
Section 1: 8-K (FORM 8-K)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **April 23, 2019**

FIRST COMMUNITY BANKSHARES, INC.

(Exact name of registrant as specified in its charter)

Virginia
(State or other jurisdiction
of incorporation)

000-19297
(Commission
File Number)

55-0694814
(IRS Employer
Identification No.)

P.O. Box 989
Bluefield, Virginia
(Address of principal
executive offices)

24605-0989

(Zip Code)

Registrant's telephone number, including area code: **(276) 326-9000**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02 Results of Operations and Financial Condition.

On April 23, 2019, First Community Bankshares, Inc. (the “Company”) announced by press release its earnings for the first quarter of 2019. A copy of the press release is attached hereto as Exhibit 99.1.

Item 8.01 Other Events.

On April 23, 2019, the Company announced by press release its quarterly cash dividend to common shareholders of twenty-five cents (\$0.25) per common share, payable on May 17, 2019, to shareholders of record on May 3, 2019. A copy of the press release is attached hereto as Exhibit 99.1.

Item 9.01 Financial Statements and Exhibits.

(d)The following exhibit is included with this report:

Exhibit No. Exhibit Description

99.1 [Earnings and dividend press release dated April 23, 2019](#)

Forward-Looking Statements

This Current Report on Form 8-K contains forward-looking statements. These forward-looking statements are based on current expectations that involve risks, uncertainties, and assumptions. Should one or more of these risks or uncertainties materialize or should underlying assumptions prove incorrect, actual results may differ materially. These risks include: changes in business or other market conditions; the timely development, production and acceptance of new products and services; the challenge of managing asset/liability levels; the management of credit risk and interest rate risk; the difficulty of keeping expense growth at modest levels while increasing revenues; and other risks detailed from time to time in the Company’s Securities and Exchange Commission reports, including but not limited to the Annual Report on Form 10-K for the most recent year ended. Pursuant to the Private Securities Litigation Reform Act of 1995, the Company does not undertake to update forward-looking statements to reflect circumstances or events that occur after the date the forward-looking statements are made.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

FIRST COMMUNITY BANKSHARES, INC.

Date: April 23, 2019

By: /s/ David D. Brown

David D. Brown
Chief Financial Officer

[\(Back To Top\)](#)

Section 2: EX-99.1 (EXHIBIT 99.1)

Exhibit 99.1



NEWS RELEASE

FOR IMMEDIATE RELEASE:

April 23, 2019

FOR MORE INFORMATION, CONTACT:

David D. Brown
(276) 326-9000

First Community Bankshares, Inc. Announces First Quarter Results and Increased Quarterly Dividend

Bluefield, Virginia – First Community Bankshares, Inc. (NASDAQ: FCBC) (www.firstcommunitybank.com) (the “Company”) today reported its unaudited results of operations and other financial information for the quarter ended March 31, 2019. The Company reported net income of \$9.63 million, or \$0.60 per diluted common share, for the quarter ended March 31, 2019, which was an increase of \$763 thousand, or 8.60%, over the same quarter of 2018.

The Company also announced today that the Board of Directors declared a quarterly cash dividend to common shareholders of twenty-five cents (\$0.25) per common share, an increase of seven cents (\$0.07), or 38.89%, over last second quarter’s dividend. The quarterly dividend is payable to common shareholders of record on May 3, 2019, and is expected to be paid on or about May 17, 2019. The current year marks the 34th consecutive year of regular cash dividends paid to shareholders.

First Quarter 2019 Highlights

● General

- The Company’s remaining wholesale repurchase agreement of \$25 million matured during the first quarter. The Company repaid the borrowing with current liquidity, which should result in annualized net pre-tax savings of \$378 thousand. This culminates the Company’s 5-year strategic shift back to a more traditional community bank balance sheet, during which the Company paid off \$200 million in wholesale debt.
- The Company declared a quarterly cash dividend to common shareholders of twenty-five cents (\$0.25) per common share, an increase of seven cents (\$0.07), or 38.89%, over last second quarter’s dividend.
- The Company received \$1.68 million from litigation settlements during the first quarter.

● Income Statement

- Net income increased \$763 thousand, or 8.60%, to \$9.63 million compared to the same quarter of 2018.
- Diluted earnings per share increased \$.08 to \$.60 compared to the same quarter of 2018, for an increase of 15.38%.
- Return on average assets for the quarter increased to 1.75%. Return on average equity for the quarter increased to 11.77%.
- Net interest margin increased 22 basis points to 4.60% compared to the same quarter of 2018.

