

WELL POSITIONED FOR THE FUTURE



FINANCIAL SUMMARY

At or for the year ended December 31

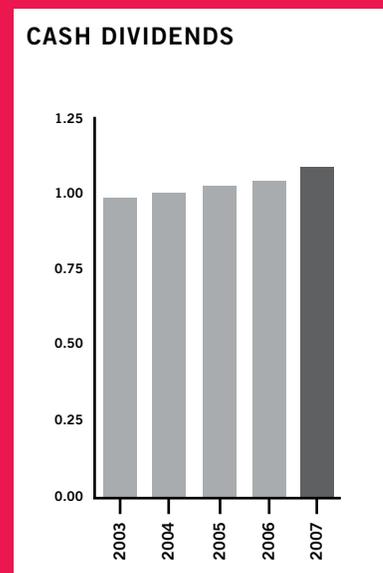
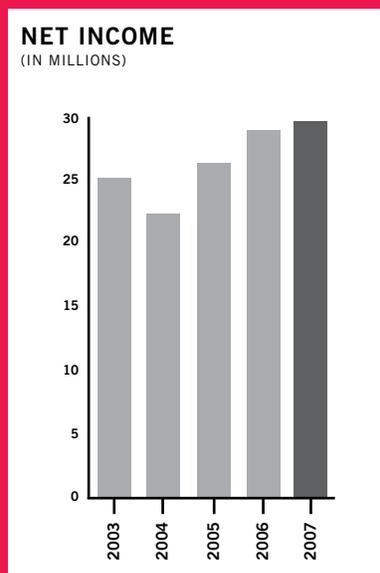
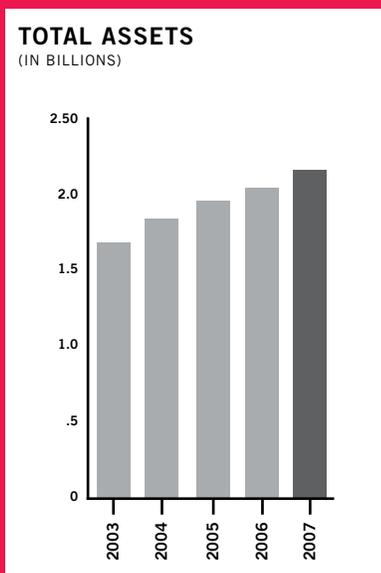
Financial Summary	2007	2006	2005	2004	2003
Total assets (in thousands)	\$2,149,838	\$2,033,698	\$1,952,483	\$1,830,822	\$1,672,727
Deposits	1,393,443	1,394,771	1,403,220	1,356,719	1,223,376
Stockholders' equity	217,098	212,730	194,501	183,233	175,035
Net income	29,632	28,948	26,303	22,364	25,238

PER-SHARE DATA

Basic earnings per share	\$ 2.64	\$ 2.58	\$ 2.33	\$ 1.99	\$ 2.27
Basic earnings per common share-continuing operations	2.64	2.58	2.35	2.32	2.41
Diluted earnings per common share	2.62	2.57	2.32	1.97	2.25
Diluted earnings per common share-continuing operations	2.62	2.57	2.33	2.29	2.39
Cash dividends	1.08	1.04	1.02	1.00	0.98
Book value at year-end	19.61	18.92	17.29	16.29	15.57

SELECTED RATIOS

Return on average assets	1.39%	1.46%	1.37%	1.24%	1.56%
Return on average assets-continuing	1.39%	1.46%	1.38%	1.45%	1.70%
Return on average equity	13.54%	14.32%	13.79%	12.53%	15.13%
Return on average equity-continuing	13.54%	14.32%	13.87%	14.58%	16.02%
Dividend payout	40.91%	40.31%	43.78%	50.25%	43.17%



This report provides an overview of First Community Bancshares' performance in 2007 and our business strategy as we enter 2008. Detailed financial results are provided in the First Community Bancshares Form 10-K for 2007 available at www.fcbinc.com or by calling 800 425-0839.



First Community Bank
Come join the community.

As we move into 2008, we are clearly focused on our mission:

**OFFERING INNOVATIVE AND COMPETITIVE PRODUCTS
AND IMPECCABLE SERVICE, BUILDING FINANCIAL
PARTNERSHIPS AND PROVING OUR VALUE EVERY DAY
AS YOUR FIRST FINANCIAL RESOURCE.**

DEAR STOCKHOLDERS AND FRIENDS,

We are pleased to provide you this report of the outstanding performance of First Community Bancshares in 2007. As we enter our 136th year as a banking and financial services organization, we are uniquely positioned to build on our foundation of strength and to manage our operations for steady growth and sound performance in 2008 and beyond.

