FIRST COMMUNITY BANCSHARES INC /NV/
Form DEF 14A
March 14, 2017

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934, as amended

Filed by the Registrant [x]

Filed by a party other than the Registrant [ ]

Check the appropriate box:

[ ] Preliminary Proxy Statement

[ ] Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

[x] Definitive Proxy Statement

[ ] Definitive Additional Materials

[ ] Soliciting Material under § 240.14a-12

FIRST COMMUNITY BANCSHARES, INC.

(Name of Registrant as Specified in Its Charter)

Not Applicable

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

[x] No fee required.

[ ] Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1. Title of each class of securities to which transaction applies:

2. Aggregate number of securities to which transaction applies:

3. Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

The filing fee was determined based on________

4. Proposed maximum aggregate value of transaction:

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[ ] Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1. Amount Previously Paid:

2. Form, Schedule or Registration Statement No.:

3. Filing Party:

4. Date Filed:

Notice of 2017 Annual Meeting of Stockholders

April 25, 2017, at 2:00 p.m. Eastern Daylight Time

Corporate Center

29 College Drive

Bluefield, Virginia 24605

March 14, 2017

To First Community Bancshares, Inc. Stockholders:

First Community Bancshares, Inc.'s Annual Meeting of Stockholders will be held at the First Community Bancshares, Inc. Corporate Center located at 29 College Drive, Bluefield, Virginia 24605, at 2:00 p.m. Eastern Daylight Time on Tuesday, April 25, 2017. Following a report of the Corporation's banking and related business operations, stockholders will:

- Vote on the election of three (3) directors to serve as members of the Board of Directors, Class of 2020;
- Vote on a non-binding, advisory basis to approve the compensation of the Corporation's named executive officers;
- Vote on a non-binding, advisory basis to approve the frequency of future advisory approvals of the Corporation's executive compensation;
- Vote on ratification of the selection of the independent registered public accounting firm for 2017; and
- Transact other business that may properly come before the meeting.

Stockholders of record at the close of business on March 1, 2017, will be entitled to vote at the Annual Meeting and any adjournments.

/s/David D. Brown

David D. Brown

Secretary

IMPORTANT NOTICE

REGARDING THE AVAILABILITY OF PROXY MATERIALS

FOR THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON

APRIL 25, 2017.

The proxy materials for this Annual Meeting of Stockholders of First Community Bancshares, Inc., consisting of the proxy statement, annual report, and proxy card are available over the Internet at http://www.fcbinc.com.

All persons attending the 2017 Annual Meeting must present photo identification. Please follow the advance registration instructions on the last page of this proxy statement.

WHETHER OR NOT YOU ATTEND THE ANNUAL MEETING, YOUR VOTE IS IMPORTANT TO FIRST COMMUNITY BANCSHARES, INC. YOU MAY VOTE BY THE FOLLOWING METHODS:

1. **By telephone: (800) 690-6903 until 11:59 p.m. Eastern Daylight Time on April 24, 2017; or**
2. **On the Internet at http://www.proxyvote.com until 11:59 p.m. Eastern Daylight Time on April 24, 2017; or**
3. **Complete, sign and return the enclosed proxy card as promptly as possible whether or not you plan to attend the Annual Meeting. An addressed return envelope is enclosed for your convenience.**

FIRST COMMUNITY BANCSHARES, INC. ENCOURAGES STOCKHOLDERS TO SUBMIT THEIR PROXIES IN ADVANCE OF THE ANNUAL MEETING. YOU MAY REVOKE YOUR PROXY AT ANY TIME PRIOR TO THE TIME IT IS VOTED.

First Community Bancshares, Inc.

29 College Drive

P. O. Box 989

Bluefield, Virginia 24605-0989

March 14, 2017

Dear Stockholder,

You are invited to attend the 2017 Annual Meeting of Stockholders of First Community Bancshares, Inc. (the “Corporation”) to be held on Tuesday, April 25, 2017, at 2:00 p.m. Eastern Daylight Time at the First Community Bancshares Corporate Center located at 29 College Drive, Bluefield, Virginia.

The Annual Meeting will begin with a brief report of the Corporation’s operations. This report will be followed by discussion and voting on the matters set forth in the accompanying Notice of Annual Meeting and discussion of other business matters properly brought before the meeting.

If you plan to attend the meeting, please follow the registration instructions on the last page of this proxy statement. All persons attending the 2017 Annual Meeting of Stockholders must present photo identification.

Whether or not you plan to attend, please ensure that your shares are represented at the meeting by promptly voting and submitting your proxy by telephone, on the Internet, or by completing, signing, dating and returning your proxy card in the enclosed envelope.

Very truly yours,

/s/ William P. Stafford, II

William P. Stafford, II

Chairman of the Board

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PROXY STATEMENT

First Community Bancshares, Inc.

29 College Drive

P. O. Box 989

Bluefield, Virginia 24605

The Board of Directors of First Community Bancshares, Inc. (the "Corporation") solicits the enclosed proxy for use at the Annual Meeting of Stockholders of the Corporation (the "Annual Meeting"), which will be held on Tuesday, April 25, 2017, at 2:00 p.m. Eastern Daylight Time at the First Community Bancshares, Inc. Corporate Center, located at 29 College Drive, Bluefield, Virginia, and at any adjournment thereof.

The expenses of solicitation of proxies for the Annual Meeting, including the cost of preparing, assembling and mailing the notice, proxy statement, proxy card, and return envelopes; the handling and tabulation of proxies received; and charges of brokerage houses and other institutions, nominees or fiduciaries for forwarding such documents to beneficial owners, will be paid by the Corporation. In addition to mailing of proxy materials, solicitation may be made in person, by telephone or by other means by officers, directors or employees of the Corporation.

This proxy statement and the proxies solicited hereby are being first sent or delivered to stockholders of the Corporation on or about March 14, 2017.

Voting

Shares of common stock (par value $1.00 per share) ("Common Stock") represented by proxies in the accompanying form, which are properly executed and returned to the Corporation, will be voted at the Annual Meeting in accordance with the stockholder's instructions contained therein. In the absence of contrary instructions, shares represented by such proxies will be voted FOR the election of the three (3) directors nominated by the Board of Directors and named in this proxy statement; FOR approval, on a non-binding, advisory basis, of the Corporation's executive compensation; FOR, on a non-binding advisory basis, a frequency of every three (3) years for future stockholder advisory votes on the Corporation's executive compensation; and FOR ratification of Dixon Hughes Goodman LLP as the Corporation's independent registered public accounting firm.

Any stockholder may revoke his or her proxy at any time before it is voted. A proxy may be revoked at any time prior to its exercise by the filing of written notice of revocation with the Secretary of the Corporation, by delivering to the Corporation a duly executed proxy bearing a later date, or by attending the Annual Meeting and voting in person. If your shares of the Corporation's Common Stock are held for you in a brokerage, bank or other institutional account, you must obtain a proxy from that institution, bring it with you to the Annual Meeting and submit it with your ballot in order to be able to vote your shares at the Annual Meeting.

The Board of Directors has fixed March 1, 2017, as the record date for stockholders entitled to notice of the Annual Meeting. Shares of Common Stock outstanding on the record date are entitled to be voted at the Annual Meeting, and the holders of record on the record date will have one vote for each share so held in the matters to be voted upon by the stockholders. Treasury shares are not voted. As of the close of business on March 1, 2017, the outstanding shares of the Corporation consisted of 16,994,616 shares of Common Stock.

The presence in person or by proxy of a majority of the shares of the Common Stock entitled to vote is necessary to constitute a quorum at the Annual Meeting. Abstentions and broker non-votes are counted as present for purposes of determining a quorum. A broker non-vote occurs when a nominee holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have discretionary voting power for that particular item and has not received instructions from the beneficial owner. Directors are elected by a plurality of the votes cast at a stockholders' meeting with a quorum present. The three (3) persons who receive the greatest number of votes of the holders of Common Stock represented in person or by proxy at the Annual Meeting will be elected directors of the Corporation. The advisory approval of the Corporation's executive compensation program and the ratification of the independent registered public accounting firm each require that the number of votes cast in favor of the proposal exceed the number of votes cast against. The advisory approval of the frequency for future stockholder advisory votes on the Corporation's executive compensation requires that the stockholder choose a preferred frequency of one (1) year, two (2) years, or three (3) years, or, alternatively, the shareholder may abstain. The frequency with the highest number of votes cast is deemed as the non-binding, advisory frequency selected by the stockholders for futures advisory votes on executive compensation. Except as stated above regarding the presence of a quorum, abstentions and broker non-votes will have no effect on any of the proposals set forth in this proxy statement.

