other representative retained by it or any subsidiary, not to, directly or indirectly through another person (1) solicit, initiate, or encourage, including by way of furnishing information or assistance, or take any other action designed to facilitate or that is likely to result in, any inquiries or the making of any proposal or offer that constitutes, or is reasonably likely to lead to, any acquisition proposal, (2) provide any confidential information or data to any person relating to any acquisition proposal, (3) participate in any discussions or negotiations regarding any acquisition proposal, (4) waive, terminate, modify, or fail to enforce any provision of any contractual “standstill” or similar obligations of any person other than First Community or its affiliates, (5) approve or recommend, propose to approve or recommend, or execute or enter into, any letter of intent, agreement in principle, merger agreement, asset purchase agreement or share exchange agreement, option agreement or similar agreement related to any acquisition proposal or propose to take any of these actions, or (6) make or authorize any statement, recommendation, or solicitation in support of any acquisition proposal.

However, prior to the date of the meeting of the Peoples Bank shareholders, if the Peoples Bank board of directors determines in good faith, after consulting with its outside legal and financial advisors, that the failure to do so would breach, or would reasonably be expected to result in a breach of, its fiduciary duties under applicable law, Peoples Bank may, in response to a bona fide, written acquisition proposal not solicited in violation of the merger agreement, that the Peoples Bank board of directors determines in good faith constitutes a superior proposal, subject to providing 1 business day prior written notice of its decision to take such action to First Community and identifying the person making the proposal and all the material terms and conditions of the proposal and compliance with the merger agreement:

furnish information with respect to itself to any person making the superior proposal pursuant to a customary confidentiality agreement, as determined by Peoples Bank after consultation with its outside counsel, on terms no more favorable to the person than the terms contained in the confidentiality agreement, dated July, 2011, between First Community and Peoples Bank, are to First Community; and

participate in discussions or negotiations regarding the superior proposal.

For purposes of the merger agreement, “superior proposal” is defined to mean an unsolicited acquisition proposal that was received and considered in compliance with the merger agreement that the Peoples Bank board of directors determines in good faith, after taking into account all legal, financial, regulatory, and other aspects of the proposal and the person making the proposal, including any break-up fees, expense reimbursement provisions, and conditions to consummation, and after taking into account the advice of Peoples Bank’s financial advisor, which will be a nationally recognized investment banking firm, and outside counsel, is more favorable from a financial point of view to its shareholders than the merger/

In addition to these obligations, Peoples Bank will promptly, within one (1) business day, advise First Community orally and in writing of its receipt of any acquisition proposal, or any inquiry that could reasonably lead to an acquisition proposal, and keep First Community informed, on a current basis, of the continuing status of the inquiry, including the terms and conditions of the inquiry and any changes to the inquiry, and will contemporaneously provide to First Community all materials provided to or made available to any third party pursuant to the merger agreement that were not previously provided to First Community.

Peoples Bank has agreed that any violations of the restrictions set forth in the merger agreement by any representative of Peoples Bank or its subsidiaries will be deemed a breach of the merger agreement by Peoples Bank.

Representations and Warranties of the Parties

Pursuant to the merger agreement, First Community and Peoples Bank made certain customary representations and warranties relating to their respective companies, subsidiaries, businesses and matters related to the merger. For detailed information concerning these representations and warranties, reference is made to Article V of the merger agreement included as Annex A hereto. Such representations and warranties generally must remain accurate through the completion of the merger unless the existence of any fact, event or circumstance, individually or taken together with other facts, events or circumstances, has had or is reasonably likely to have a material adverse effect on the party making the representation and warranty. See “— Conditions to the Merger” beginning on page ___.

The merger agreement contains representations and warranties that First Community and Peoples Bank made to and solely for the benefit of each other. These include, among other things, representations and warranties by First Community, First Community Bank and Peoples Bank to each other as to:

- organization and good standing of each entity and its subsidiaries;
- each entity’s capital structure;
- each entity’s authority relative to the execution and delivery of, and performance of its obligations under, the merger agreement;
- absence of material adverse changes since December 31, 2006;
- consents and approvals required;
- regulatory matters;
- accuracy of documents, including financial statements and other reports, filed by each company with the SEC;
- absence of defaults under contracts and agreements;

- absence of environmental problems;

- absence of conflicts between each entity's obligations under the merger agreement and its charter documents and contracts to which it is a party or by which it is bound;

- litigation and related matters;

- taxes and tax regulatory matters;

- compliance with the Sarbanes-Oxley Act and accounting controls;

- absence of brokerage commissioners, except as disclosed for financial advisors;

- employee benefit matters;

- books and records fully and accurately maintained and fairly present events and transactions; and

- insurance matters.

These representations and warranties are subject to materiality standards which may differ from what may be viewed as material by investors and shareholders, and, in certain cases, were used for the purpose of allocating risk among the parties rather than establishing matters as facts. The assertions embodied in those representations and warranties also are qualified by information in confidential disclosure schedules that the parties have exchanged in connection with signing the merger agreement. First Community's disclosure schedules contain information that has been included in First Community's general prior public disclosures, as well as potential additional non-public information. Although neither First Community nor Peoples Bank believes that the disclosure schedules contain information that the federal securities laws require to be publicly disclosed, the disclosure schedules do contain information that modifies, qualifies and creates exceptions to the representations and warranties set forth in the attached merger agreement.

Accordingly, you should not rely on the representations and warranties as characterizations of the actual state of facts, since they were only made as of the date of the merger agreement and are modified in important part by the underlying disclosure schedules. Moreover, information concerning the subject matter of the representations and warranties may have changed since the date of the merger agreement, which, in the case of First Community, subsequent information may or may not be fully reflected in First Community's public disclosures.