We are especially pleased with our 2007 results in light of the increasingly difficult environment in which we operate. Our adherence to long-held fundamentals of sound banking and careful execution of our strategic plan for soundness, profitability and growth have helped ensure our success, even as new obstacles and concerns have arisen in the economy and the financial services industry.

In 2007, we were successful in achieving improved profitability, a strong balance sheet, stable operations, improved service delivery, growth in resources and continued improvement in the quality of our assets. Our credit quality is among the best in the industry and puts us in an enviable position given the current credit problems experienced by many of our peers and banks throughout the industry.

2007 also represented our 16th consecutive year of dividend increases for our shareholders, an indication of the continued strong earnings of First Community Bancshares and our operating companies.

IN MEMORIAM

BILLY WARREN HARVEY, SR.
1931 – 2007

First Community said goodbye this year to Bill Harvey, Sr., our Chairman of the Board, who passed away in December. “Bill Harvey was an insightful leader who worked tirelessly for the bank. . . we will miss him,” President and CEO John Mendez said.

Mr. Harvey served on the First Community Bancshares board since January 1990 and chaired the First Community Bank board since 2002. He was the former president of Bluefield Supply Company and its subsidiaries. Upon retirement from Bluefield Supply Company, he founded and was president of Highlands Real Estate Management, a commercial real estate firm managing retail properties in Southwest Virginia.



First Community Bancshares achieved record profitability in 2007 with annual earnings of \$29.63 million, or \$2.62 diluted earnings per share, up 2.36% from 2006. Return on average assets in 2007 was 1.39% compared to 1.46% for 2006. Return on average equity was 13.54% compared to 14.32% for 2006. On a core earnings basis, which excludes after-tax non-recurring gains of \$253 thousand in 2007 and \$735 thousand in 2006, earnings increased 4.13% over the prior year.

In keeping with our goal of lessening our dependence on interest income, we increased our non-interest income by \$3.51 million, or 16.45%, to \$24.83 million. Income from our wealth management business — an area of increased emphasis as more clients turn to us as their single source for diverse financial services — improved by \$1.07 million, or 38.03%. Service charges on deposit accounts increased by \$1.15 million, or 11.18%, and other service charges and fees improved by \$608 thousand, or 20.32%. Non-interest income included \$1.14 million in insurance commission revenues gained in the fourth quarter from GreenPoint Insurance Group, a full-service insurance agency acquired by First Community Bancshares in September 2007.

We continue to be diligent in managing our asset quality, a critically important measure of both our current financial strength and our future viability. We have kept our sharp focus on protecting and enhancing the quality of our investments, credit portfolio and other assets rather than being tempted by income opportunities we consider to be short-sighted, irrational and not up to the high standards we have set for First Community Bancshares.

Our careful adherence to prudent credit policies enabled us to keep non-performing assets at historically low levels. We have strategically avoided exposure to alternative mortgage structures and high-risk development lending through disciplined underwriting and strong approval processes. At year-end, non-accrual loans stood at \$2.92 million, or 0.24% of total loans, down from 0.30% in 2006. Total delinquencies did increase during the latter months of the year but remained at a relatively low 0.98%. In the fourth quarter we increased our loan loss provision for possible loan losses emanating from the weakened real estate market as well as a slowing economy.

STRATEGIC INITIATIVES FOR SUCCESS

First Community's strategy for future success has been built on a firm foundation of service and quality. We are committed to protecting and enhancing shareholder value while also building strong and enduring customer relationships, providing consultative assistance and effective products and services at appropriate prices, delivered with impeccable service.

In 2007, significant progress was made in our strategy to strengthen the resources and infrastructure of First Community while improving our service delivery. Strategic initiatives include programs to improve our efficiency, enhance our capabilities and expand our network.

EFFICIENCY IMPROVEMENTS

Strengthening the efficiency of our operations is a priority for First Community, which was ranked as one of the nation's top 100 most efficient banks in a report released by *American Banker* in 2007. Our efficiency ratio stood at 51.20% at year-end, a mark that is desired by many, but attained by few.

We have made great strides in improving our efficiency by leveraging our processing capacity and technological capability and streamlining our organizational structure for maximum effectiveness. These changes have been made only after careful review and evaluation of the possible impact of these efforts on our balance sheet, our results of operations and, most importantly, our customer relationships.

We are working with our financial center staffs and management teams to ensure that customers receive superior personal service by making sure that staffing levels, responsibilities and skill sets match customer needs and expectations. Activities that can be handled more efficiently outside of the financial centers, typically in centralized locations, are being moved to give personal bankers, commercial relationship managers and other customer contact personnel more time and opportunity to serve our customers.