If the shares you own are held in "street name" (that is, through a brokerage firm, bank, or other nominee) you may vote your shares by following the instructions provided by the nominee. As the record holder of your shares, your nominee is required to vote your shares according to your instructions. In order to vote your shares, you will need to follow the directions provided to you by your nominee, many of which offer the option of voting online or by telephone. Under the current rules of the NASDAQ Stock Market LLC or NASDAQ, if you do not give instructions to your nominee, it will only be able to vote your shares for the ratification of the independent registered public accounting firm and it will not be able to vote your shares for the election of directors, the advisory vote on the Corporation's executive compensation, or the advisory vote as to the frequency of future advisory votes on the Corporation's executive compensation.

PROPOSAL 1: ELECTION OF DIRECTORS

The Board of Directors is comprised of eight (8) directors, including six (6) non-management directors, currently divided into three (3) classes with staggered terms: the class of 2017, consisting of three (3) directors; the class of 2018, consisting of three (3) directors; and the class of 2019, consisting of two (2) directors. The three (3) directors from the class of 2017 are each nominated for re-election at the 2017 Annual Meeting. The three (3) directors elected will become the class of 2020, and will serve until the 2020 Annual Meeting.

In the event any nominee is unable or declines to serve as a director at the time of the Annual Meeting, the proxies will be voted for an alternate nominee designated by the present Board of Directors to fill the vacancy. In the event more than three (3) persons are nominated for election as directors, the proxy holders intend to vote all proxies received by them for the nominees listed below, or for any alternates nominated by the Board. All nominees named herein have consented to be named and to serve as directors if elected.

No director or executive officer of the Corporation is closely related to any other director or executive officer of the Corporation by blood, marriage or adoption.

The table set forth below describes each director and nominee, including his or her age; the applicable director class, which is based upon the year in which his or her term of service expires; and title. A biography describing each director's and each nominee's qualifications and business background is set forth below the table. The Corporation does not know of any reason why any nominee would be unable to serve as a director.

Members of the Corporation's Board of Directors are expected to have the appropriate skills and characteristics necessary to function in the Corporation's current operating environment and contribute to its future direction and strategies. These include legal, financial, management and other relevant skills. In addition, the Corporation looks to achieve a diversified Board, including members with varying experience, age, perspective, residence, and background.

Name and Title	**Age**	**Director of Corporation Since**	**Class of Directors**
W. C. Blankenship, Jr., Director	66	2012	2018
C. William Davis, Director Nominee	69	2015	2017
Samuel L. Elmore, Director	70	2013	2019
Richard S. Johnson, Director	67	2008	2019
I. Norris Kantor, Director	87	1989	2018

Gary R. Mills, President & Director Nominee	49	2016	2017
M. Adam Sarver, Director Nominee	40	2015	2017
William P. Stafford, II, Chief Executive Officer and Director (Chairman)	53	1994	2018

NOMINEES FOR THE CLASS OF 2020

C. William Davis, Attorney, Richardson & Davis, PLLC, Bluefield, West Virginia.

Mr. Davis was appointed to serve on the Board on August 25, 2015. Mr. Davis graduated from the Virginia Military Institute in 1970, with a Bachelor of Science degree in Civil Engineering and from Washington & Lee University School of Law in 1973, with a Juris Doctor degree. Mr. Davis is a member of Richardson & Davis, PLLC and practices law, primarily in the areas of civil litigation, commercial transactions, trusts and estates, and banking. Mr. Davis has served as a Director of the Corporation's banking subsidiary since 1990 and a predecessor bank from 1987 to 1990. Mr. Davis has served as a Director for a variety of business and professional organizations in the region, including Bluefield Supply Company, Flat Top Insurance Agency, the Defense Trial Counsel of West Virginia, Inc., and the West Virginia State Bar Board of Governors.

Mr. Davis' relevant experience qualifying him for service as a director includes: a broad range of business, legal, banking, and regulatory related issues encountered in the practice of law; extensive civic and community service; and thirty-two (32) years of board service in the banking industry.

Gary R. Mills, President, First Community Bancshares, Inc. and Chief Executive Officer and President, First Community Bank, Bluefield, Virginia

Mr. Mills has served as President of the Corporation and Chief Executive Officer and President of First Community Bank since August 31, 2013, and has been employed by the Corporation and/or one of its subsidiaries since 1998. Mr. Mills served as Chief Executive Officer of the Princeton Division of First Community Bank from 1998 until 2005; Senior Vice President of Credit Administration from 2005 to 2006; and most recently as Chief Credit Officer from 2007 until his appointment as Chief Executive Officer. Mr. Mills is a Certified Public Accountant and holds a Bachelor of Science degree in Business Administration with a concentration in Accounting from Concord University.

Mr. Mills' relevant experience qualifying him for service as a director includes twenty-seven (27) years of experience in the financial services industry; extensive civic and community involvement; and three (3) years of board service for the Corporation's banking subsidiary.

M. Adam Sarver, Real Estate Developer and Businessman, Princeton, West Virginia

Mr. Sarver was appointed to serve on the Board on August 25, 2015. Mr. Sarver received his Bachelor of Science Degree in Communication Studies in 2000 from West Virginia University. Mr. Sarver has served on the Board of Directors of the Corporation's banking subsidiary since 2014. He manages and owns several businesses in Southern West Virginia including Main Street Builders, LLC, Eastern Door & Glass, LLC and Clover Leaf Properties, LLC, which are focused on real estate development coupled with residential and commercial construction and development. Mr. Sarver has served as a Director for a variety of businesses, civic and charitable organizations in the region, including the Salvation Army and the First United Methodist Church.

Mr. Sarver's relevant experience qualifying him for service as a director includes: a broad range of business, financial, and related experience associated with operating multiple business interests and extensive civic and community service on a variety of boards.

Your Board recommends a vote *FOR* the nominees set forth above.

INCUMBENT DIRECTORS

W. C. Blankenship, Jr., Former State Farm Insurance Agent, Tazewell, Virginia.

Mr. Blankenship received his Bachelor of Science degree in 1972 from Appalachian State University and served as a successful insurance agent for State Farm from 1976 until 2013. Mr. Blankenship joined First Community Bank in July 1996 following its acquisition of Citizens Bank of Tazewell, Inc. He was appointed to the Citizens Bank Board of Directors during its formation in 1981 and was instrumental in establishing that bank, eventually serving as Chairman of the Board from 1984 through its acquisition by First Community Bank.

Mr. Blankenship's relevant experience qualifying him for service as a director includes: more than thirty-seven (37) years of expertise and knowledge in insurance products and services and more than thirty-three (33) years of bank board service.

Samuel L. Elmore, Former Executive Vice President and Chief Credit Officer, First Community Bank, Beckley, West Virginia.

Mr. Elmore received a Bachelor of Science degree in Business Management and Marketing in 1970 from the University of Charleston. Prior to joining First Community Bank, Mr. Elmore served as President, Citizens Southern Bank, Beckley, West Virginia; President and Chief Executive Officer, Charleston National Bank, Charleston, West Virginia; Vice President, Key Centurion Bancshares, Huntington, West Virginia; and President and Chief Operations Officer, Beckley National Bank, Beckley, West Virginia. Mr. Elmore currently serves on the Boards of First Community Bank and the Raleigh County Commission on Aging. Mr. Elmore previously served on the Boards of The United Way of Beckley, Beckley Area Foundation, Raleigh General Hospital, Raleigh County Community Action, Pinecrest Development Corporation, and the Virginia's Automated Clearing House Association.

Mr. Elmore's relevant experience qualifying him for service as a director includes: more than forty (40) years of experience in the community banking industry, including service as an auditor, Chief Operations Officer, Chief Financial Officer, and managing the Corporation's Credit Administration Department; prior experience with acquisitions and mergers; and a variety of offices held with increasing management responsibilities during his banking career.

Richard S. Johnson, Chairman, President and Chief Executive Officer, The Wilton Companies, Richmond,

Virginia.

Mr. Johnson earned a Bachelor of Science in Business Administration degree from the University of Richmond, Richmond, Virginia in 1973, with concentrations in Economics and Finance, and graduated with a Master of Science degree from Virginia Commonwealth University, Richmond, Virginia in 1977, with a concentration in Real Estate and Urban Land Development. Mr. Johnson has been the President and Chief Executive Officer of The Wilton Companies, a real estate investment, development, brokerage and management group of companies, since 2002. He assumed the role of Chairman of The Wilton Companies in 2010. Prior to joining The Wilton Companies, Mr. Johnson served as President of Southern Financial Corp. of Virginia from 1985 to 2002 and Chairman of the Board of Southern Title Insurance Corporation from 1980 to 1985. Mr. Johnson currently serves as a Director of First Community Bank; The Wilton Companies; Fidelity Group, LLC; and the City of Richmond Economic Development Authority, where he previously held the seat of Chairman. Mr. Johnson also serves as the Assistant Treasurer and Director Emeritus of Ducks Unlimited, Inc. and is an Emeritus Trustee of the Board of Trustees for the University of Richmond. He has previously served as a director of the State Fair of Virginia, the Children's Museum of Richmond, Ducks Unlimited Canada, and Landmark Apartment Trust of America.

