

FIRST COMMUNITY BANCSHARES INC /NV/  
Form 10-Q  
August 03, 2018

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**UNITED  
STATES  
SECURITIES  
AND  
EXCHANGE  
COMMISSION  
WASHINGTON,  
D.C. 20549**

**FORM 10-Q**

**QUARTERLY  
REPORT  
PURSUANT TO  
SECTION 13  
OR 15(d) OF  
THE  
SECURITIES  
EXCHANGE  
ACT OF 1934**

For the quarterly  
period ended  
**June 30, 2018**  
or

**TRANSITION  
REPORT  
PURSUANT TO  
SECTION 13  
OR 15(d) OF  
THE  
SECURITIES  
EXCHANGE  
ACT OF 1934**

Commission file  
number:  
**000-19297**

**FIRST COMMUNITY BANCSHARES, INC.**  
(Exact name of registrant as specified in its charter)

**Nevada**      **55-0694814**  
(State  
or  
other      (IRS  
jurisdiction      Employer  
of      Identification  
incorporation No.)  
or  
organization)

**P.O.**  
**Box**  
**989**              **24605-0989**

**Bluefield,**  
**Virginia**  
(Address  
of  
principal      (Zip Code)  
executive  
offices)

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes   No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes   No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer	Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company)	Smaller reporting company
	Emerging growth company

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

As of July 27, 2018, there were 16,574,758 shares outstanding of the registrant’s Common Stock, \$1.00 par value.

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**CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

Forward-looking statements in filings with the Securities and Exchange Commission, including this Quarterly Report on Form 10-Q and the accompanying Exhibits, filings incorporated by reference, reports to shareholders, and other communications that represent the Company's beliefs, plans, objectives, goals, guidelines, expectations, anticipations, estimates, and intentions are made in good faith pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These statements are not guarantees of future performance and involve certain risks, uncertainties, and assumptions that are difficult to predict. The words "may," "could," "should," "would," "believe," "anticipate," "estimate," "expect," "intend," "plan," and other similar expressions identify forward-looking statements. The following factors, among others, could cause financial performance to differ materially from that expressed in such forward-looking statements:

- the strength of the U.S. economy in general and the strength of the local economies in which we conduct operations;
- the effects of, and changes in, trade, monetary, and fiscal policies and laws, including interest rate policies of the Federal Reserve System;
- inflation, interest rate, market and monetary fluctuations;
- timely development of competitive new products and services and the acceptance of these products and services by new and existing customers;
- the willingness of customers to substitute competitors' products and services for the Company's products and services and vice versa;
- the impact of changes in financial services laws and regulations, including laws about taxes, banking, securities, and insurance, and the impact of the Dodd-Frank Wall Street Reform and Consumer Protection Act;
- the impact of the U.S. Department of the Treasury and federal banking regulators' continued implementation of programs to address capital and liquidity in the banking system;
- further, future, and proposed rules, including those that are part of the process outlined in the Basel Committee on Banking Supervision's "Basel III: A Global Regulatory Framework for More Resilient Banks and Banking Systems," which require banking institutions to increase levels of capital;
- technological changes;
- the effect of acquisitions, including, without limitation, the failure to achieve the expected revenue growth and/or expense savings from such acquisitions;
- the growth and profitability of noninterest, or fee, income being less than expected;
- unanticipated regulatory or judicial proceedings;
- changes in consumer spending and saving habits; and
- the Company's success at managing the risks mentioned above.

This list of important factors is not exclusive. If one or more of the factors affecting these forward-looking statements proves incorrect, actual results, performance, or achievements could differ materially from those expressed in, or implied by, forward-looking statements contained in this Quarterly Report on Form 10-Q and other reports we file with the Securities and Exchange Commission. Therefore, the Company cautions you not to place undue reliance on forward-looking information and statements. The Company does not intend to update any forward-looking statements, whether written or oral, to reflect changes. These cautionary statements expressly qualify all forward-looking statements that apply to the Company including the risk factors presented in Part II, Item 1A, "Risk Factors," of this

report and Part I, Item 1A, "Risk Factors," of the Company's Annual Report on Form 10-K for the year ended December 31, 2017.

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COMMUNITY  
BANCSHARES,  
INC.  
CONDENSED  
CONSOLIDATED  
BALANCE  
SHEETS**

	<b>June 30, 2018</b>	<b>December 31, 2017<sup>(1)</sup></b>
	(Unaudited)	
<i>(Amounts in thousands, except share and per share data)</i>		
<b>Assets</b>		
Cash and due from banks	\$39,091	\$37,115
Federal funds sold	67,921	119,891
Interest-bearing deposits in banks	945	945
Total cash and cash equivalents	107,957	157,951
Debt securities available for sale	196,425	165,525
Debt securities held to maturity	25,082	25,149
Loans held for investment, net of unearned income		
Non-covered	1,776,112	1,789,236
Covered	22,919	27,948
Allowance for loan losses	(19,583 )	(19,276 )
Loans held for investment, net	1,779,448	1,797,908
FDIC indemnification asset	6,390	7,161
Premises and equipment, net	45,547	48,126
Other real estate owned, non-covered	4,805	2,409
Other real estate owned, covered	44	105
Interest receivable	5,580	5,778
Goodwill	95,779	95,779
Other intangible assets	5,628	6,151
Other assets	75,435	76,418
Total assets	\$2,348,120	\$2,388,460
<b>Liabilities</b>		
Deposits		
Noninterest-bearing	\$462,851	\$454,143
Interest-bearing	1,441,887	1,475,748

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Total deposits	1,904,738	1,929,891
Securities sold under agreements to repurchase	27,869	30,086
FHLB borrowings	50,000	50,000
Interest, taxes, and other liabilities	26,392	27,769
Total liabilities	2,008,999	2,037,746

**Stockholders' equity**

Preferred stock, undesignated par value; 1,000,000 shares authorized; Series A Noncumulative Convertible Preferred Stock, \$0.01 par value; 25,000 shares authorized; none outstanding	-	-
Common stock, \$1 par value; 50,000,000 shares authorized; 21,381,779 shares issued at June 30, 2018, and December 31, 2017; 4,802,475 and 4,383,553 shares in treasury at June 30, 2018, and December 31, 2017, respectively	21,382	21,382
Additional paid-in capital	228,949	228,750
Retained earnings	184,279	180,543
Treasury stock, at cost	(92,904 )	(79,121 )
Accumulated other comprehensive loss	(2,585 )	(840 )
Total stockholders' equity	339,121	350,714
Total liabilities and stockholders' equity	\$2,348,120	\$2,388,460

(1) Derived from audited financial statements

*See Notes to Condensed Consolidated Financial Statements.*

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**FIRST  
COMMUNITY  
BANCSHARES,  
INC.  
CONDENSED  
CONSOLIDATED  
STATEMENTS  
OF INCOME  
(UNAUDITED)**

	<b>Three Months Ended June 30,</b>		<b>Six Months Ended June 30,</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
<i>(Amounts in thousands, except share and per share data)</i>				
<b>Interest income</b>				
Interest and fees on loans	\$22,422	\$22,914	\$45,177	\$44,741
Interest on securities -- taxable	649	407	1,038	816
Interest on securities -- tax-exempt	712	763	1,427	1,560
Interest on deposits in banks	514	221	985	