Throughout our organization we are consolidating business processes to achieve economies, control costs and improve our ability to provide the quality products and services our customers need and want, at the appropriate price.

Enhanced capabilities

Our customers — individuals and families, businesses and organizations — depend on us to provide the products, services and advice they need to make the most of their financial resources. A few examples of the many ways we have enhanced our capabilities include:

- For our personal banking customers, we have restructured our deposit services to create a streamlined collection of checking and savings accounts to better meet their needs. We are continuing to expand our retail service offerings, improve our service delivery and increase our marketing efforts.
- Numerous efforts are under way to ensure that we are building strong, long-term relationships with current and new business clients, providing the consultative assistance as well as the products and services they need for the growth and success of their businesses. Our core group of successful relationship managers is being expanded to include additional bankers with the skills and experience required to understand and meet the financial needs of businesses. More relationship managers are being

Expanded network

We continue to enhance our network of offices, both in the communities that we have been privileged to serve for many years and in strategically targeted areas including the Richmond, Va., metro area and the Piedmont Triad area of North Carolina, which includes our regional headquarters city of Winston-Salem. A map of our total network is provided on Page 4.

Seven new financial centers and a new loan production office were added in 2007 and early 2008. We also improved customer convenience at our financial centers by moving our daily cutoff time to 6 p.m. weekdays, expanding Saturday banking hours and ensuring that our financial centers are designed to meet customers' needs.

Our network now includes the offices of Investment Planning Consultants and GreenPoint Insurance with 10 offices designed to deliver these critical financial services to individuals and businesses. We also have expanded our Trust Division by adding a Trust Administrative officer in Roanoke, Va.

WELL POSITIONED FOR THE FUTURE

As we move confidently into 2008, we recognize that many economic challenges that arose in 2007 have not yet been resolved, and the possibility exists that some will become even more complex. Despite the uncertainty, First Community Bancshares is well positioned to overcome the challenges, maximize the opportunities and continue our strong trend of growth and success. Even if this environment of adversity persists throughout the new year and beyond, we have the financial strength and determination to continue to thrive for the benefit of those individuals and firms that own this organization and for the customers and communities we are privileged to serve.

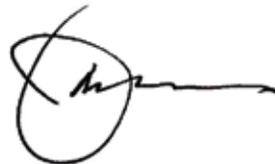
FIRST COMMUNITY'S STRATEGY FOR FUTURE SUCCESS HAS BEEN BUILT ON A FIRM FOUNDATION OF SERVICE AND QUALITY.

placed throughout our existing service areas including strategic growth markets such as Richmond, Va., the Piedmont area of North Carolina, East Tennessee and Greenville, S.C.

- Our wealth management capabilities have been expanded to include the services of Investment Planning Consultants, a wealth and investment advisory business that joined us in 2006. We will continue to increase the number of investment advisors available to clients throughout our First Community Bank network.
- The addition of GreenPoint Insurance Group, a full-service insurance agency acquired in 2007, enhances our ability to provide insurance and risk management services to individuals and commercial customers. We plan to continue to expand these insurance agency services throughout our network. With the addition of GreenPoint, First Community now provides a full range of financial services including banking, investments, insurance, wealth management and trust.