Mr. Johnson's relevant experience qualifying him for service as a director includes: background in long-range planning, various aspects of mortgage underwriting, marketing, and mortgage portfolio servicing; previously chairing the Economic Development Authority of the City of Richmond, Virginia; past service as a director and Finance Committee member of Ducks Unlimited, Inc. and Ducks Unlimited Canada; having served in various state and national offices with Ducks Unlimited, Inc., including Assistant Treasurer and member of the Finance and Audit Subcommittee; and previous service as a director and Audit Committee member of the Apartment Trust of America.

I. Norris Kantor, Of Counsel, Katz, Kantor, Stonestreet & Buckner, PLLC, Princeton and Bluefield, West Virginia.

Mr. Kantor received a Bachelor of Arts degree in 1953 from the Virginia Military Institute and received a Juris Doctor degree in 1956 from the College of Law at West Virginia University. Mr. Kantor has practiced law for more than fifty (50) years and is currently Of Counsel with the law firm of Katz, Kantor, Stonestreet & Buckner, PLLC. He served as a Judge Advocate USAF from 1956 to 1958. Mr. Kantor is a former President and Director of Mercer Realty Inc., a real estate development company, and current President and Director of Gomolco, Inc., a real estate investment company. Mr. Kantor currently serves in the following leadership capacities: Board member of the Bluefield State College Board of Governors, New River Parkway Authority, and the Bluefield Development Authority; and Board member and Secretary of Bluefield State College Research and Development Corp. Mr. Kantor is also a former member and Chair of the West Virginia Ethics Commission and former Board member of the Bluefield State College Foundation and New River Community College Board of Governors.

Mr. Kantor’s relevant experience qualifying him for service as a director includes: a wide range of legal and business experience gained during his more than fifty-one (51) years as a practicing attorney; his legal work dealing with the issuance and refunding of numerous utility bonds; his ability to understand complex business, legal and financial topics; and twenty-seven (27) years of service as a member of the board of directors of financial service organizations.

William P. Stafford, II, Chief Executive Officer, First Community Bancshares, Inc., Bluefield, Virginia and Attorney, Brewster, Morhous, Cameron, Caruth, Moore, Kersey & Stafford, PLLC, Bluefield, West Virginia.

Mr. Stafford is a graduate of Virginia Polytechnic Institute and State University, Blacksburg, Virginia, and holds a Bachelor of Science degree in Mechanical Engineering. He received his Juris Doctor, *cum laude*, from Washington & Lee University School of Law, Lexington, Virginia. Mr. Stafford has served as Chief Executive Officer of the Corporation since his appointment by the Board in August 2013. Mr. Stafford is a member of Brewster, Morhous, Cameron, Caruth, Moore, Kersey & Stafford, PLLC, and practices law on a limited basis primarily in the areas of commercial transactions, banking, creditor’s rights, and creditor bankruptcy. He currently serves as Chairman of the Board of the Corporation and Chairman of the Board of the Corporation’s banking subsidiary. Mr. Stafford serves as Director and Corporate Secretary of the H. P. and Anne S. Hunnicutt Foundation, Inc., Princeton Machinery Service, Inc., and Melrose Enterprises, Ltd. He is a member of Stafford Farms, LLC, Vermillion Development, LLC, and Walnut Hill, LLC, which include real estate and agricultural holdings. Mr. Stafford is a partner in Legal Realty, A Partnership. Mr. Stafford previously served as a member of the West Virginia Infrastructure and Jobs Development Council, and as a council member and Mayor of the City of Princeton, West Virginia. Mr. Stafford has served, and continues to serve, on numerous civic and community service boards and commissions.

Mr. Stafford’s relevant experience qualifying him for service as a director includes: a broad range of regulatory, business, legal and banking related issues encountered in the practice of law; extensive state and municipal government service; extensive civic and community service; and twenty-three (23) years of board service for the Corporation.

Changes to Composition of the Board of Directors in 2016

On August 30, 2016, long-standing Director and former Chairman of the Board William P. Stafford retired. Mr. Stafford was the then-current Vice Chairman of the Board and had served the Corporation and/or its predecessors since 1985. In light of Mr. Stafford's retirement, the Board, at the recommendation of the Governance and Nominating Committee (the "GNC"), appointed Gary R. Mills to serve as Director for the remainder of Mr. Stafford's term. In selecting Director Mills, the Board fully considered the composition of the Board and all of Director Mills' qualifications, including his long-time service to the Corporation and participation at the Board level. The Board believes Director Mills will add substantial depth and talent to the Board and he is nominated for election in the Class of 2020.

Director Qualifications and Experience

The GNC is committed to presenting for shareholder consideration a slate of nominees that, taken together with current Directors, have the experience, qualifications, attributes, and skills appropriate for functioning effectively as a board and as liaisons to the communities the Corporation serves. The GNC regularly reviews the composition of the Board of Directors in light of the Corporation's evolving needs, its assessment of the Board's performance, and the input of shareholders. The GNC looks for certain characteristics in all nominees, including but not limited to integrity, strong professional reputation and record of achievement, constructive and collegial personal attributes, significant investment in or experience with the Corporation, and the ability and commitment to devote sufficient time and energy to Board service. In addition, the GNC seeks to include on the Board a complementary mix of individuals with diverse backgrounds and skills reflecting the broad set of challenges that the Board confronts. Examples of individual qualifications and experience considered are professional standing in their chosen field and in the communities served by the Corporation, expertise in the financial services industry, civic and community involvement, leadership skills, and intelligence. The GNC also considers geographic representation of the Board from within the markets the Corporation serves and seeks candidates who can help ensure the Board has members with a representative mix of skills in finance, technology, marketing, community and business affairs, human resources, and governance.

Diversity of Director Nominees

As stated above, in considering whether to recommend any candidate for inclusion in the Board's slate of recommended director nominees, including candidates recommended by stockholders, the GNC considers a number of criteria, including, without limitation, the candidate's integrity, business acumen, age, experience, commitment, diligence, geographic representation, conflicts of interest, and ability to act in the interests of all stockholders. The GNC believes diversity should be considered in the director identification and nomination process. The GNC seeks nominees with a broad diversity of experience, professions, skills, geographic representation, and backgrounds. The Committee does not assign specific weights to particular criteria, and no particular criterion is necessarily applicable to all prospective nominees. The Corporation believes that the backgrounds and qualifications of the directors, considered as a group, should provide a significant composite mix of experience, knowledge, and abilities that will allow the Board to fulfill its responsibilities. The diversity of the Board is evaluated on a continuing basis by assessing whether varying viewpoints are routinely presented, evaluating the individual performance and contributions of each Director, and ensuring that varying perspectives are presented on key issues.

Recommendations for Director Candidates

The GNC will consider all stockholder recommendations for director candidates which are received prior to February 15^{th} each year. Any such recommendations should be sent to the GNC, c/o Secretary of First Community Bancshares, Inc., P. O. Box 989, Bluefield, Virginia 24605-0989. The Corporation believes that directors should possess the highest personal and professional ethics, integrity and values, and be committed to representing the long-term interests of the stockholders. The Committee also considers candidates recommended by current directors, officers, employees, and others. The Committee evaluates all nominees for director in the same manner and typically bases its initial review on any written materials submitted with respect to the candidate.

NON-DIRECTOR NAMED EXECUTIVE OFFICERS

Named executive officers who are not directors of the Corporation, including their title, age, and year they became an officer of the Corporation, are set forth in the chart below, which is followed by a brief biography describing each named executive officer's business experience.

Name and Title	Age	Executive of the Corporation Since
Jason R. Belcher, Senior Vice President, Chief Risk Officer, and Secretary of First Community Bank	40	2016
David D. Brown, Chief Financial Officer and Secretary of Corporation and Chief Financial Officer of First Community Bank	42	2006
E. Stephen Lilly, Chief Operating Officer of Corporation and Executive Vice President and Chief Operating Officer of First Community Bank	56	2000

Jason R. Belcher, Senior Vice President, Chief Risk Officer, and Secretary of First Community Bank.

Mr. Belcher has served as Chief Risk Officer of First Community Bank since March 2, 2015, and has been employed by the Corporation and/or one of its subsidiaries since 2005. Immediately prior to his current position, Mr. Belcher served First Community Bank as a Market President and has also previously served as Finance and Tax Director as well as Treasurer. Mr. Belcher, a Certified Public Accountant, earned a Bachelor of Science Degree in Business Administration from West Virginia University in 1999 and a Master of Accounting and Information Systems Degree from Virginia Polytechnic and State University in 2006.

David D. Brown, Chief Financial Officer and Secretary of the Corporation and Chief Financial Officer of First Community Bank.

Mr. Brown has been Chief Financial Officer of the Corporation and First Community Bank since May 2006, and has been employed by the Corporation and/or one of its subsidiaries since 2005. Prior to joining the Corporation, Mr.

Brown served in various positions including Corporate Auditor of United Bankshares, Inc. from 1999 to 2005. From 1997 to 1999, Mr. Brown practiced in the field of public accounting, concentrating his work on tax, accounting, and auditing across a variety of industries. Mr. Brown is a Certified Public Accountant and holds Master of Public Accountancy and Bachelor of Science degrees from West Virginia University.