● Balance Sheet

- Book value per common share increased \$0.27 to \$21.06, and tangible book value per common share increased \$0.20 to a record \$14.89, compared to December 31, 2018.
- The Company repurchased 232,900 common shares for \$7.78 million during the quarter.
- The Company and its subsidiary bank both significantly exceed regulatory “well capitalized” targets as of March 31, 2019.

Non-GAAP Financial Measures

In addition to financial statements prepared in accordance with U.S. generally accepted accounting principles (“GAAP”), the Company uses certain non-GAAP financial measures that provide useful information for financial and operational decision making, evaluating trends, and comparing financial results to other financial institutions. The non-GAAP financial measures presented in this news release include “tangible book value per common share,” “return on average tangible common equity,” “adjusted earnings,” “adjusted diluted earnings per share,” “adjusted return on average assets,” “adjusted return on average common equity,” “adjusted return on average tangible common equity,” and certain financial measures presented on a fully taxable equivalent (“FTE”) basis. FTE basis is calculated using the federal statutory income tax rate of 21%. While the Company believes certain non-GAAP financial measures enhance the understanding of its business and performance, they are supplemental and not a substitute for, or more important than, financial measures prepared in accordance with GAAP and may not be comparable to those reported by other financial institutions.

About First Community Bankshares, Inc.

First Community Bankshares, Inc., a financial holding company headquartered in Bluefield, Virginia, provides banking products and services through its wholly owned subsidiary First Community Bank. First Community Bank operated 44 branch banking locations in Virginia, West Virginia, North Carolina, and Tennessee as of March 31, 2019. First Community Bank offers wealth management and investment advice through its Trust Division and First Community Wealth Management, which collectively managed and administered \$1.02 billion in combined assets as of March 31, 2019. The Company reported consolidated assets of \$2.24 billion as of March 31, 2019. The Company's common stock is listed on the NASDAQ Global Select Market under the trading symbol, "FCBC". Additional investor information is available on the Company's website at www.firstcommunitybank.com.

This news release may include forward-looking statements. These forward-looking statements are based on current expectations that involve risks, uncertainties, and assumptions. Should one or more of these risks or uncertainties materialize or should underlying assumptions prove incorrect, actual results may differ materially. These risks include: changes in business or other market conditions; the timely development, production and acceptance of new products and services; the challenge of managing asset/liability levels; the management of credit risk and interest rate risk; the difficulty of keeping expense growth at modest levels while increasing revenues; and other risks detailed from time to time in the Company's Securities and Exchange Commission reports including, but not limited to, the Annual Report on Form 10-K for the most recent fiscal year end. Pursuant to the Private Securities Litigation Reform Act of 1995, the Company does not undertake to update forward-looking statements to reflect circumstances or events that occur after the date the forward-looking statements are made.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

	Three Months Ended				
	March 31, 2019	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018
<i>(Amounts in thousands, except share and per share data)</i>					
Interest income					
Interest and fees on loans	\$ 22,179	\$ 23,938	\$ 22,556	\$ 22,422	\$ 22,755
Interest on securities	1,094	1,249	1,372	1,361	1,104
Interest on deposits in banks	338	194	358	514	471
Total interest income	23,611	25,381	24,286	24,297	24,330
Interest expense					
Interest on deposits	1,305	1,297	1,269	1,327	1,251
Interest on borrowings	120	205	692	708	700
Total interest expense	1,425	1,502	1,961	2,035	1,951
Net interest income	22,186	23,879	22,325	22,262	22,379
Provision for loan losses	1,220	908	495	495	495
Net interest income after provision	20,966	22,971	21,830	21,767	21,884
Noninterest income	8,080	6,297	6,519	6,959	6,668
Noninterest expense	16,785	17,366	18,131	17,160	17,116
Income before income taxes	12,261	11,902	10,218	11,566	11,436
Income tax expense	2,630	2,596	1,118	2,500	2,568
Net income	\$ 9,631	\$ 9,306	\$ 9,100	\$ 9,066	\$ 8,868
Earnings per common share					
Basic	\$ 0.61	\$ 0.57	\$ 0.55	\$ 0.54	\$ 0.52
Diluted	0.60	0.57	0.55	0.54	0.52
Cash dividends per common share					
Regular	0.21	0.21	0.21	0.18	0.18
Special	-	-	-	-	0.48
Weighted average shares outstanding					
Basic	15,839,424	16,201,148	16,512,823	16,689,398	16,955,758
Diluted	15,920,950	16,280,404	16,612,416	16,788,615	17,047,638
Performance ratios					
Return on average assets	1.75%	1.63%	1.55%	1.53%	1.52%
Return on average common equity	11.77%	11.01%	10.59%	10.68%	10.30%
Return on average tangible common equity ⁽¹⁾	16.66%	15.58%	15.06%	15.21%	14.53%

