



ANNUAL USE OF CAPITAL SURVEY - 2009

NAME OF INSTITUTION

(Include Holding Company Where Applicable)

First Community Bancshares, Inc. & First Community Bank

Person to be contacted regarding this report:	Keith E. Bouchey
UST Sequence Number:	1075
CPP Funds Received:	14,800,000
CPP Funds Repaid to Date:	0
Date Funded (first funding):	May 15, 2009
Date Repaid ¹ :	N/A

RSSD: (For Bank Holding Companies)	1983977
Holding Company Docket Number: (For Thrift Holding Companies)	
FDIC Certificate Number: (For Depository Institutions)	14023
City:	Overland Park
State:	Kansas

¹If repayment was incremental, please enter the most recent repayment date.

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

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

<input checked="" type="checkbox"/>	Increase lending or reduce lending less than otherwise would have occurred.	Loan volume declined \$2.0 million or only 4% from May to Dec 2009
<input type="checkbox"/>	To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).	
<input type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	

<input type="checkbox"/>	Make other investments	
<input checked="" type="checkbox"/>	Increase reserves for non-performing assets	Reserve for loan losses increased \$2.7 million or 40% during 2009 period as additional cushion to absorb possible credit losses.
<input checked="" type="checkbox"/>	Reduce borrowings	Total short and long term borrowings decrease \$26.6 million or 41% during 2009 period.
<input checked="" type="checkbox"/>	Increase charge-offs	Losses, net of recoveries increased \$1.1 million or 24% during 2009 period.
<input type="checkbox"/>	Purchase another financial institution or purchase assets from another financial institution	
<input checked="" type="checkbox"/>	Held as non-leveraged increase to total capital	Tier 1 Capital increased \$10.0 million or 28% during 2009 period as additional cushion to absorb possible losses as credit risk exposure saw a increasing trend.

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

FCB has successfully maintained a "Well Capitalized" Capital Ratio classification and avoided any adverse formal regulatory actions.

FCB has avoided significant reduction in lending to any of our qualified existing or potential new customers.

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

As intended by the US Treasury's Capital Purchase Program, this capital has provided:

- (1) a capital cushion for FCBank to remain "Well Capitalized" as regulatory agencies increased the minimum standards;
- (2) an ability for FCBank to significantly increase its reserve for loan losses;
- (3) an ability for FCBank to absorb significant increases in loan losses;
- (4) an ability for FCBank to remain a community bank lender serving its local customers credit needs.

Even as credit risks and losses have risen to historic highs for real estate oriented banks like FCBank, the organization is maintaining its loan production.

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

FCBank has taken loan & ORE writedowns to secure tax benefits/refunds from years that would otherwise be closed to carryback.

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 1505-0222. The time required to complete this information collection is estimated to average 80 hours per response.