E. Stephen Lilly, Chief Operating Officer of the Corporation, Executive Vice President and Chief Operating Officer of First Community Bank.

Mr. Lilly has been Chief Operating Officer of the Corporation and First Community Bank since June 2000. Mr. Lilly has been employed by the Corporation and/or one of its subsidiaries since 1997. Mr. Lilly has also served in a variety of banking positions and capacities with the Corporation and other banking organizations where he supervised and managed a number of operational elements, implemented new technologies, and successfully migrated and consolidated bank operations and data. Mr. Lilly also has significant experience in process engineering and customer service management.

CORPORATE GOVERNANCE

Corporate Governance Guidelines

The Board regularly reviews corporate governance developments and considers modifications to clarify and augment the Board's processes, including those relating to risk oversight.

The Board's Role in Risk Oversight. The Board of Directors believes that each member has a responsibility to monitor and manage risks faced by the Corporation. At a minimum, this requires members of the Board of Directors to be actively engaged in Board discussions, review materials provided to them, and know when it is appropriate to request further information from management and/or engage the assistance of outside advisors. Furthermore, because the banking industry is highly regulated, certain risks to the Corporation are monitored by the Board of Directors through its review of the Corporation's compliance with regulations set forth by its regulatory authorities, including recommendations contained in regulatory examinations.

Because the Corporation believes risk oversight is the responsibility of each member of the Board of Directors, it does not concentrate the Board's responsibility for risk oversight in a single committee. Instead, each committee concentrates on specific risks for which it possesses expertise, and each committee regularly reports to the Board of Directors on its findings. For example, the Audit, Compliance, and Enterprise Risk (the "ACER") Committee regularly monitors the Corporation's exposure to certain reputational risks by establishing and evaluating the effectiveness of its programs to report and monitor fraud and by monitoring the Corporation's internal controls over financial reporting, while the Asset/Liability Management Committee of the Corporation's banking subsidiary monitors liquidity and interest rate risk, and the Corporation's Compensation and Retirement Committee monitors risks associated with the design and administration of Board and employee compensation.

The Chief Executive Officer, President, other named executive officers, and certain other key officers and executives of subsidiaries (collectively, the "Senior Management Team") assess and manage the Corporation's risk exposure. The Board and its committees provide oversight in connection with those efforts.

Independence of Directors

The Board of Directors annually reviews the relationships of each of its members with the Corporation to determine whether each director is independent. This determination is based on both subjective and objective criteria developed by the NASDAQ listing standards and the SEC rules. Factors considered include, but are not limited to: each

Director's employment history with the Corporation, if any; compensation by the Corporation to each Director and their family members, if any; and the report of the GNC Chairman, which, for 2016 indicated that no related party transactions with any Director were such that they could constitute a material relationship with the Corporation. After considering each Director's individual circumstance, the Board determined that, with regard to the following Directors and nominees, there are no circumstances or relationships which would interfere with the exercise of independent judgment as a director: W. C. Blankenship, Jr.; C. William Davis; Samuel L. Elmore; Richard S. Johnson; I. Norris Kantor; and M. Adam Sarver. Accordingly, these Directors and nominees are considered independent. Mr. Stafford, II and Mr. Mills are not independent solely because they are named executive officers of the Corporation.

The NASDAQ listing standards contain additional requirements for members of the ACER Committee, the Compensation and Retirement Committee (the "CRC"), and the GNC. All of the directors serving on these are independent under the additional requirements applicable to such committees.

The Board of Directors and Board Meetings

Board Leadership Structure. William P. Stafford, II currently serves as Chief Executive Officer of the Corporation and as Chairman of the Board of Directors. The role of the Chief Executive Officer is to set the strategic direction for the Corporation and manage its performance, while the Chairman of the Board is tasked with setting the agenda for Board meetings and presiding over meetings of the Board. The Board of Directors believes combining the roles of Chief Executive Officer and Chairman is in the best interests of the Corporation at this time, as doing so best positions the Corporation to carry out its strategic plan for core growth and enhanced performance; increases value for shareholders; providers for greater accountability and transparency; enhances oversight of operations; and provides for greater Board involvement. Director Blankenship is the Lead Independent Director and was appointed as Vice Chairman of the Board upon the retirement of retired Director Stafford. Director Blankenship serves as Chairman of regularly convened meetings of the Independent Directors.

Standards of Conduct. All directors, named executive officers, and other employees of the Corporation must act ethically at all times and in accordance with the policies comprising the Corporation's Standards of Conduct (the "Code"), which is available at the Corporation's website (www.fcbinc.com). Certification of compliance with the Code is required on an annual basis. Only the Board of Directors may waive a provision of the Code for directors and named executive officers and will only do so for just cause in an instance where the underlying ethical objective will not be violated. No waivers were granted to any director or officer during 2016. Amendments to the Code will be published on the Corporation's website, as required by SEC rules. If an actual or potential conflict of interest arises for a director, the director must promptly inform the Board.

Communicating Concerns to Directors. The ACER Committee and the non-management directors have established procedures to enable any employee who has a concern about the Corporation's conduct, policies, accounting, internal accounting controls or auditing matters, to communicate that concern directly to the Board through an e-mail or written notification directed to the Chairman of the ACER Committee. Such communications may be confidential or anonymous. During orientation, employees are informed on how to submit such communications and a notice explaining the same is available in the employee handbook, on the Corporation's Intranet, and can be found posted on bulletin boards at each location of the Corporation and its subsidiaries. The status of any unresolved concern is reported to the non-management directors of the Board periodically by the Chairman of the ACER Committee.

Stockholder Communications. Stockholders may communicate with all or any member of the Board of Directors by addressing correspondence to the Board of Directors or to the individual director. Stockholders may address such communication to Secretary, First Community Bancshares, Inc., P. O. Box 989, Bluefield, Virginia 24605-0989, and all communications so addressed will be forwarded to the Chairman of the Board of Directors or to the individual director to whom such correspondence is directed, without exception.

Board Meetings. In 2016, the Board of Directors held nine (9) regular meetings and two (2) special meetings. No member attended fewer than seventy-five percent (75%) of the Board meetings or committee meetings on which the member sits. Each director is expected to devote sufficient time, energy and attention to ensure diligent performance of the director's duties and to attend all regularly scheduled Board, committee, and stockholder meetings. It is the Board's policy that the directors should attend the Annual Meeting absent exceptional circumstances. All current directors attended the 2016 Annual Meeting with the exception of Director Davis.

Meetings of Non-management Directors. The non-management directors met without any management director or other employee present on at least two (2) occasions in 2016.

Board Committees

The Board of Directors has four (4) standing committees: the ACER Committee, the Executive Committee, the CRC, and the GNC. For each of these committees, except the Executive Committee, the Board of Directors has adopted a written charter, a current copy of which is available for review and/or printing on the Corporation's website at www.fcbinc.com. Each such charter is reviewed and approved annually by the relevant committee and by the Board.

ACER Committee. On April 26, 2016, the Board of Directors unanimously voted to constitute and establish the ACER Committee by ratification of the ACER Committee Charter previously approved by the former Audit Committee. The ACER Committee combines the functions of the former Audit Committee with those of the banking subsidiary's Compliance and Enterprise Risk Committees to provide Committee members a more holistic view of the financial, legal, and regulatory risks affecting the Corporation and its banking subsidiary.

The members of the ACER Committee are Director Blankenship, who chairs the Committee; Director Johnson; Director Kantor; and Director Sarver. All members of the ACER Committee are independent. Director Johnson is the audit committee financial expert, as the SEC defines that term and as the Board interprets such qualification in its business judgment consistent with such definition. The ACER Committee is primarily concerned with the integrity of the Corporation's financial statements, the independence and qualifications of the independent registered public accounting firm, and the performance of the Corporation's internal audit function and independent registered public accounting firm. Its duties include but are not limited to: (1) selection and oversight of the independent registered public accounting firm; (2) review of the scope of the audit to be conducted by the independent registered public accounting firm, as well as the results of their audit; (3) oversight of the Corporation's financial reporting activities, including the annual report and the accounting standards and principles followed; (4) discussion with the Senior Management Team and other relevant employees of risk assessment and management policies, including risk relating to the financial statements and financial reporting process and the steps taken by management to monitor and mitigate such risks; (5) approval of audit and non-audit services provided to the Corporation by the independent registered public accounting firm; (6) review of the organization and scope of the Corporation's internal audit function and its disclosure and internal controls; and (7) oversight of regulatory compliance and enterprise risk management. The former Audit Committee held three (3) meetings and the ACER Committee held five (5) meetings during 2016. The ACER Committee's report is on page 33.