(1) A non-GAAP financial measure defined as net income divided by average stockholders' equity less average goodwill and other intangible assets

RECONCILIATION OF GAAP NET INCOME TO NON-GAAP ADJUSTED EARNINGS (Unaudited)

	Three Months Ended				
	March 31, 2019	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018
<i>(Amounts in thousands, except per share data)</i>					
Net income	\$ 9,631	\$ 9,306	\$ 9,100	\$ 9,066	\$ 8,868
Non-GAAP adjustments:					
Net loss on sale of securities	-	-	618	-	-
Loss on extinguishment of debt	-	-	1,096	-	-
Goodwill impairment	-	-	1,492	-	-
Deferred tax asset revaluation	-	-	(1,669)	-	-
Other items ⁽¹⁾	(1,675)	254	-	297	(130)
Total adjustments	(1,675)	254	1,537	297	(130)
Tax effect	(328)	61	411	96	(24)
Adjusted earnings, non-GAAP	\$ 8,284	\$ 9,499	\$ 10,226	\$ 9,267	\$ 8,762
Adjusted diluted earnings per common share, non-GAAP	\$ 0.52	\$ 0.58	\$ 0.62	\$ 0.55	\$ 0.51
Performance ratios, non-GAAP					
Adjusted return on average assets	1.51%	1.67%	1.74%	1.57%	1.50%
Adjusted return on average common equity	10.12%	11.23%	11.90%	10.91%	10.17%

Adjusted return on average tangible common equity

(2) 14.33% 15.90% 16.93% 15.55% 14.36%

(1) Includes other non-recurring income and expense items

(2) A non-GAAP financial measure defined as adjusted earnings divided by average stockholders' equity less average goodwill and other intangible assets

AVERAGE BALANCE SHEETS AND NET INTEREST INCOME ANALYSIS (Unaudited)

	Three Months Ended March 31,					
	2019			2018		
	Average Balance	Interest ⁽¹⁾	Average Yield/ Rate ⁽¹⁾	Average Balance	Interest ⁽¹⁾	Average Yield/ Rate ⁽¹⁾
<i>(Amounts in thousands)</i>						
Assets						
Earning assets						
Loans ⁽²⁾⁽³⁾	\$ 1,765,132	\$ 22,236	5.11%	\$ 1,805,839	\$ 22,827	5.13%
Securities available for sale	145,783	1,231	3.43%	165,103	1,384	3.40%
Securities held to maturity	12,348	45	1.48%	25,132	105	1.69%
Interest-bearing deposits	54,694	338	2.50%	117,953	471	1.62%
Total earning assets	1,977,957	23,850	4.89%	2,114,027	24,787	4.76%
Other assets	247,965			252,284		
Total assets	<u>\$ 2,225,922</u>			<u>\$ 2,366,311</u>		
Liabilities and stockholders' equity						
Interest-bearing deposits						
Demand deposits	\$ 447,023	\$ 37	0.03%	\$ 462,741	\$ 63	0.06%
Savings deposits	501,276	175	0.14%	518,560	82	0.06%
Time deposits	438,454	1,093	1.01%	493,545	1,106	0.91%
Total interest-bearing deposits	1,386,753	1,305	0.38%	1,474,846	1,251	0.34%
Borrowings						
Retail repurchase agreements	3,259	1	0.13%	4,444	1	0.09%
Wholesale repurchase agreements	15,278	119	3.17%	25,000	199	3.23%
FHLB advances and other borrowings	-	-	-	50,000	500	4.06%
Total borrowings	18,537	120	2.63%	79,444	700	3.57%
Total interest-bearing liabilities	1,405,290	1,425	0.41%	1,554,290	1,951	0.51%
Noninterest-bearing demand deposits	459,766			432,606		
Other liabilities	28,894			30,142		
Total liabilities	1,893,950			2,017,038		
Stockholders' equity	331,972			349,273		
Total liabilities and stockholders' equity	<u>\$ 2,225,922</u>			<u>\$ 2,366,311</u>		
Net interest income, FTE ⁽¹⁾		<u>\$ 22,425</u>			<u>\$ 22,836</u>	
Net interest rate spread			<u>4.48%</u>			<u>4.25%</u>
Net interest margin, FTE ⁽¹⁾			<u>4.60%</u>			<u>4.38%</u>

(1) Interest income and average yield/rate are presented on a FTE, non-GAAP, basis using the federal statutory income tax rate of 21%.