Effective Time of the Merger

The merger will become effective upon the filing of articles of merger with the Virginia State Corporation Commission in the Commonwealth pursuant to the Virginia Stock Corporation Act, unless a different date and time is specified as the effective time in such documents. The articles of merger will be filed only after the satisfaction or waiver of all conditions to the merger set forth in the merger agreement on a date selected by First Community, which date will be no later than the later of (A) five business days after such satisfaction or waiver or (B) the first month end following such satisfaction or waiver, or (C) on such other date as First Community and Peoples Bank may mutually agree upon.

A closing will take place immediately prior to the effective time of the merger or on such other date as First Community and Peoples Bank may mutually agree upon.

Waiver and Amendment of the Merger Agreement

Prior to the effective time of the merger, any provision of the merger agreement may be (A) waived by the party benefited by its provision or (B) amended or modified at any time by written agreement of the parties whether before or after the approval of the shareholders of Peoples Bank, except that after the shareholders of Peoples Bank have approved the merger agreement no amendment or modification which by law requires further approval by the shareholders of Peoples Bank may be made without obtaining such approval.

Termination of the Merger Agreement

The merger agreement may be terminated at any time prior to the closing in any of the following ways.

The merger agreement may be terminated by mutual written consent of Peoples Bank, First Community and First Community Bank.

The merger agreement may be terminated by either Peoples Bank or First Community and First Community Bank if:

the approval of any governmental entity required for consummation of the merger and the transactions contemplated by the merger agreement is denied by a final nonappealable action of such governmental entity or the application thereof has been permanently withdrawn at the request of such governmental entity (but no party may terminate the merger agreement if the aforementioned denial or withdrawal was due to the failure of the party seeking termination to perform or observe such party's covenants in the merger agreement);

the merger has not been completed on or before December 31, 2012, unless the failure of the merger to be consummated is due to (i) the failure of the party seeking to terminate the merger agreement to perform or observe the covenants and agreements of such party set forth in the merger agreement or (ii) the failure of certain director and executive officer shareholders of Peoples Bank to perform or observe their covenants and agreements under their binding voting agreements;

provided that such party is not then in material breach of any representation, warranty, covenant or agreement contained herein, in the event of a breach by the other party of any representation, warranty, covenant or agreement contained in the merger agreement, which breach (i) cannot be or has not been cured within 30 days after the giving of written notice to the breaching party or parties of such breach and (ii) would entitle the non-breaching party not to consummate the transactions contemplated in the merger agreement;

provided that such party is not then in material breach of any representation, warranty, covenant or agreement contained herein, if the other party's conditions to closing in the merger agreement have not been satisfied within five business days of the last joint condition to closing, which breach (i) cannot be or has not been cured within 30 days after the giving of written notice to the breaching party or parties of such breach and (ii) has not been waived by the party seeking to terminate the merger agreement; or

the merger agreement and the plan of merger are not approved by the shareholders of Peoples Bank.

The merger agreement may be terminated by First Community and First Community Bank if (i) Peoples Bank's board of directors fails to recommend the merger or withdraws, modifies or changes such recommendation in a manner adverse to First Community, (ii) Peoples Bank has materially breached its obligations in the merger agreement with respect to alternate acquisition proposals or (iii) Peoples Bank has failed to call, give notice of or convene and hold a meeting of its shareholders to vote upon the reorganization and the plan of merger, as contemplated in the merger agreement.

Additionally, First Community and First Community Bank may terminate the merger agreement if a tender offer or exchange offer for 20% or more of the outstanding shares of Peoples Bank's common stock is commenced (other than by First Community or First Community Bank), and the Peoples Bank board of directors recommends that the shareholders of Peoples Bank tender their shares in such tender or exchange offer or otherwise fails to recommend that such shareholders reject such tender offer or exchange offer within the 10 business day period specified in Rule 14e-2(a) under the Securities Exchange Act.

Peoples Bank may terminate the merger agreement at any time during the five calendar day period beginning on the later of (i) the last date when any requisite approval, consent or waiver from a governmental authority required to permit consummation of the merger is received and all statutory waiting periods have expired, or (ii) the date on which the shareholders of Peoples Bank approve the merger agreement (referred to as the "determination date") if (a) the average closing price of First Community's common stock (the average of the last reported sale prices per share of First Community common stock for the 20 consecutive full trading days immediately preceding the determination

date) declines by more than 20% from its price of \$12.40 as of the date immediately preceding the date of the merger agreement and (b) underperforms by more than 20% of a group of peers (as defined in the merger agreement); provided, however, that First Community may elect to increase the exchange ratio within five (5) days of receipt of notice from Peoples Bank to a number equal to the lesser of (x) a quotient, the numerator of which is the product of \$9.92 and the exchange ratio then in effect, and the denominator of which is First Community's average closing price; and (y) a quotient, the numerator of which is the product of (1) the index ratio (calculated by dividing the average of the closing prices of the NASDAQ Bank Index for the 20 consecutive full trading days ending on the trading day prior to the determination date by 1734.94 (the average of the closing prices of the NASDAQ Bank Index on February 29, 2012, and subtracting 0.20 therefrom)) and the (2) FCBI Ratio (defined below), and the denominator of which is the quotient, the numerator of which is the average closing price of First Community's common stock and the denominator is \$12.40 (the "FCBI Ratio"), in which case the merger agreement will not be terminated. First Community is not required, however, to increase the exchange ratio, and it is possible under these circumstances that the Peoples Bank board of directors could conclude that proceeding with the merger at the lower price, rather than exercising Peoples Bank's right to terminate the merger agreement, would still be in the best interests of Peoples Bank and its shareholders.

Termination Fee

The provisions of the merger agreement relating to expenses and termination fees and certain miscellaneous provisions related to notice and enforcement of the merger agreement, as well as the confidentiality agreement entered into between Peoples Bank and First Community, will continue in effect notwithstanding termination of the merger agreement. If the merger agreement is validly terminated, the merger agreement will become void without any liability on the part of any party except termination will not relieve a breaching party from liability for any fraud or willful breach of the merger agreement.