Executive Committee. The members of the Executive Committee are Director Stafford II, who chairs the Committee; Director Blankenship; Director Davis; Director Elmore; Director Johnson; Director Kantor; Director Mills and Director Sarver. The Executive Committee did not meet in 2016. The Committee, subject to the supervision and control of the Board of Directors, has been delegated substantially all of the powers of the Board to act between meetings of the Board, except for certain matters reserved to the Board by law.

Compensation and Retirement Committee. The members of the CRC are Director Johnson, who chairs the Committee; Director Blankenship; and Director Kantor. All three (3) members of the CRC are independent. The CRC's primary duties and responsibilities are to: (1) review, evaluate, and determine annually compensation of the Chief Executive Officer and President; (2) review, evaluate, and approve annually compensation of each other named executive officer; (3) review, evaluate, and approve annually compensation of the Senior Management Team; (4) review, evaluate, and approve all incentive and equity-based compensation; and (5) review, evaluate, and approve the proxy statement Compensation Discussion and Analysis and the CRC report. While the CRC receives input from the Chief Executive Officer and President, who play a significant role in the compensation setting process, as well as other members of management, as needed, the ultimate decision regarding compensation of the named executive officers rests with the CRC. Further, the Chief Executive Officer and President do not participate in these matters as they relate to their respective compensation. For a full discussion of the CRC and management's respective roles administering the executive compensation program, please see the Compensation Discussion and Analysis. The CRC does not delegate any of its responsibilities to subcommittees. The CRC held six (6) meetings in 2016. The CRC's report is on page 20.

Compensation and Retirement Committee Interlocks and Insider Participation. None of the members of the CRC are or were formerly employed by the Corporation or any of its subsidiaries. Finally, none of the named executive officers of the Corporation served on any compensation committee or any board of directors of another company of which any of the Corporation's Board members was also an executive officer.

Governance and Nominating Committee. The members of the GNC are Director Blankenship, who chairs the Committee; Director Elmore; Director Kantor; and Director Sarver. All four (4) members of the Committee are independent. The Committee's responsibilities include the selection of director nominees for Board service and the development and review of governance guidelines. The Committee also: (1) oversees evaluations of the Board, as well as director performance and Board dynamics; (2) makes recommendations to the Board concerning the structure and membership of Board committees; and (3) reviews, approves, and ratifies significant transactions with related persons. This Committee held five (5) meetings in 2016.

PROPOSAL 2: NON-BINDING, ADVISORY VOTE ON EXECUTIVE COMPENSATION

Pursuant to Section 14A of the Securities and Exchange Act of 1934, as amended (the “Exchange Act”), the Corporation is requesting stockholder approval of the compensation of its named executive officers as disclosed in this proxy statement. This proposal, commonly known as a “say-on-pay” proposal, gives stockholders the opportunity to express their views regarding named executive officers’ compensation. The vote is not intended to address any specific items of compensation, but rather the overall compensation of named executive officers and the philosophy, policies, and practices described in this proxy statement. The Corporation believes that the compensation of named executive officers is straightforward, uncontroversial, and not designed to provide incentives for excessive risk taking. Accordingly, the following resolution is submitted for stockholder approval.

RESOLVED, that the Corporation’s compensation paid to the Corporation’s named executive officers, as disclosed pursuant to Item 402 of Regulation S-K, including the CD&A, executive officer compensation tables, and related narrative discussion, is hereby APPROVED.

The “say-on-pay” vote is an advisory vote, which is not binding on the Corporation. However, the Board and the CRC value the opinions expressed by stockholders through their vote on this proposal, and will carefully consider the outcome of the vote when making future compensation decisions with respect to the Corporation’s named executive officers. The Corporation is currently conducting the “say-on-pay” advisory vote every three (3) years. The timing of the next “say-on-pay” advisory vote is addressed in Proposal 3.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE *FOR* THIS PROPOSAL

PROPOSAL 3: NON-BINDING, ADVISORY VOTE ON THE FREQUENCY OF

THE ADVISORY VOTE ON EXECUTIVE COMPENSATION

Section 14A of the Exchange Act also requires the Corporation to hold an advisory vote on the frequency of the advisory vote on executive compensation as described in Proposal 2 of this proxy statement. By voting on this Proposal 3, stockholders may indicate whether they would prefer that the Corporation hold a “say-on-pay” every one (1), two (2), or three (3) years. Stockholders may also abstain from voting. Accordingly, the following resolution is submitted for stockholder approval:

RESOLVED, that the Corporation hold a stockholder non-binding, advisory vote to approve the compensation paid to the Corporation’s named executive officers as disclosed pursuant to Item 402 of Regulation S-K with a frequency of once every one (1) year, two (2) years, or three (3) years, whichever receives the highest number of votes cast with respect to this resolution.

The Corporation asks that you support a frequency of every three (3) years for future stockholder advisory votes on executive compensation. The Corporation believes that a three (3) year cycle provides the Board and the CRC with sufficient time to evaluate and respond to stockholder input and effectively implement changes, as needed, to executive compensation.

The frequency of one (1) year, two (2) years, or three (3) years that receives the highest number of votes cast will be deemed by the Corporation as the frequency for the advisory vote on executive compensation selected by stockholders. The Board will consider the outcome of the vote when making future decisions regarding the frequency of the “say-on-pay” vote. However, because this is advisory and not binding on the Board or the Corporation, the Board may decide that it is in the best interest of stockholders and the Corporation to hold an advisory vote on the compensation of named executive officers more or less frequently than the frequency approved by the stockholders. Stockholders will not be voting to approve or disapprove the Board’s recommendation.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE *FOR* A

FREQUENCY OF EVERY THREE (3) YEARS FOR FUTURE SHAREHOLDER ADVISORY

VOTES ON EXECUTIVE COMPENSATION

COMPENSATION DISCUSSION AND ANALYSIS

The following compensation discussion and analysis details the Corporation's compensation program as it applies to the named executive officers, as listed in the Summary Compensation Table on page 21. Further, this discussion also seeks to provide an overview of the Corporation's general compensation philosophy for its employees, most significantly the Senior Management Team and certain other employees who are granted equity or other incentive compensation. This discussion and analysis should be read in conjunction with the Summary Compensation Table, its accompanying footnotes, and the additional tables and narrative disclosures that follow.

Compensation Philosophy and Objectives

The goal of the Corporation's compensation program is to retain and reward named executive officers and key employees who create long-term value for stockholders through consistent financial and operating performance coupled with strong leadership. This overriding objective affects all elements of the compensation program. In addition, the Corporation desires to become the employer of choice and to be viewed as a model of best practices for executive and other compensation. The overall objective of the executive compensation program is to align the long-term interests of each member of the Senior Management Team as closely as possible with those of stockholders and motivating high performing executives to continue with the Corporation for long, productive careers.

Administration of the Executive Compensation Program

The CRC meets as often as necessary to perform its duties and responsibilities. The CRC met six (6) times during calendar year 2016. The CRC typically meets with the Chief Executive Officer and President of the Corporation and, when appropriate, with legal counsel and/or outside compensation advisors selected and retained by the CRC. The CRC receives and reviews materials in advance of each meeting. These materials include information that management believes will be helpful to the CRC, as well as materials the CRC has specifically requested.

The CRC meets regularly in executive session, without the presence of any employee, including at least annually to evaluate the performance of the Chief Executive Officer and President, to set performance objectives for the Chief Executive Officer and President, and to set base compensation for the Chief Executive Officer and President. The CRC also annually reviews, evaluates, and approves the compensation of each other named executive officer; reviews, evaluates, and approves the compensation of the Senior Management Team; reviews, evaluates, and approves all incentive compensation; and reviews, evaluates, and approves any grants of long term retention and equity compensation.

Considerations Used to Determine Compensation

Below is a summary of factors considered by the CRC in setting compensation for named executive officers. The CRC performed its evaluation of compensation in light of each named executive officer's performance, the Corporation's performance, the current economic environment, the Corporation's long-standing practice of prudent executive compensation administration, and shareholder input.

Emphasis on Consistent and Sustained Performance. The Corporation's compensation program provides pay opportunities for those demonstrating superior performance for sustained periods. Each of the named executive officers has served the Corporation for many years, and each has held diverse positions with growing levels of responsibility. Relative compensation reflects previous contributions and anticipated future contributions to the Corporation's long-term success. In evaluating sustained performance, the Corporation also gives weight to the relative performance of each named executive officer in his or her particular industry segment or function. The CRC also uses its judgment in determining or approving compensation adjustments and incentive awards, if any. This long-term view has the effect of encouraging focus on long-term financial performance.

Importance of Corporation Results. The CRC places substantial weight on the Corporation's overall financial success, including achievement of short and long-term strategic goals and annual financial results. The CRC is of the opinion that the named executives share the responsibility of supporting the Corporation's overriding goals and objectives as part of the management team.

Shareholder Input on Executive Compensation. At the 2014 Annual Meeting, the Corporation conducted a non-binding advisory vote on the compensation of the named executive officers, commonly referred to as a "say on pay" vote. Shareholders approved the compensation of the named executive officers with approximately 85% of shareholder votes in favor of the then stated executive compensation program and less than 3% against.