(2) Nonaccrual loans are included in the average balance; however, no related interest income is recorded during the period of nonaccrual.

(3) Interest on loans includes non-cash purchase accounting accretion of \$764 thousand and \$1.8 million for the three months ended March 31, 2019 and 2018, respectively.

CONDENSED CONSOLIDATED QUARTERLY NONINTEREST INCOME AND EXPENSE (Unaudited)

	Three Months Ended				
	March 31, 2019	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018
<i>(Amounts in thousands)</i>					
Noninterest income					
Wealth management	\$ 745	\$ 854	\$ 791	\$ 823	\$ 794
Service charges on deposits	3,408	3,850	3,803	3,612	3,468
Other service charges and fees	2,049	2,017	1,925	1,934	1,857
Insurance commissions	-	-	299	338	329
Net loss on sale of securities	-	-	(618)	-	-
Net FDIC indemnification asset amortization	(552)	(579)	(645)	(575)	(382)
Other income	1,675	-	-	-	-
Other operating income	755	155	964	827	602
Total noninterest income	\$ 8,080	\$ 6,297	\$ 6,519	\$ 6,959	\$ 6,668
Noninterest expense					
Salaries and employee benefits	\$ 9,166	\$ 9,273	\$ 8,983	\$ 8,993	\$ 9,441
Occupancy expense	1,153	1,134	1,075	1,083	1,250
Furniture and equipment expense	1,033	1,004	985	945	1,046
Service fees	1,030	1,047	1,134	851	828
Advertising and public relations	524	550	478	461	522
Professional fees	414	356	337	430	307
Amortization of intangibles	246	254	261	263	261
FDIC premiums and assessments	168	209	234	252	211
Loss on extinguishment of debt	-	-	1,096	-	-
Goodwill impairment	-	-	1,492	-	-
Other operating expense	3,051	3,539	2,056	3,882	3,250
Total noninterest expense	\$ 16,785	\$ 17,366	\$ 18,131	\$ 17,160	\$ 17,116

CONDENSED CONSOLIDATED QUARTERLY BALANCE SHEETS (Unaudited)

<i>(Amounts in thousands, except per share data)</i>	March 31, 2019	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018
Assets					
Cash and cash equivalents	\$ 148,546	\$ 76,873	\$ 73,679	\$ 107,957	\$ 205,140
Debt securities available for sale	132,597	153,116	163,593	196,425	164,192
Debt securities held to maturity	-	25,013	25,047	25,082	25,115
Loans held for investment, net of unearned income					
Noncovered	1,719,905	1,756,269	1,770,426	1,776,112	1,767,703
Covered	17,475	18,815	20,483	22,919	25,406
Allowance for loan losses	(18,243)	(18,267)	(18,256)	(19,583)	(19,500)
Loans held for investment, net	1,719,137	1,756,817	1,772,653	1,779,448	1,773,609
FDIC indemnification asset	4,578	5,108	5,653	6,390	6,884
Premises and equipment, net	46,636	45,785	45,537	45,547	46,415
Other real estate owned, noncovered	3,903	3,806	4,754	4,805	4,620
Other real estate owned, covered	152	32	44	44	70
Interest receivable	5,227	5,481	5,374	5,580	5,155
Goodwill	92,744	92,744	94,287	95,779	95,779
Other intangible assets	4,780	5,026	5,366	5,628	5,891
Other assets	84,035	74,573	73,701	75,435	95,437
Total assets	\$ 2,242,335	\$ 2,244,374	\$ 2,269,688	\$ 2,348,120	\$ 2,428,307
Liabilities					
Deposits					
Noninterest-bearing	\$ 479,299	\$ 459,550	\$ 463,945	\$ 462,851	\$ 460,478
Interest-bearing	1,399,138	1,396,200	1,411,906	1,441,887	1,520,141
Total deposits	1,878,437	1,855,750	1,875,851	1,904,738	1,980,619
Securities sold under agreements to repurchase	3,700	29,370	30,151	27,869	29,115
FHLB borrowings	-	-	-	50,000	50,000
Interest, taxes, and other liabilities	27,096	26,397	25,284	26,392	26,536
Total liabilities	1,909,233	1,911,517	1,931,286	2,008,999	2,086,270
Stockholders' equity					
Common stock ⁽²⁾	15,818	16,007	21,382	21,382	21,382
Additional paid-in capital ⁽²⁾	115,914	122,486	229,182	228,949	228,774
Retained earnings	202,103	195,793	189,902	184,279	178,227
Treasury stock, at cost ⁽²⁾	-	-	(99,247)	(92,904)	(83,865)
Accumulated other comprehensive loss	(733)	(1,429)	(2,817)	(2,585)	(2,481)
Total stockholders' equity	333,102	332,857	338,402	339,121	342,037
Total liabilities and stockholders' equity	\$ 2,242,335	\$ 2,244,374	\$ 2,269,688	\$ 2,348,120	\$ 2,428,307
Shares outstanding at period-end	15,818,368	16,007,263	16,390,502	16,574,347	16,847,452
Book value per common share	\$ 21.06	\$ 20.79	\$ 20.65	\$ 20.46	\$ 20.30
Tangible book value per common share ⁽¹⁾	14.89	14.69	14.57	14.34	14.27

