

## First Community Bancshares, Inc. (NASDAQ: FCBC) to acquire Peoples Bank of Virginia (Private; Richmond, VA)

**Deal Value: Approximately \$40.6 million**

Sandler O'Neill acted as exclusive financial advisor to First Community Bancshares, Inc. in this transaction. This transaction is Sandler O'Neill's 60<sup>th</sup> bank or thrift transaction since January 1, 2010. Sandler O'Neill has served as a financial advisor on more bank and thrift transactions than any other investment bank during that time period.<sup>1</sup>

First Community Bancshares, Inc. and Peoples Bank of Virginia jointly announced today the signing of a definitive merger agreement under which First Community will acquire Peoples for a total valuation of approximately \$40.6 million.

Peoples Bank of Virginia was established in 2002, operates four branches in the Richmond, Virginia MSA, and as of December 31, 2011, had \$286 million in assets, \$181 million in loans, \$246 million in deposits and \$39 million in common equity. The combined company will become the 10th largest Virginia-based bank in the Richmond MSA.

John Mendez, President and Chief Executive Officer of First Community, stated, "We are pleased to be joining forces with Peoples Bank of Virginia and their exceptional banking team to expand our operations in the growth markets in and around Richmond, Virginia, and Henrico, Chesterfield and Hanover counties. Our merger is the result of extensive due diligence and we are confident that this partnership will create tremendous value for both of our companies' clients, employees and shareholders. Jim Atkinson and his team have built a strong, well-capitalized and profitable franchise in one of the most attractive banking markets in the United States."

James H. "Jim" Atkinson, Jr., Chief Executive Officer of Peoples Bank of Virginia, commented, "We are excited to be partnering with First Community, one of the best banks in the Commonwealth. The combination of Peoples Bank of Virginia's foothold in the Richmond market and First Community's leadership, strong operating performance, and more extensive product offerings creates an outstanding opportunity for our customers, employees and shareholders."

Under the terms of the merger agreement, which has been unanimously approved by the boards of directors of both companies, shareholders of Peoples will receive \$6.08 per share in cash and 1.07 First Community shares for each common share of Peoples. First Community expects the transaction to be accretive to earnings in the first full year of the combination. It is anticipated that the transaction will be consummated in the second or third quarter of 2012, after receipt of regulatory approvals, the approval of Peoples shareholders, and other closing conditions.

### Financial Highlights

(Dollars in millions)

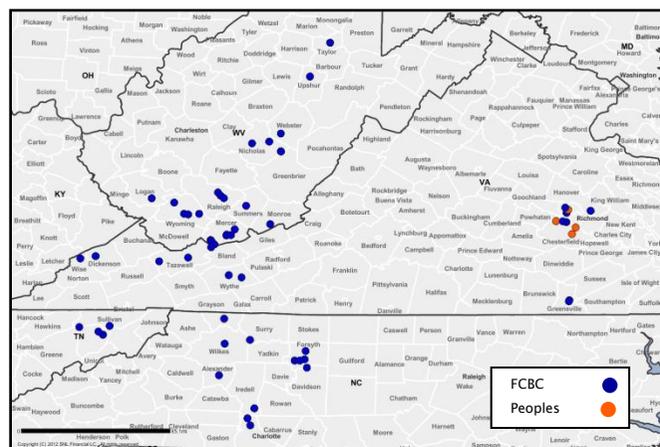
	<u>FCBC</u>	<u>Peoples</u>
Total Assets	\$2,165	\$286
Net Loans	\$1,376	\$181
Total Deposits	\$1,543	\$246
Total Equity	\$306	\$39
Tang. Comm. Equity / Tang. Assets	9.60%	13.68%

Note: Financial data as of December 31, 2011

(1) Includes bank or thrift transactions since 2010; excludes terminated transactions and self-advisory roles

Source: SNL Financial

### Pro Forma Map



### Sandler O'Neill Contacts:

SCOTT CLARK  
Principal  
919 Third Avenue, 6<sup>th</sup> Floor  
New York, NY 10022  
(212) 466-7965

JOCELYN KUKULKA  
Associate  
919 Third Avenue, 6<sup>th</sup> Floor  
New York, NY 10022  
(212) 466-8032