Peoples Bank has agreed to pay a termination fee to First Community equal to \$2,200,000 if:

The merger agreement is terminated because (i) Peoples Bank's board of directors fails to recommend the merger or withdraws, modifies or changes such recommendation in a manner adverse to First Community, (ii) Peoples Bank has materially breached its obligations in the merger agreement with respect to alternate acquisition proposals or (iii) Peoples Bank has failed to call, give notice of or convene and hold a meeting of its shareholders to vote upon the reorganization and the plan of merger, as contemplated in the merger agreement;

The merger agreement is terminated upon the occurrence of a tender offer or exchange offer for 20% or more of the outstanding shares of Peoples Bank's common stock is commenced (other than by First Community or First Community Bank) in connection with which the Peoples Bank board of directors has recommended that the shareholders of Peoples Bank tender their shares in such tender or exchange offer or otherwise failed to recommend that such shareholders reject such tender offer or exchange offer within the 10 business day period specified in Rule 14e-2(a) under the Securities Exchange Act;

The merger agreement is terminated, (i)(A) by First Community as a result of a breach of the merger agreement by Peoples Bank, (B) by either First Community or Peoples Bank as a result of the other party's delay if no vote of Peoples Bank's shareholders with respect to the merger agreement and the plan of merger shall have then occurred or (C) by First Community or Peoples Bank due to a failure to obtain the required vote of shareholders or Peoples Bank at the meeting called to vote on the merger agreement and the plan of merger, if a competing acquisition proposal has been publicly announced or otherwise communicated to the senior management or board of directors of Peoples Bank either prior to the date of termination for clauses (A) and (B) or prior to the taking of a shareholder vote for clause (C), and (ii) (A) Peoples Bank enters into an agreement with respect to a competitive acquisition proposal within 12 months after the merger agreement is terminated (regardless of whether such transaction is consummated) or (B) Peoples Bank consummates a transaction with respect to a competitive acquisition proposal otherwise than pursuant to an agreement with First Community within 15 months after the merger agreement is terminated.

Any termination fee that becomes payable pursuant to the merger agreement shall be paid by wire transfer of immediately available funds to an account designated by First Community.

If Peoples Bank fails to timely pay the termination fee to First Community, Peoples Bank will be obligated to pay the costs and expenses incurred by First Community to collect such payment, together with interest.

Interests of Certain Persons in the Merger

When you are considering the recommendation of Peoples Bank's board of directors with respect to approving the merger agreement, you should be aware that Peoples Bank directors and executive officers have interests in the merger as individuals which are in addition to, or different from, their interests as shareholders of Peoples Bank. The Peoples Bank board of directors was aware of these factors and considered them, among other matters, in approving the merger agreement and the merger. These interests are described below.

Management Following the Merger. The merger agreement provides the following with respect to the management of First Community at the time of the merger:

First Community Bank chose William H. Pruitt to be appointed to the board of directors of First Community Bank following the merger; and

any directors of Peoples Bank who are not chosen to serve on the board of directors of First Community Bank will serve on First Community Bank's regional advisory board for the area encompassing the Richmond, Virginia market.

Stock Options. At the effective time of the merger, each option to purchase shares of Peoples Bank common stock granted under Peoples Bank's stock option plans which is outstanding, vested and unexercised immediately prior thereto will be canceled in exchange for the right to receive a lump sum cash payment equal to the number of shares of Peoples Bank common stock subject to such option immediately prior to the effective date of the merger multiplied by the difference of \$20.26 and the per share exercise price of such option, [subject to any adjustment discussed below].

As of the date of this proxy statement/prospectus, the directors and executive officers of Peoples Bank as a group (13 persons) held options to purchase an aggregate of 208,916 shares of Peoples Bank common stock, including options to purchase 75,000 shares, 73,916 shares, 30,000 shares and 30,000 shares held by James H. Atkinson, Jr., Quentin L. Corbett, Marshall E. McCall and Vera H. Primm, respectively, which have an average weighted exercise price of \$14.13 per share. The aggregate amount to be paid to all executive officers of Peoples Bank for stock options held by them is approximately \$1,280,655.

Employment and Severance Agreements. First Community Bank and Peoples Bank have entered into an employment agreement with Marshall E. McCall, Jr., as well as a stock award agreement between First Community and Mr. McCall. First Community Bank has entered into a consulting agreement with each of James H. Atkinson, Jr. and Quentin L. Corbett. First Community Bank and Peoples Bank have entered into a severance agreement and release with each of James H. Atkinson, Jr., Quentin L. Corbett and Vera H. Primm,

James H. Atkinson, Jr., Quentin L. Corbett and Vera H. Primm have each executed a Severance Agreement and Release, acknowledging termination of certain prior employment and change in control agreements with Peoples Bank, and releasing claims with respect to Peoples Bank, First Community Bank and First Community. The severance payments that will be payable on termination of their employment at the merger are as follows: \$783,739 to Mr. Atkinson, \$738,038 to Mr. Corbett and \$423,826 to Ms. Primm. The severance payments to Mr. Atkinson and Mr. Corbett are subject to a six month delay if required to comply with Code Section 409A, and subject to a cutback if the parties determine in good faith, prior to the merger date, that the payment would subject Mr. Atkinson or Mr. Corbett to an excise tax under Code Sections 4999 and 280G. The severance payment to Ms. Primm is subject to a cutback if the payment would subject her to an excise tax under Code Sections 4999 and 280G. Mr. Atkinson and Mr. Corbett retain vested split dollar agreements which provide a death benefit of approximately one million dollars each.