(1) A non-GAAP financial measure defined as stockholders' equity less goodwill and other intangible assets, divided by shares outstanding

(2) In accordance with the Company's reincorporation from Nevada to Virginia on October 2, 2018, treasury stock is not recognized.

SELECTED CREDIT QUALITY INFORMATION (Unaudited)

<i>(Amounts in thousands)</i>	March 31, 2019	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018
Allowance for Loan Losses					
Beginning balance	\$ 18,267	\$ 18,256	\$ 19,583	\$ 19,500	\$ 19,276
Provision for loan losses charged to operations	1,220	908	495	495	495
Charge-offs	(1,622)	(1,282)	(2,177)	(750)	(698)
Recoveries	378	385	355	338	427
Net charge-offs	(1,244)	(897)	(1,822)	(412)	(271)
Ending balance	<u>\$ 18,243</u>	<u>\$ 18,267</u>	<u>\$ 18,256</u>	<u>\$ 19,583</u>	<u>\$ 19,500</u>
Nonperforming Assets					
Non-covered nonperforming assets					
Nonaccrual loans	\$ 18,544	\$ 19,583	\$ 20,542	\$ 21,467	\$ 21,650
Accruing loans past due 90 days or more	156	58	46	-	27
Troubled debt restructurings ("TDRs") ⁽¹⁾	835	161	189	133	77
Total non-covered nonperforming loans	19,535	19,802	20,777	21,600	21,754
OREO	3,903	3,806	4,754	4,805	4,620
Total non-covered nonperforming assets	<u>\$ 23,438</u>	<u>\$ 23,608</u>	<u>\$ 25,531</u>	<u>\$ 26,405</u>	<u>\$ 26,374</u>
Covered nonperforming assets					
Nonaccrual loans	\$ 237	\$ 322	\$ 330	\$ 509	\$ 596
Total covered nonperforming loans	237	322	330	509	596
OREO	152	32	44	44	70
Total covered nonperforming assets	<u>\$ 389</u>	<u>\$ 354</u>	<u>\$ 374</u>	<u>\$ 553</u>	<u>\$ 666</u>
Additional Information					
Performing TDRs ⁽²⁾	\$ 5,654	\$ 6,266	\$ 6,953	\$ 6,847	\$ 7,220
Total TDRs ⁽³⁾	6,489	6,427	7,142	6,980	7,297
Non-covered ratios					
Nonperforming loans to total loans	1.14%	1.13%	1.17%	1.22%	1.23%
Nonperforming assets to total assets	1.05%	1.06%	1.14%	1.14%	1.10%
Non-PCI allowance to nonperforming loans	93.39%	92.25%	87.87%	90.66%	89.64%
Non-PCI allowance to total loans	1.06%	1.04%	1.03%	1.10%	1.10%
Annualized net charge-offs to average loans	0.29%	0.20%	0.41%	0.09%	0.06%
Total ratios					
Nonperforming loans to total loans	1.14%	1.13%	1.18%	1.23%	1.25%
Nonperforming assets to total assets	1.06%	1.07%	1.14%	1.15%	1.11%
Allowance for loan losses to nonperforming loans	92.27%	90.77%	86.49%	88.57%	87.25%
Allowance for loan losses to total loans	1.05%	1.03%	1.02%	1.09%	1.09%
Annualized net charge-offs to average loans	0.29%	0.20%	0.40%	0.09%	0.06%

- (1) Accruing TDRs restructured within the past six months or nonperforming
(2) Accruing TDRs with six months or more of satisfactory payment performance
(3) Accruing total TDRs