As the CRC evaluated executive compensation policies and practices throughout 2015 and 2016, it was mindful of the strong support shareholders expressed for the then current compensation program. While changes were made to the compensation of the named executive officers, necessitated by both changes in the slate of named executive officers and the evolving needs of the Corporation, the CRC believes that such changes are consistent with the philosophy and objectives supported by shareholders in 2014.

Judgment Versus Formula-Driven. The CRC does not use formulas in determining the level or mix of compensation. It evaluates a wide range of quantitative and qualitative factors, which include consistency in reaching targeted goals, the ability to perform in both good and challenging economic times, a history of integrity, evidence that the named executive officer uses good judgment, and his or her ability to lead and create future value for the Corporation.

Risk Considerations in the Compensation Program. The CRC views the Corporation's compensation program with a long-term focus. Under the program, the greatest amount of compensation can be achieved over long periods of time through sustained superior performance. The Corporation believes this provides a strong incentive to manage the Corporation for the long term with a clear message to avoid excessive risk in the near term. The CRC maintains full discretion to adjust compensation based upon performance and adherence to the Corporation's values.

In 2016, the CRC continued its extensive review of the relationship between risk management and incentive compensation to ensure that incentive compensation does not encourage engaging in unnecessary or excessive risks that threaten the value of the Corporation. The CRC concluded that the Corporation's compensation policies and practices do not encourage excessive or inappropriate risk and instead encourage behaviors that support sustainable long-term value creation. For instance, the CRC does not use highly leveraged, short-term incentives that drive high risk investments at the expense of long-term company value. Rather, the Corporation's annual incentive compensation is based on balanced performance metrics that promote disciplined progress focused on longer-term goals.

Future Compensation Opportunity. The CRC intends to continue to provide a mix of different compensation elements. The CRC believes that each named executive officer should have a portion of his or her compensation be contingent upon how well the Corporation operates and how well its stock performs in the long run.

Use of Compensation Consultants. As part of the Corporation's ongoing effort to ensure its compensation program complies with industry best practices and to ensure compliance with the enhanced level of regulation and scrutiny on executive compensation, the CRC exercises its authority to retain independent compensation consultants, as needed, to provide technical advice and information related to compensation for all employees of the Corporation. While the CRC did not engage any compensation consultant in 2016, the executive compensation methodology continued in 2016 was previously developed with the assistance of Mathews, Young -- Management Consulting ("Mathews Young").

Components of Executive Compensation

The principal components of the executive compensation program are:

Base Compensation. The amount of base compensation for each named executive officer depends upon the scope of his or her duties, his or her individual performance, length of service, and his or her leadership ability. Current salary impacts decisions regarding salary adjustments relative to peers (within and outside the Corporation). Base compensation is paid in the form of cash at regular payroll intervals along with all other employees of the Corporation and is reviewed annually.

Annual Incentive Compensation. For each named executive officer, the CRC may award discretionary cash and/or restricted stock incentive compensation based upon the previous year's performance as evaluated by the CRC, Chief Executive Officer, and President (except the Chief Executive Officer and President do not participate in their respective incentive determinations).

Long-Term Retention and Equity Compensation. The Corporation's equity incentive program is designed to reward long-term performance, retain named executive officers and align executives' interests with those of stockholders. The CRC uses stock options and stock awards which are designed to deliver reasonable, but meaningful, equity interests in the Corporation.

The CRC attempts to balance the various elements of compensation among annual base compensation (current cash payments), annual incentive awards (when appropriate), and long-term retention and equity awards. In addition to these principal components, the compensation program also includes employment contracts which include change in control provisions, deferred compensation elections, retirement plans, a bank owned life insurance program, a supplemental executive retirement plan and other perquisites and benefits, each of which are discussed in this Compensation Discussion and Analysis with respect to the named executive officers.

Base Compensation. Named executive officers receive base compensation in the form of a base salary. Levels of base salary are established annually under a program intended to maintain parity among the Senior Management Team based on levels of responsibility and the competitive market for executives in comparable positions. Base salary is a critical element of executive compensation because it provides executives with a base level of monthly income. In determining base salaries, the CRC considers qualifications and experience, scope of responsibilities, future potential, established goals and objectives, past performance, competitive salary practices at competitive companies, internal pay equity, and the tax deductibility of base salary.

Based on the above criteria, the Chief Executive Officer and President recommend base salaries for all named executive officers to the CRC for their consideration, except the Chief Executive Officer and President do not participate in their respective base compensation determinations. The CRC then considers and approves or declines base salary adjustments for all named executive officers. Based on the above criteria, the CRC also adjusts base salary for the Chief Executive Officer and President.

Prior to appointment to their present positions, Mr. Stafford, II had served as a Board member since 1994 and as Chairman of the Board since 2010, and Mr. Mills had served as an officer of the Corporation's banking subsidiary since 1998, including serving as its Chief Credit Officer since 2007. When Mr. Stafford, II and Mr. Mills assumed their present positions in the third (3^{rd}) quarter of 2013, the CRC set base compensation for each commensurate with the responsibilities of each position and their prior experience, but which also reflected their absence of prior experience in their new roles. With respect to Mr. Stafford, II, initial base compensation also reflected his agreement with the Board to spend the significant majority, but less than all, of his time in management of the Corporation, which allowed Mr. Stafford, II to continue to practice law on a much reduced scale as a member of the law firm Brewster, Morhous, Cameron, Caruth, Moore, Kersey & Stafford, PLLC. Based on consideration of the above factors, and the relatively short time since assuming their present positions, the CRC did not adjust base compensation for the Chief Executive Officer or President in 2014. During the 2015 fiscal year, the CRC noted that Messrs. Stafford, II's and Mills' base salaries were below the lowest end of the peer review data. Accordingly, the CRC adopted a plan to increase their base salaries over a period of three (3) years, with each annual increase independently considered by the CRC at that time. Based on the aforesaid considerations, Mr. Stafford, II received a 28.57% increase in his base salary for the 2016 fiscal year and Mr. Mills received a 14.28% increase in his base salary for the 2016 fiscal year. Mr. Brown received an approximate 4.16% increase in his base salary representative of a continued effort to more closely align his salary with peers and Mr. Lilly received an approximate 2% increase in his base salary representing a cost of living adjustment. Please see the Summary Compensation Table on page 21 for more information about the 2016 base salaries of named executive officers.

Discretionary Annual Incentive Compensation. For each named executive officer, the CRC may award incentive compensation based upon the previous year's performance as evaluated by the CRC, Chief Executive Officer and President (except the Chief Executive Officer and President do not participate in their own respective incentive determinations). Please see the Summary Compensation Table on page 21 for more information about annual incentive compensation awarded to named executive officers in 2016, based on 2015 performance.

In December 2015, the CRC adopted an executive and board incentive compensation methodology which provides for suggested amounts of annual incentive compensation to be paid to named executive officers and other members of the Senior Management Team in the form of cash bonuses (75%) and restricted Corporation stock (25%). The methodology is partially based on certain evaluation criteria, including but not limited to Corporation performance compared to strategic objectives as measured by incentive compensation scorecards, Corporation performance compared to strategic objectives not measured by scorecards, and the overall financial and strategic performance of the Corporation. Scorecards are developed and/or reviewed on an annual basis by the CRC in conjunction with review by the Board of Directors of the Corporation's strategic plan. Financial measurements within the scorecard are calculated using audited financial information obtained from the Corporation's filed Form 10-K. The scorecard methodology defines suggested maximum incentive compensation payout as a percentage of each executive's base compensation within a defined return on average equity ("ROAE") range. Equity compensation, incentive compensation, or other forms of compensation for executives are excluded from the incentive compensation calculation. No incentive compensation is awarded if annual ROAE is 6.50% or less. The scorecard methodology encompasses key performance indicators ("KPI's"), which align with the Corporation's strategic plan objectives and annual financial budget. Each KPI is assigned a weighting. Some KPI's vary over time (both as to identity and amount). The KPI's under the current scorecard methodology include: Return on Average Assets (ROAA); Earnings Per Share (EPS); and Efficiency Ratio among others, and include a discretionary component. A performance objective, or target, is established for each KPI. Recognizing the difficulty in precisely defining the appropriate target, and to further discourage imprudent or excessive risk taking, a range of acceptable performance is defined representing the minimum level of performance and maximum level of performance relative to target that results in an incentive compensation payout for that KPI. This methodology was employed to provide suggested compensation awarded in 2016, based on 2015 performance.

However, this methodology provides only a suggested incentive compensation amount based on general guidelines that the CRC may consider in its decision making process. Sole discretion as to the terms and conditions of any award, including whether or not to grant incentive compensation and in what amounts, remains with the Board, acting directly through the CRC. The CRC continues to oversee all aspects of the design, payment, and monitoring of executive incentive compensation. Further, the Corporation's Board of Directors retains authority to review and approve or disapprove all CRC action. The ultimate goal of the both the CRC and the Board in granting incentive compensation is to align the interests of recipients with that of shareholders and encourage long-term strategic thinking and performance while at the same time discouraging imprudent, unreasonable or excessive risk taking.