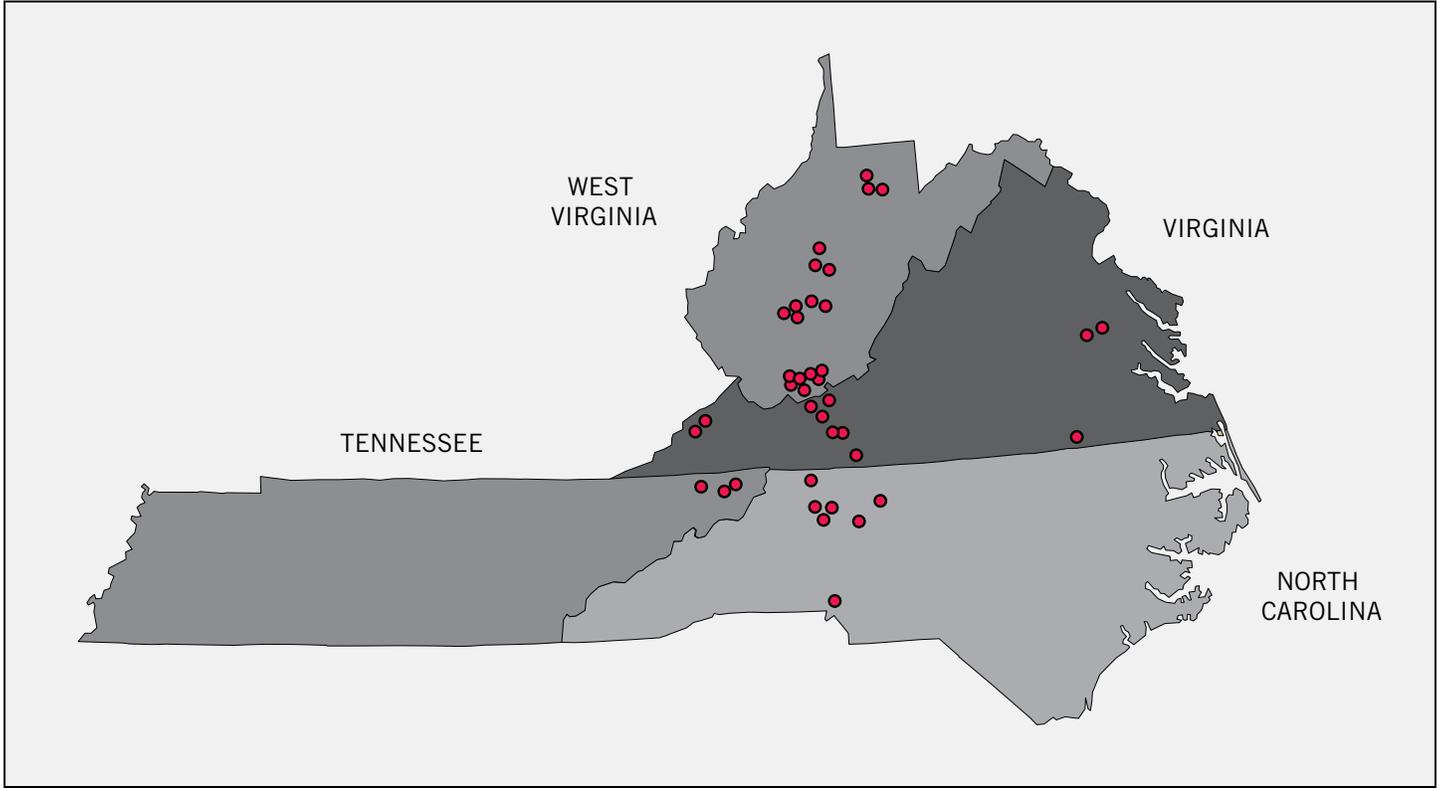
All of us at First Community wish to thank you for the opportunity to serve you and for your enthusiastic support and encouragement as our shareholders and customers. We appreciate the enduring relationships we have developed through the years and remain excited about the future that lies before us.

Sincerely,



John M. Mendez
President and Chief Executive Officer
First Community Bancshares, Inc.

OUR LOCATIONS



NORTH CAROLINA

- Charlotte
- Clemmons
- Elkin
- Hays
- Sparta
- Taylorsville
- Winston-Salem



TENNESSEE

- Fall Branch
- Johnson City
- Piney Flats
- (People's Community Bank is a subsidiary of First Community Bank, N.A.)



VIRGINIA

- Bluefield
- Clintwood
- Emporia
- Max Meadows
- Mechanicsville
- Pound
- Richlands
- Richmond
- Roanoke
- Tazewell
- Wytheville



WEST VIRGINIA

- Athens
- Beckley
- Bluefield
- Bluewell
- Bridgeport
- Buckhannon
- Cowen
- Craigsville
- Daniels
- Grafton
- Hinton
- Lindsay
- Man
- Oceana
- Pineville
- Princeton
- Richwood
- Summersville

EXECUTIVE MANAGEMENT TEAM

John M. Mendez
*President and
 Chief Executive Officer*

David D. Brown V
Chief Financial Officer

E. Stephen Lilly
Chief Operating Officer

Robert L. Buzzo
*Vice President
 and Secretary*

BOARD OF DIRECTORS

William P. Stafford
Chairman

I. Norris Kantor

William P. Stafford II
Vice Chairman

John M. Mendez

Franklin P. Hall

A. A. Modena

Robert E. Perkinson, Jr.

Allen T. Hamner

CORPORATE INFORMATION

CORPORATE HEADQUARTERS

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STOCK REGISTRAR AND TRANSFER AGENT

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FORM 10-K

The annual report on Form 10-K, filed with the Securities and Exchange Commission, is available to shareholders upon request to the Chief Financial Officer of First Community Bancshares, Inc., or through the company's web site.

This report 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: the timely development, production and acceptance of new products and services and their feature sets; 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 contained within this report.



CORPORATE HEADQUARTERS

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