With respect to Marshall E. McCall, his employment agreement is dated March 1, 2012, to be effective as of the closing of the merger, with a two year initial term thereafter, subject to automatic one year renewals thereafter unless either party shall give notice to not-renew. Mr. McCall will serve as Senior Vice President and City Executive with an initial base salary of \$168,000, subject to adjustment on each anniversary of the employment agreement. Mr. McCall is eligible for incentive compensation, in an amount determined to be appropriate by First Community Bank and he is eligible to participate in any incentive plan otherwise available to similarly situated executives and any benefit plan available to employees of First Community Bank. In the event of a Change in Control and subsequent involuntary termination of Mr. McCall, other than for cause, due to Disability or Death, all within two years after the merger, Mr. McCall is entitled to salary accrued through the date of termination, plus a severance benefit of 2.99 times his base salary at the time of the Change in Control, subject to a cutback if such severance would subject Mr. McCall to an excise tax under Code Sections 280G and 4999. If no severance payment is due to Mr. McCall respecting a change in control as set forth above, then in the event of (i) termination other than for cause, due to Disability or Death, (ii) resignation by Mr. McCall within ninety days after transfer of Mr. McCall, without his agreement, more than thirty miles from Richmond, Virginia or (iii) non-renewal of Mr. McCall's employment agreement by First Community Bank, Mr. McCall is entitled to a lump sum severance payment equal to the greater of (a) the total base compensation that would have been payable during the remainder of the initial term if Mr. McCall's employment had not terminated or (ii) Mr. McCall's total base compensation for the period of one year. All severance pay is subject to a delay if required for compliance with Code Section 409A. Mr. McCall's employment agreement includes a non-solicitation and non-competition provision for a period of the lesser of the remainder of the initial term or one year.

Mr. McCall's stock award agreement provides for the award to Mr. McCall, of 16,000 shares of restricted stock, subject to the terms and conditions of the 2004 Omnibus Stock Option Plan of First Community with an initial award of 4,000 shares of common stock of First Community to be delivered to Mr. McCall at the closing of the merger, and 4,000 additional shares to be delivered to him each June 30, provided certain performance goals are met, until June 30, 2015. Mr. McCall is also subject to a one-year non-competition and non-solicitation agreement that is a condition precedent to receipt of stock awards.

Mr. Atkinson and Mr. Corbett have also signed Consulting Agreements with First Community Bank dated March 1, 2012, to be effective as of the merger. Each of Mr. Atkinson and Mr. Corbett will provide consulting services to First Community Bank's management team, on an independent contractor basis for a period of thirty-six months after the merger, providing support on employee and customer retention, as requested. Mr. Atkinson and Mr. Corbett retain vested split dollar agreements which provide a death benefit of approximately one million dollars each.

Employee Benefit Plans. First Community intends to provide the employees of Peoples Bank with employee benefit plans substantially similar to those provided to the employees of First Community. Employees of Peoples Bank will receive credit for their service to Peoples Bank in determining their eligibility and vesting in the benefit plans provided by First Community. The merger agreement also provides that an employee of Peoples Bank (other than an employee who is a party to an employment agreement or a severance agreement) whose employment is involuntarily terminated other than for cause or who resigns due to a material reduction in compensation or relocation of thirty-five miles or greater, following the effective time of the merger but on or before the date that is six months from the effective time of the merger shall be entitled to receive severance payments pursuant to Peoples Bank's Change In Control Benefit Protection Plan, as amended.

Indemnification. Peoples Bank's directors, officers and employees are entitled to continuing indemnification against certain liabilities by virtue of provisions contained in Peoples Bank's articles of incorporation and the merger agreement. Pursuant to the merger agreement, First Community agreed for a period of six years to indemnify and hold harmless each present and former director, officer and employee of Peoples Bank, determined as of the effective time of the merger against any costs or expenses (including reasonable attorneys' fees), judgments, fines, losses, claims, damages or liabilities incurred in connection with any claim, action, suit, proceeding or investigation, whether civil, criminal, administrative or investigative, arising out of matters existing or occurring at or prior to the effective time of the merger, whether asserted or claimed prior to, at or after the effective time of the merger, arising in whole or in part out of or pertaining to the fact that he or she was a director, officer, employee, fiduciary or agent of Peoples Bank or is or was serving at the request of Peoples Bank as a director, officer, employee, fiduciary or agent of another corporation, partnership, joint venture, trust or other enterprise, including without limitation matters related to the negotiation, execution and performance of the merger agreement or the consummation of any of the transactions contemplated by the merger agreement, to the fullest extent to which such indemnified parties would be entitled under the articles of incorporation and bylaws of Peoples Bank, or any agreement, arrangement or understanding previously disclosed by Peoples Bank to First Community pursuant to the merger agreement, in each case as in effect on the date of the merger agreement.

Pursuant to the merger agreement, First Community has agreed to maintain Peoples Bank's existing directors' and officers' liability insurance policy for Peoples Bank's directors and officers which shall provide such directors and officers with coverage following the effective time of the merger for an additional three years provided that First Community will not be required to expend an aggregate amount in excess of 150% of the premium paid by Peoples Bank as of the date hereof for such insurance, which is referred to as the maximum insurance amount. If First Community is unable to maintain or obtain the insurance specified above as a result of the preceding provision, First Community shall obtain the most advantageous coverage as is available for the maximum insurance amount.

Other than as set forth above, no director or executive officer of Peoples Bank has any direct or indirect material interest in the merger, except insofar as ownership in Peoples Bank common stock might be deemed such an interest.

Certain Employee Matters

The merger agreement contains certain agreements of the parties with respect to various employee matters, which are briefly described below.

General. As soon as administratively practicable after the effective time of the merger, First Community will take all reasonable action so that employees of Peoples Bank will be entitled to participate in the First Community employee benefit plans of general applicability to the same extent as similarly-situated employees of First Community and its subsidiaries, provided that coverage shall be continued under the corresponding benefit plans of Peoples Bank until such employees are permitted to participate in the First Community benefit plans and provided further that nothing in the merger agreement will require First Community or any of its subsidiaries to make any grants to any former employees of Peoples Bank under a discretionary equity compensation plan of First Community. For purposes of determining eligibility to participate, the vesting of benefits and for all other purposes, other than for accrual of pension benefits, under the First Community employee benefit plans, First Community will recognize years of service with Peoples Bank and its subsidiaries to the same extent as such service was credited for such purpose by Peoples Bank provided that such service shall not be recognized to the extent that such recognition would result in a duplication of benefits.