In 2015, the Corporation's budgetary, strategic and operational achievements were such that the CRC considered them sufficient to warrant payment in 2016 of discretionary annual incentive compensation to the named executive officers and certain other employees. The CRC, with input from management regarding budget and performance, chose to award incentive compensation to the named executive officers as set forth in the Summary Compensation Table on page 21. Such incentives to the named executive officers were paid in the form of cash (75%) and restricted stock (25%). The CRC believes that paying some portion of incentive compensation in the form of stock is a best practice that serves to facilitate its goal of aligning the interest of the named executives with those of shareholders by giving the named executives a long-term stake in the Corporation's success.

Long-Term Retention and Equity Compensation.

Ideology and Mechanism. The CRC believes that long-term retention and equity compensation is an important component of the compensation program because it has the effect of retaining and motivating the named executive officers, aligning their financial interests with the interests of stockholders, and rewarding them for achievement of the Corporation's long-term strategic goals. The CRC may grant either stock options or restricted stock awards to the named executive officers under the Corporation's long-term retention and equity compensation methodology. Stock options provide the named executive officers with the opportunity to purchase and maintain an equity interest in the Corporation and to share in the appreciation of the value of the stock. When granting restricted stock, the CRC determines the applicable vesting schedule reflecting attainment of designated performance goals and/or other criteria specified in the award documents. The CRC may provide for the payment of any applicable dividends paid with respect to any shares of common stock subject to a restricted stock award during the period prior to lapse. As a mechanism for carrying out these objectives, on February 28, 2012, the Board of Directors approved the First Community Bancshares, Inc. 2012 Omnibus Equity Compensation Plan (the "2012 Plan"), which in turn was approved by the stockholders at the 2012 Annual Meeting. The Board of Directors effectively replaced all prior equity plans with the 2012 Plan that conforms to current best governance practices.

While the decision whether to award equity compensation remains in the sole discretion of the CRC, subject to approval or disapproval by the Board of Directors, in 2015, the CRC adopted an equity compensation methodology to serve as a guideline and bring additional consistency and objectivity to the design and award of equity compensation. Under the methodology, any grant of stock to directors, named executive officers or other members of the Senior Management Team is subject to a ratable three (3)-year vesting schedule and is further subject to a five (5)-year holding period subsequent to vesting. Any grant of stock to other employees is in the form of incentive stock options with a three (3)-year cliff vesting schedule and expire ten (10) years after vesting. The CRC will not grant any equity compensation in any year in which the Corporation's minimum three (3)-year ROAE is below 7.00%, or such other minimum ROAE as determined by the CRC from time to time considering economic conditions, operating results, and adjustments to the Corporation's strategic plan goals. The financial measurements utilized in the administration of the equity compensation methodology are calculated using audited financial information.

The Board of Directors believes that equity compensation should be an integral and ongoing component of total compensation for named executive officers and directors so as to further align their interests with the long-term interests of stockholders, further promote the Corporation's commitment to sound corporate governance, and specifically discourage imprudent, unreasonable, or excessive risk taking. Accordingly, directors, named executive officers, and other members of the Senior Management team are encouraged to hold as many shares of the Corporation as practical given their individual situation. The equity compensation methodology is consistent with this philosophy, and is specifically designed to assist in achieving the aforesaid stock ownership objectives.

Previous Performance-Restricted Grants. In 2013, certain restricted stock was awarded to the named executive officers and other members of the Senior Management Team as well as certain other employees under the 2012 Plan. 48.4% of said restricted stock immediately vested upon the grant date. The remaining shares of said stock were scheduled to vest equally over a period of three (3) years, provided the Corporation met certain financial performance requirements in each of those years. 17.2% of said stock vested in both 2014 and 2015, and a like amount was scheduled to vest on

May 28, 2016. Despite positive performance, both by the Corporation and the subject officers and employees, the Corporation failed to meet the ambitious performance metrics in the preceding measurement period, and the scheduled 2016 vesting did not occur.

Current Long-Term Retention and Equity Compensation Grants. Consistent with the equity compensation methodology developed in 2015, on March 18, 2016, the CRC awarded long-term incentive equity compensation under the 2012 Plan to the named executive officers and other members of the Senior Management Team in the form of transfer-restricted shares. Such shares will vest over a three (3) year period beginning on or about March 18, 2017.

Considerations Used in Setting Base Compensation for 2016 and Annual Incentive Compensation for 2015 Performance

Each year, and on a continuing basis, the Corporation develops short and long-term objectives necessary for it to be successful. These objectives for the most part mirror the Corporation's strategic plan and annual financial budget planning sessions, during which the Corporation's performance and growth opportunities are analyzed and goals and objectives are established for the upcoming year(s). These objectives include both objective financial metrics and quantitative and qualitative strategic and operational goals. The CRC uses these objectives to evaluate the performance of the Chief Executive Officer and President. However, each financial metric or quantitative goal used by the CRC in this process is only one of many considerations. Resulting evaluations and any resulting incentive or other compensation is not exclusively formula-driven. This process is designed to focus the Board, the CRC, and the entire Senior Management Team on factors that create long-term stockholder value. The CRC discusses with the Chief Executive Officer and President these factors as they relate to their respective compensation; provided, however, that the Chief Executive Officer and President do not participate in the final determination of their respective compensation.

In 2016, the CRC worked closely with the Chief Executive Officer and President to monitor base and incentive compensation of other named executive officers. The CRC's goal is to achieve a balance of base compensation and incentives that both contributes to retention of a highly qualified Senior Management Team and ensures that the Corporation remains competitive over the long term.

Each of the other named executive officers is a leader of an individual business or function of the Corporation. As part of the Senior Management Team, they report directly to the President, who develops the objectives that each individual is expected to achieve, and against which their performance is assessed. These objectives are reviewed with the CRC and are also derived largely from the Corporation's financial, budget and strategic planning processes. The President assesses each named executive officer's individual performance against the objectives, the Corporation's overall performance, and the performance of the named executive officer's business or function. The Chief Executive Officer and President then report base compensation levels, including any adjustments, as well as proposed annual incentive compensation for each named executive officer to the CRC. The CRC then approves proposed annual incentive compensation and/or long-term retention and incentive equity compensation, if any, for the named executive officers, other members of the Senior Management Team, and other employees. The named executive officers do not play a role in the determination of their compensation except for their discussion with the Chief Executive Officer, President, and/or CRC regarding their individual performance against predetermined objectives.

Retirement Plans

The Corporation maintains certain retirement plans for some or all employees as follows:

KSOP Plan. The Corporation offers a qualified defined contribution Employee Stock Ownership and 401(k) plan known as the “KSOP” to most of its employees, including the named executive officers. The KSOP Plan is administered by the CRC.

WRAP Plan. In addition to the KSOP, the Corporation provides a non-qualified deferred compensation plan (discussed in more detail elsewhere in this proxy statement) referred to as the “WRAP” plan because the named executive officers, as well as certain other key employees, are unable to fully participate in the KSOP due to certain restrictions on their deferrals based upon annual testing limits imposed by the Internal Revenue Code. The WRAP plan allows highly compensated participants to defer a portion of their compensation that may not otherwise be deferred under the Corporation’s qualified plan. The WRAP plan is intended to promote retention of key employees by providing a long-term savings vehicle on a tax efficient basis.

SERP. The Corporation provides a defined retirement benefit to certain named executive officers and certain other key employees pursuant to a supplemental executive retention plan (the “SERP”). Each executive’s SERP is unfunded and designed to provide a benefit paid upon separation from service at or after age sixty-two (62). The benefit is targeted at a maximum of thirty-five percent (35%) of final average compensation subject to an annual benefit limit of $80,000. Final average compensation is calculated as the average of the participant’s last three (3) full calendar years’ compensation, which compensation is determined by assuming a three percent (3%) compound annual rate of increase to the participant’s annualized base monthly salary as of the date that the participant enters the SERP. Vesting is on a graded schedule as follows: twenty-five percent (25%) vesting after five (5) years of service; fifty percent (50%) vesting after ten (10) years of service; seventy-five percent (75%) vesting after fifteen (15) years of service; an additional five percent (5%) vesting for each year of service beyond fifteen (15) years, and full vesting after twenty (20) years of service and reaching age sixty-two (62).

Perquisites and Other Benefits

In addition to the annual and long-term compensation described above, named executive officers receive other benefits and items of compensation. Such benefits and other items of compensation include, among others: group life insurance, club dues, and automobile allowance. These benefits are provided to increase the availability of the named executive officers to focus on the business of the enterprise. The costs associated with providing these benefits and other items of compensation for our named executive officers are reflected in the Summary Compensation Table on page 21. A chart disclosing the value of these additional items is found on page 22 entitled “All Other Compensation and Benefits.”

