

## Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

<b>Part I Reporting Issuer</b>			
1 Issuer's name		2 Issuer's employer identification number (EIN)	
PEOPLES BANK OF VIRGINIA		54-2050855	
3 Name of contact for additional information	4 Telephone No. of contact	5 Email address of contact	
ROBERT L. SCHUMACHER	276-326-9000	RLSCHUMACHER@fcbinc.com	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact		7 City, town, or post office, state, and Zip code of contact	
29 COLLEGE DRIVE		BLUEFIELD, VA 24605	
8 Date of action		9 Classification and description	
05/31/2012		SHARES OF COMMON STOCK	
10 CUSIP number	11 Serial number(s)	12 Ticker symbol	13 Account number(s)

**Part II Organizational Action** Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ On May 31, 2012, Peoples Bank of Virginia ("PBV") merged with and into First Community Bank ("FCB"), a wholly-owned subsidiary of First Community Bancshares, Inc. ("FCBI"). Under the agreement, each outstanding share of common stock of PBV, par value \$1.00 per share, was converted into the right to receive 1.07 shares of FCBI common stock, par value \$1.00 per share, and a cash sum of \$6.08. No fractional shares of FCBI common stock were issued in the merger; FCBI issues cash in lieu of fractional shares.

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ Each holder's aggregate tax basis in FCBI common stock received in the merger will be the same as the holder's aggregate tax basis in the PBV common stock exchanged, increased by the holder's recognized gain, if any, and decreased by the amount of cash such holder received in the exchange.

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ The exchange rate in the transaction was 1.07 shares of FCBI common stock for each shares of PBV common stock plus cash of \$6.08 per share.

**Part II Organizational Action** (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ The transaction was treated as a non-taxable stock for stock acquisition pursuant to IRC sections 354, 358, and 368(a) for tax purposes.

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18 Can any resulting loss be recognized? ▶ PBV shareholders who received cash in lieu of a fractional share, a loss may be recognized.

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19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ The adjustment is reportable in the tax year ending 12/31/2012.

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Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

**Sign Here**  
Signature ▶ Robert L. Schumacher GENERAL COUNSEL Date ▶ 8-16-12

Print your name ▶ ROBERT L. SCHUMACHER Title ▶ GENERAL COUNSEL

<b>Paid Preparer Use Only</b>	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶ <u>Dixon Hughes Goodman, LLP</u>			Firm's EIN ▶	
	Firm's address ▶			Phone no.	