Existing Benefits and Agreements. At and following the effective time of the merger, and subject to the termination and/or amendment of certain agreements set forth in the merger agreement and described herein, First Community will honor and will be obligated to perform, in accordance with their terms, all benefit obligations to, and contractual rights of, current and former employees of Peoples Bank and current and former directors of Peoples Bank existing as of the effective date of the merger, as well as all employment, severance, bonus, salary continuation, deferred compensation, split dollar, supplemental retirement or "change-in-control" agreements, plans or policies of Peoples Bank to the extent that each of the foregoing has been previously disclosed to First Community and has not been terminated.

Participation in First Community Plans. If employees of Peoples Bank become eligible to participate in a medical, dental or health plan of First Community, First Community will, to the extent permitted by the terms of such plan and applicable law, cause each such plan to:

waive any preexisting condition limitations to the extent such conditions are covered under the applicable medical, health or dental plans of First Community;

provide full credit under such plans for any deductibles, co-payment and out-of-pocket expenses incurred by the employees and their beneficiaries during the portion of the calendar year prior to such participation; and

waive any waiting period limitation or evidence of insurability requirement which would otherwise be applicable to such employee on or after the effective time of the merger to the extent such employee had satisfied any similar limitation or requirement under an analogous plan prior to the effective time of the merger.

Severance Payments. An employee of Peoples Bank (other than an employee who is a party to an employment agreement or a severance agreement) whose employment is involuntarily terminated other than for cause or who resigns due to a material reduction in compensation or relocation of thirty-five miles or greater, following the effective time of the merger but on or before the date which is six months from the effective time of the merger, will be entitled to receive severance payments pursuant to Peoples Bank's Change in Control Benefit Protection Plan, as amended.

Resale of First Community Common Stock

First Community has registered the shares of First Community common stock to be issued in the merger with the Commission under the Securities Act. No restrictions on the sale or other transfer of the First Community common stock issued in the merger will be imposed solely as a result of the merger and the shares of First Community common stock may be freely traded without restriction by holders, including holders who were affiliates of Peoples Bank on the date of the special meeting. All directors and executive officers of Peoples Bank are considered affiliates of Peoples Bank for this purpose.

Federal Income Tax Consequences

General. The following summary sets forth the material U.S. federal income tax consequences of the merger to the holders of Peoples Bank common stock who exchange such stock for shares of First Community common stock. The tax consequences under state, local and foreign laws are not addressed in this summary. The following summary is based upon the Internal Revenue Code of 1986, as amended, Treasury regulations, administrative rulings and court decisions in effect as of the date hereof, all of which are subject to change, possibly with retroactive effect. Such a change could affect the continuing validity of this summary. No assurance can be given that the IRS would not assert, or that a court would not sustain, a position contrary to any of the tax consequences set forth below.

The following summary addresses only shareholders who are citizens or residents of the United States who hold their Peoples Bank common stock as a capital asset. It does not address all the tax consequences that may be relevant to particular shareholders in light of their individual circumstances or to shareholders that are subject to special rules, including, without limitation: financial institutions; tax-exempt organizations; S corporations, partnerships or other pass-through entities (or an investor in an S corporation, partnership or other pass-through entity); insurance companies; mutual funds; dealers in stocks or securities, or foreign currencies; foreign holders; a trader in securities who elects the mark-to-market method of accounting for the securities; persons who hold shares as a hedge against currency risk, a straddle or a constructive sale or conversion transaction; holders who acquired their shares pursuant to the exercise of employee stock options or otherwise as compensation or through a tax-qualified retirement plan; holders of Peoples Bank stock options, stock warrants or debt instruments; and holders subject to the alternative minimum tax.

Tax matters are very complicated, and the tax consequences of the merger to you will depend upon the facts of your particular situation. Accordingly, we strongly urge you to consult your own tax advisor to determine the particular federal, state, local or foreign income or other tax consequences to you resulting from the merger.

Any United States federal tax advice contained herein is not intended or written to be used, and cannot be used, by any taxpayer for the purpose of avoiding United States federal tax penalties that may be imposed on the taxpayer; any such advice is written to support the promotion or marketing of the transactions described herein; and each taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

The Merger. No ruling has been, or will be, sought from the IRS as to the U.S. federal income tax consequences of the merger. Consummation of the merger is conditioned upon First Community receiving an opinion from Bowles Rice McDavid Graff & Love, LLP and upon Peoples Bank receiving an opinion from LeClairRyan, both to the effect that, based upon facts, representations and assumptions set forth in such opinions, the merger constitutes a reorganization within the meaning of Section 368 of the Internal Revenue Code. The issuance of the opinions is conditioned on, among other things, such tax counsel's receipt of representation letters from each of Peoples Bank or First Community, in each case in form and substance reasonably satisfactory to such counsel. Opinions of counsel are not binding on the IRS.

Consequences to Peoples Bank and First Community. Based upon the above assumptions and qualifications, for U.S. Federal income tax purposes the merger will constitute a reorganization within the meaning of Section 368 of the Internal Revenue Code. Each of Peoples Bank and First Community will be a party to the merger within the meaning of Section 368(b) of the Internal Revenue Code, and neither of Peoples Bank nor First Community will recognize any gain or loss as a result of the merger.

Consequences to Peoples Bank Shareholders. A Peoples Bank shareholder who receives cash and shares of First Community common stock in exchange for all of his/her shares of Peoples Bank common stock generally will recognize gain, but not loss, in an amount equal to the lesser of (1) the excess, if any, of (a) the sum of the cash (excluding any cash received in lieu of a fractional share of First Community common stock) and the fair market value of the First Community common stock (including any fractional share of First Community common stock deemed to be received and exchanged for cash) over (b) such shareholder's tax basis in the shares of Peoples Bank common stock exchanged in the merger and (2) the amount of cash received by such shareholder. Any gain will be capital gain (except as described below) if the shares of Peoples Bank common stock are held by such shareholder as a capital asset at the time of the merger.