Named executive officers participate in other employee benefit plans generally available to all employees on the same terms as similarly situated employees. These plans include medical, dental, group life insurance and group disability programs, as well as flexible spending accounts for reimbursement of medical expenses. The CRC has chosen to disclose all perquisites provided to our named executive officers in the Summary Compensation Table on page 21 even if the perquisites fall below the disclosure thresholds under the SEC rules.

Deferred Compensation Opportunities

Another aspect of the executive compensation program is the First Community Bancshares, Inc., Deferred Compensation Plan, referred to as the WRAP and a separate Directors’ Deferred Compensation Plan. The WRAP and the Directors’ Deferred Compensation Plan are voluntary, non-tax qualified, deferred compensation plans available to directors and certain employees, which employees include all of the named executive officers, to enable them to save for retirement by deferring a portion of their base and/or annual incentive compensation or director fees. The Directors’ Deferred Compensation Plan does not require the Corporation to make matching contributions. The WRAP, which is intended to mirror the Corporation’s qualified KSOP can include a discretionary match that coincides with a match made to the KSOP to the extent any employee, including the named executive officers, cannot otherwise receive a match in the KSOP. Balances for participating employees and directors are deemed invested in investment vehicles permitted from time to time by the Board of Directors in advance and credits (or debits) for investment experience may be made from time to time based on individual fund elections similar to what participants in the KSOP are permitted to make. The CRC believes that these deferred plans are competitive with that provided by other banks with which we compete for executive and director talent. Please see the section entitled “Nonqualified Deferred Compensation” included the related tables beginning on page 26 for additional information about the Deferred Compensation Plan for named executive officers.

Employment Contracts

The Corporation provides the named executive officers with written employment contracts. There is no golden parachute, tax gross-up, or other similar type provisions contained in these contracts. See the section entitled “Potential Payments Upon Termination,” including the related tables, beginning on page 26 for an estimate of the benefits that the named executive officers would be entitled to receive pursuant to their respective employment agreements under various employment termination scenarios.

Subsequent to reorganization of the executive management team in 2013 and 2014, management and the CRC developed an improved, prototype executive employment agreement. Each of the Corporation's named executive officers has executed the new prototype agreement. The new agreements result in greater uniformity among the named executive officers concerning the terms of their employment. The execution and provisions of said agreements was previously reported on a Form 8-K filed on April 16, 2015.

The prototype agreement has an initial term of three (3) years and automatically extends for an additional year each January 1st unless the Corporation or the respective executive gives notice that the employment term will not be extended. Each agreement provides for continuation of base salary for thirty-six (36) months, in the event of a change of control coupled with terminated employment either without "Cause" by the Corporation or by the executives for "Good Reason" (as these terms are defined in the agreements). The Corporation may terminate the employment of any executive at any time for "Cause" without further obligation owed. If the Corporation terminates employment for any reason other than for "Cause" or the executive terminates his employment for "Good Reason", the Corporation will generally be obligated to provide compensation and benefits specified in the agreement for the balance of the term of the agreement. Upon the termination of employment, the executive will be subject to non-competition and non-solicitation restrictions. If the executive dies while employed by the Corporation, the Corporation will pay his or her estate through the end of the month in which his death occurs. If their employment is terminated as a result of permanent disability as determined pursuant to the agreement, then the Corporation has the right to terminate employment before the end of the applicable term.

Tax Deductibility of Compensation

Under Section 162(m) of the Internal Revenue Code, publicly held corporations generally may not take a tax deduction for compensation in excess of $1 million paid to any named executive officer during any fiscal year. There is an exception to the $1 million limitation for performance-based compensation meeting certain requirements. To maintain flexibility in compensating executive officers in a manner designed to promote varying corporate goals, the CRC has not adopted a policy requiring all compensation to be deductible. However, the CRC considers deductibility under Section 162(m) with respect to compensation arrangements for executive officers. In 2016, none of the named executive officers received compensation that the Corporation could not deduct by reason of Section 162(m).

Stock Ownership Guidelines

The Board of Directors believes that it is in the best interests of stockholders for the named executive officers and directors to own a significant amount of Common Stock of the Corporation. To that end, the Corporation has adopted the First Community Bancshares, Inc. Stock Ownership Policy. The policy encourages ownership of the Corporation's Common stock by the directors and officers in order to align the interests of the Corporation's stockholders with the Corporation's key decision makers. Although minimum stock ownership guidelines are set forth in the policy for certain officers and directors, all officers and directors of the Corporation are encouraged to hold as many shares of the Corporation as practical given their individual situation.

Compensation and Retirement Committee Report

The CRC has reviewed the Compensation Discussion and Analysis and discussed that analysis with management. Based on its review and discussions with management, the CRC recommended to the Board of Directors that the Compensation Discussion and Analysis be included in the Corporation's 2016 Annual Report on Form 10-K and the Corporation's 2017 proxy statement. The following independent directors, who comprise the CRC, provide this report:

Richard S. Johnson (Chairman)

W.C. Blankenship, Jr.

I. Norris Kantor

2016 Summary Compensation Table

Name of Individual / Capacities Served	Year	Salary	Bonus (1)	Stock Awards (2)	Option Awards	Change in Pension Value and Non-qualified Deferred Compensation Earnings (3)	All Other Compensation (4)	Total (5)
William P. Stafford, II	2016	$360,000	$63,002	$63,020	$ -	$58,052	$40,493	$584,567
Chief Executive Officer	2015	280,010	37,502	12,503	-	51,189	30,691	411,895
	2014	200,013	-	-	-	344,175	18,413	562,601
Gary R. Mills	2016	480,000	94,503	94,530	-	93,969	57,282	820,284
President	2015	420,014	56,250	18,754	-	12,128	43,008	550,154
	2014	300,000	-	-	-	10,655	28,699	339,354
David D. Brown	2016	249,999	54,002	54,002	-	5,931	32,251	396,185
Chief Financial Officer	2015	240,011	42,188	14,070	-	10,357	30,313	336,939
	2014	225,000	-	-	-	9,026	23,894	257,920
Jason R. Belcher Chief Risk Officer of First Community Bank	2016	184,999	36,565	36,580	-	-	25,241	283,385
E. Stephen Lilly	2016	257,040	56,700	56,710	-	66,661	45,912	483,023
Chief Operating Officer	2015	252,000	18,900	6,302	-	58,315	44,476	379,993
	2014	252,000	-	-	-	50,998	47,263	350,261

(1) Bonus paid in 2016 for 2015 performance.

(2) All stock awards granted in 2016 were made under the 2012 Plan and represent (1) 25% of each named executive officer's discretionary incentive compensation granted on March 11, 2016, subject to a two (2) year claw back restriction; and (2) long-term retention and equity compensation granted on March 18, 2016, in the form of restricted stock which will vest over three (3) years beginning March 18, 2017, and remain restricted for a period of five (5) years. Vesting is based upon continued employment through the vesting date. All restricted shares will immediately vest upon a change of control of the Corporation or the named executive officer's death, disability or retirement. The stock grant amounts for 2016 reflect the aggregate grant date fair value computed in accordance with FASB ASC Topic 718.

(3) The amounts in this column represent the increase in the actuarial net present value of all future retirement benefits under the SERPs. The net present value of the retirement benefits used to calculate the net change in benefits was determined using the same assumptions used to determine the Corporation's retirement obligations and expense for financial statement purposes. Additional information about the SERP is included on page 19. We have not provided above-market or preferential earnings on any nonqualified deferred compensation and, accordingly, no such amounts are reflected in the table.

(4) The amounts in this column are detailed on the following table entitled "2016 All Other Compensation."

(5) Salary and bonus amounts paid to the named executive officers as a percentage of total compensation are as follows for 2016: Mr. Stafford, II – seventy-two percent (72%); Mr. Mills – seventy percent (70%), Mr. Brown – seventy-seven percent (77%); Mr. Belcher – seventy-eight percent (78%) and Mr. Lilly – sixty-five percent (65%).

2016 All Other Compensation and Benefits

The Corporation provides the named executive officers with other perquisites and personal benefits as shown in the "All Other Compensation" column of the "2016 Summary Compensation Table." The Corporation and the CRC believe these are reasonable and consistent with its overall compensation program and better enable the Corporation to attract and retain superior employees for key positions. The CRC periodically reviews the levels of perquisites and other personal benefits provided to the named executive officers. The Corporation provides additional detail of those benefits in the tables below.

Name of Individual	**Year**	**Total Retirement Plan Matching Contribution**	**Split Dollar Life Insurance (1)**	**Executive Life Insurance (2)**	**Perquisites (3)**	**Total**
William P. Stafford, II	2016	$ 26,193	$ -	$ 4,700	$ 9,600	$40,493
	2015	16,769	-	4,322	9,600	30,691
	2014	6,142	-	2,671	9,600	18,413
Gary R. Mills	2016	36,011	-	6,060	15,211	57,282
	2015	23,500	-	4,942	14,566	43,008
	2014	20,045	-	4,662	3,992	