If any Peoples Bank shareholder's receipt of cash has the effect of a distribution of a dividend, the gain will be treated as ordinary dividend income to the extent of the shareholder's ratable share of Peoples Bank's accumulated earnings and profits. For purposes of determining whether a Peoples Bank shareholder's receipt of cash has the effect of a distribution of a dividend, the Peoples Bank shareholder will be treated as if it first exchanged all of its Peoples Bank common stock solely in exchange for First Community common stock and then First Community immediately redeemed a portion of that stock for the cash the Peoples Bank shareholder actually received in the exchange. Receipt of cash in exchange for a portion of the Peoples Bank shareholder's First Community stock that it is deemed to have been received, will generally not have the effect of a distribution of a dividend to the Peoples Bank shareholder if such receipt is, with respect to the Peoples Bank shareholder, "not essentially equivalent to a dividend" or "substantially disproportionate," each within the meaning of Section 302(b) of the Code. In determining whether the receipt of cash is "not essentially equivalent to a dividend" or "substantially disproportionate," with respect to the Peoples Bank shareholder, certain constructive ownership rules must be taken into account. Under the constructive ownership rules of the Code, a shareholder may be treated as owning stock that is actually owned by another person or entity. Peoples Bank shareholders should consult their tax advisors as to the possibility that all or a portion of any cash received in exchange for their shares of Peoples Bank common stock will be treated as a dividend. Dividends are generally currently taxed at the same rates that apply to long-term capital gains.

If (i) Bowles Rice McDavid Graff & Love LLP and LeClairRyan cannot provide the required closing date tax opinions, (ii) Peoples Bank and First Community waive the condition to completion of the merger that Bowles Rice McDavid Graff & Love LLP and LeClairRyan provide the required closing date opinions, (iii) the merger does not constitute a reorganization within the meaning of Section 368(a) of the Code and (iv) the merger is otherwise completed in accordance with the terms of the merger agreement whereby Peoples Bank merges into First Community Bank, then Peoples Bank would be deemed to have transferred all of its assets and liabilities to First Community Bank in exchange for cash in a taxable transaction. In such case, Peoples Bank would recognize gain or loss in an amount

equal to the difference between (i) the amount of cash received plus the amount of Peoples Bank liabilities assumed by First Community Bank and (ii) the allocable tax basis of the respective assets of Peoples Bank deemed transferred in the exchange. Immediately after such deemed taxable exchange, Peoples Bank would be deemed to distribute all of its remaining assets to the holders of Peoples Bank common stock in complete liquidation of Peoples Bank. A holder of Peoples Bank common stock would recognize gain or loss on the amount deemed received in the liquidating distribution by Peoples Bank in excess of such shareholder's tax basis in his/her Peoples Bank common stock. Peoples Bank would incur liability for the payment of any federal income tax recognized to Peoples Bank and any additional gain recognized to Peoples Bank on its deemed liquidation. The payment of a cash tax liability by Peoples Bank would reduce the amount of consideration available for distribution to the shareholders of Peoples Bank.

The foregoing tax consequences to the holders of Peoples Bank common stock and to Peoples Bank could be different if First Community's acquisition of Peoples Bank is consummated in a transaction other than one in which Peoples Bank merges into First Community Bank.

Cash in Lieu of Fractional Shares. No fractional shares of First Community common stock will be issued in the merger. A Peoples Bank shareholder who receives cash in lieu of a fractional share will be treated as having received such fractional share pursuant to the merger and then as having exchanged such fractional share for cash in a redemption by First Community. A Peoples Bank shareholder should generally recognize capital gain or loss on such a deemed exchange of the fractional share. If the merger does not constitute a tax-free reorganization within the meaning of Section 368(a) of the Code, a holder of Peoples Bank common stock who receives cash in lieu of a fractional share of First Community common stock will be treated as having received cash in a deemed liquidation of Peoples Bank, as described above.

Dissenting Shareholders. Holders of Peoples Bank common stock who dissent with respect to the merger, as discussed under "— Dissenters' Rights" beginning on page __, and who receive cash for their shares of Peoples Bank common stock generally will recognize gain or loss as if such shareholder had received such cash as a distribution in redemption of such shareholder's shares of Peoples Bank common stock, subject to the provisions and limitations of Section 302 of the Code described above. The gain or loss will be capital gain or loss if the shares of Peoples Bank common stock surrendered in the merger were held as capital assets as of the time of the exchange.

Basis in First Community Common Stock. Each holder's aggregate tax basis in First Community common stock received in the merger will be the same as the holder's aggregate tax basis in the Peoples Bank common stock exchanged, decreased by the amount of any cash received in the merger and by the amount of any tax basis allocable to any fractional share interest for which cash is received and increased by any gain recognized in the exchange. The holding period of First Community common stock received by a holder in the merger will include the holding period of the Peoples Bank common stock exchanged in the merger if the Peoples Bank common stock exchanged is held as a capital asset at the time of the merger.

Backup Withholding and Reporting Requirements. Holders of Peoples Bank common stock, other than certain exempt recipients, may be subject to backup withholding at a rate of 28% with respect to any cash payment received in the merger in certain circumstances. Generally, however, backup withholding will not apply to any holder who either (a) furnishes a correct taxpayer identification number and certifies that he or she is not subject to backup withholding by completing the substitute Form W-9 that will be included as part of the transmittal letter, or (b) otherwise proves to First Community and its exchange agent that the holder is exempt from backup withholding.

Reporting Requirements. Peoples Bank shareholders who receive First Community common stock as a result of the merger will be required to retain records pertaining to the merger and will be required to file with their United States federal income tax return for the year in which the merger takes place a statement setting forth certain facts relating to

the merger.

In addition, holders of Peoples Bank common stock are required to retain permanent records and make such records available to any authorized Internal Revenue Service officers and employees. The records should include the number of shares of Peoples Bank stock exchanged, the number of shares of First Community stock received, the fair market value and tax basis of Peoples Bank shares exchanged and the holder's tax basis in the First Community common stock received.

If a holder of Peoples Bank common stock who exchanges such stock for First Community common stock is a "significant holder" with respect to Peoples Bank, the holder is required to include a statement with respect to the exchange on or with the federal income tax return of the holder for the year of the exchange. A holder of Peoples Bank common stock will be treated as a significant holder in Peoples Bank if the holder's ownership interest in Peoples Bank is five percent (5%) or more of Peoples Bank's issued and outstanding common stock or if the holder's basis in the shares of Peoples Bank stock exchanged is one million dollars (\$1,000,000) or more. The statement must be prepared in accordance with Treasury Regulation Section 1.368-3 and must be entitled "STATEMENT PURSUANT TO §1.368-3(b) BY [INSERT NAME AND TAXPAYER IDENTIFICATION NUMBER (IF ANY) OF TAXPAYER], A SIGNIFICANT HOLDER". The statement must include the names and employer identification numbers of Peoples Bank and First Community, the date of the merger, and the fair market value and tax basis of Peoples Bank shares exchanged (determined immediately before the merger).

The discussion of U.S. federal income tax consequences set forth above is for general information only and does not purport to be a complete analysis or listing of all potential tax effects that may apply to a holder of Peoples Bank common stock. We strongly encourage shareholders of Peoples Bank to consult their tax advisors to determine the particular tax consequences to them of the merger, including the application and effect of federal, state, local, foreign and other tax laws.

Accounting Treatment of the Merger

The merger will be accounted for under the purchase method of accounting under accounting principles generally accepted in the United States of America. Under this method, Peoples Bank's assets and liabilities as of the date of the merger will be recorded at their respective fair values and added to those of First Community. Any difference between the purchase price for Peoples Bank and the fair value of the identifiable net assets acquired (including core deposit intangibles) will be recorded as goodwill. In accordance with Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets," the goodwill resulting from the merger will not be amortized to expense, but instead will be reviewed for impairment at least annually and to the extent goodwill is impaired, its carrying value will be written down to its implied fair value and a charge will be made to earnings. Core deposit and other intangibles with definite useful lives recorded by First Community in connection with the merger will be amortized to expense in accordance with the applicable rules. The financial statements of First Community issued after the merger will reflect the results attributable to the acquired operations of Peoples Bank beginning on the date of completion of the merger.

Expenses of the Merger

The merger agreement provides that each of Peoples Bank and First Community will bear and pay all costs and expenses incurred by it in connection with the transactions contemplated by the merger agreement, including fees and expenses of its own financial consultants, accountants and counsel, except that the expenses of printing this proxy statement/prospectus and the registration fees payable to the Commission in connection with the registration statement, of which this proxy statement/prospectus is a part, will be shared equally between First Community and Peoples Bank.

Listing of the First Community Common Stock

First Community has agreed to use its reasonable best efforts to cause the shares of First Community common stock to be issued in the merger to be approved for listing on the Nasdaq Global Select Market, or any national securities exchange on which the First Community common stock may then be listed, before the completion of the merger.

Shareholder Agreements

In connection with the execution of the merger agreement, each director and executive officer of Peoples Bank entered into a shareholder agreement with First Community pursuant to which each director and executive officer agreed that at any meeting of the shareholders of Peoples Bank, or in connection with any written consent of the shareholders of Peoples Bank, the director and/or officer shall:

· appear at such meeting or otherwise cause all shares of Peoples Bank common stock owned by him to be counted as present thereat for purposes of calculating a quorum;

· vote (or cause to be voted), in person or by proxy, or deliver a written consent (or cause a consent to be delivered) covering, all shares of Peoples Bank common stock beneficially owned by him or as to which he has, directly or indirectly, the right to direct the voting:

· in favor of adoption and approval of the merger agreement and the merger;

against any action or agreement that could reasonably be expected to result in a breach of any covenant, representation or warranty or any other obligation or agreement of Peoples Bank contained in the merger agreement or of the director or officer contained in the shareholder agreement; and

against any acquisition proposal (as defined in “³/₄ No Solicitation” above) or any other action, agreement or transaction that is intended, or could reasonably be expected, to materially impede, interfere or be inconsistent with, delay, postpone, discourage or materially and adversely affect consummation of the merger or the performance of his, her, or its obligations under the shareholder agreement.

Pursuant to the shareholder agreement, each director also agreed, while the shareholder agreement is in effect, not to, directly or indirectly, sell, transfer, pledge, encumber (except for pledges or encumbrances existing as of the date of the shareholder agreement), distribute by gift, or otherwise dispose of any of the shares whether by actual disposition, physical settlement, or effective economic disposition through hedging transactions; nor to enter into any agreement with any person that violates shareholder’s representations, warranties, covenants, and obligations under the shareholder agreement; nor to take any other action that reasonably could be expected to adversely effect, in any material respect, the shareholder’s power, authority, and ability to comply with and perform his, her, or its covenants and obligations under the shareholder agreement. Each director also agreed not to deposit any shares in a voting trust, grant any proxy, or enter into any voting agreement or similar agreement or arrangement with respect to any shares.

The shareholder agreements will remain in effect until the earlier of the effective time of the merger or the termination of the merger agreement in accordance with its terms.

Appraisal Rights

Shareholders of record of Peoples Bank common stock who comply with the procedures described below will be entitled to appraisal rights under Article 15 of Section 13.1 of the Virginia Stock Corporation Act (the “VSCA”). Where appropriate, shareholders are urged to consult with their legal counsel to determine the appropriate procedures for providing a notice of intent to demand payment (as described below). No further notice of the events giving rise to appraisal rights or deadlines for related actions will be provided by Peoples Bank to shareholders prior to the special meeting.

The following discussion is only a summary, does not purport to be a complete statement of the law pertaining to appraisal rights under the VSCA and is qualified in its entirety by reference to Article 15, Section 13.1 of the VSCA. Shareholders are urged to consult Article 15 of the VSCA, which is reprinted in its entirety as Annex C to this proxy statement/prospectus.

Shareholders who follow the procedures set forth in Article 15 of the VSCA will be entitled to receive payment of the “fair value” of their shares of Peoples Bank common stock. Any shareholder who wishes to exercise appraisal rights should review the following discussion and Annex C carefully because failure to comply in a timely and proper manner with the procedures specified may result in the loss of appraisal rights under the VSCA.

A holder of shares of Peoples Bank common stock who wishes to exercise appraisal rights must deliver to Peoples Bank, prior to or at the special meeting (but in any event before the vote is taken), a written notice of intent to demand payment for such shareholder’s shares if the merger becomes effective. A shareholder delivering a notice of intent must not vote his or her shares in favor of the proposal to approve and adopt the merger agreement or he or she will lose his or her appraisal rights. All notices of intent should be sent or delivered to J. Kenneth Timmons, Jr., Corporate Secretary, Peoples Bank of Virginia, 2701 N. Parham Road, Richmond, Virginia 23294, or they may be hand delivered to Mr. Timmons at the special meeting (before the voting begins).

If the merger agreement is approved and the merger becomes effective, within 10 days after the effective date of the merger, First Community will deliver an appraisal notice in writing to all shareholders who correctly and timely delivered a notice of intent (as described above) and also did not vote for approval of the merger agreement (an “eligible shareholder”). The appraisal notice will:

state where the eligible shareholder's payment demand should be sent and where and when stock certificates should be deposited;

set a date by which First Community must receive the payment demand (which date may not be fewer than 40 days nor more than 60 days after the date the appraisal notice is sent);

provide an estimate of the fair value of the shares of Peoples Bank common stock that are the subject of the appraisal right demand;

set the date by which a notice to withdraw the appraisal right demand must be received (a date within 20 days of the date indicated in the second bullet point above); and

include such other information as required by the VSCA.

An eligible shareholder to whom an appraisal notice is sent must demand payment within the time specified in the appraisal notice, deposit his or her stock certificates in accordance with the terms of the appraisal notice and make certain certifications required by the VSCA. If an eligible shareholder fails to take such actions, the shareholder will lose his or her appraisal rights.

If an eligible shareholder has complied with the provisions of Article 15 of the VSCA, First Community must, within 30 days of the due date for receipt of appraisal right demands, pay each eligible shareholder First Community's estimate of the fair value of the shareholder's shares of Peoples Bank common stock, plus accrued interest. With any payment, First Community must provide its most recent annual and quarterly financial statements, an explanation of how it calculated the fair value of the shares of Peoples Bank common stock and interest, and a description of the procedure an eligible shareholder may follow if he or she is not satisfied with the payment.

An eligible shareholder who is not satisfied with the amount paid or offered by First Community must notify First Community in writing of his or her own estimate of the fair value of his or her shares of Peoples Bank common stock and the amount of interest due (less any amounts that may have been already received by the shareholder from First Community) and demand that First Community pay this estimated amount. This notice must be given in writing within 30 days of the date that First Community made or offered to make payment for the shareholder's shares of Peoples Bank common stock.

If an eligible shareholder's demand for payment remains unsettled, First Community is obligated to commence a proceeding in a Virginia circuit court to determine the fair value of the shares of Peoples Bank common stock and accrued interest within 60 days of the receipt of the shareholder's payment demand. If First Community fails to commence such proceeding in accordance with the VSCA, it must pay the shareholder the amount demanded by him

or her.

Eligible shareholders considering seeking appraisal should be aware that the fair value of their shares of First Community common stock as determined under Article 15 of the VSCA, could be more than, the same as or less than the merger consideration that would be paid to them pursuant to the merger agreement. The costs and expenses of any appraisal proceeding will be determined by the court and assessed against First Community unless the court determines that the shareholder seeking appraisal did not act in good faith in demanding payment of the fair value of their shares of Peoples Bank stock, in which case such costs and expenses may be assessed against the shareholder. Eligible shareholders will only be entitled to receive payment in accordance with Article 15 of the VSCA and will not be entitled to vote their shares of Peoples Bank common stock or exercise any other rights as Peoples Bank shareholders. After the date by which a notice to withdraw the appraisal right demand must be received, an eligible shareholder demanding appraisal may withdraw his or her demand only with the consent of First Community.

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If any shareholder who demands appraisal of his or her shares under Article 15 of the VSCA fails to perfect, or effectively withdraws or loses, his or her right to appraisal, as provided in the VSCA, such shareholder's shares of Peoples Bank common stock will be converted into the right to receive the merger consideration in accordance with the merger agreement.

MARKET FOR COMMON STOCK AND DIVIDENDS

First Community's common stock is traded on the Nasdaq Global Select Market under the symbol "FCBC." Peoples Bank's common stock trades in the OTC markets in the OTCQB market tier under the symbol "PBAV." Such market quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not necessarily represent actual transactions.

As of February 27, 2012, there were 17,849,376 shares of First Community common stock outstanding, which were held by approximately 2,757 holders of record. As of the record date for the special meeting, there were 2,016,012 shares of Peoples Bank common stock outstanding, which were held by approximately _____ holders of record. Such numbers of shareholders do not reflect the number of individuals or institutional investors holding stock in nominee name through banks, brokerage firms and others.

The following table sets forth during the periods indicated the high and low sales prices of the First Community common stock as reported on the Nasdaq Stock Market and the high and low bid information for Peoples Bank common stock as quoted in the OTCQB Market Tier of the OTC markets, and the dividends declared per share of First Community common stock for the periods included.

	First Community			Peoples Bank		
	Market Price		Dividends	Market Price		Dividends
	High	Low	Per Share	High	Low	Per Share
2012						
First Quarter	\$13.97	\$11.68	\$ 0.10	\$19.00	\$8.85	\$ —
Second Quarter Through (____, 2012)						
2011						