



First Community Bankshares Inc. (FCBC)

Updated February 24th, 2026, by Ian Bezek

Key Metrics

Current Price:	\$39	5 Year Annual Expected Total Return:	8.0%	Market Cap:	\$721 M
Fair Value Price:	\$41	5 Year Growth Estimate:	4.0%	Ex-Dividend Date:	02/13/26
% Fair Value:	94%	5 Year Valuation Multiple Estimate:	1.2%	Dividend Payment Date:	02/27/26
Dividend Yield:	3.2%	5 Year Price Target	\$50	Years Of Dividend Growth:	12
Dividend Risk Score:	C	Sector:	Financials	Rating:	Hold

Overview & Current Events

First Community Bankshares is a Virginia-based medium-sized regional bank. Founded in 1874, First Community operates 52 bank branches across North Carolina, Tennessee, Virginia, and West Virginia as of year-end 2025. First Community is a full-service bank offering a full range of commercial and consumer banking services along with managing trusts and estates through its wealth management business. The bank had \$3.2 billion in total assets as of Dec. 2025.

First Community had a rough time during the 2008 financial crisis, with shares losing the majority of their value during that period. As part of that, First Community retreated from more urban areas to refocus its business on more rural parts of its geographic area where it could enjoy higher local market deposit share. The firm's performance has improved in recent years, with the bank posting solid growth from 2018-onward and it handled the pandemic period particularly well. Like many regional banks, First Community saw its earnings lag in 2023 as it dealt with the inverted yield curve and higher costs to retain the bank's deposit base, and earnings have stagnated since then.

First Community reported its Q4 earnings on January 27th, 2026. Earnings per share of \$0.67 dropped slightly from the \$0.71 reported for the same period of 2024. The bank benefited from a rise in fee income and a 3% increase in net interest income, but those gains were offset by a significant rise in the firm's noninterest expenses. Q4's results fell short of our expectations. However, we believe the bank can return to EPS growth in 2026, powered by benefits from the acquisition of Hometown Bancshares, which adds \$415 million of total assets to the combined entity's balance sheet.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	\$1.45	\$1.26	\$2.18	\$2.46	\$2.02	\$2.94	\$2.82	\$2.67	\$2.80	\$2.65	\$2.85	\$3.47
DPS	\$0.60	\$0.68	\$0.78	\$0.96	\$1.00	\$1.04	\$1.12	\$1.16	\$1.20	\$1.24	\$1.24	\$1.51
Shares	17	17	17	16	18	17	17	18	18	18	18	18

First Community Bankshares fared poorly during the 2008 financial crisis. The bank slashed its dividend almost all the way to zero, and the stock lost most of its value as well. It took the bank until 2022 to get the dividend back to the levels where it was prior to the 2008 shock. The bank adjusted its strategy, building a dominant position in rural markets while expending less effort on more competitive urban centers. This pivot has left First Community Bankshares with strong market share in many counties where it can earn above-average margins. We believe the bank's current make-up is unlikely to deliver high long-term growth and estimate just 4% annualized increases from here. That said, we believe the bank's competitive position is solid within its existing geographies and that it should be able to handle future crises well. First Community Bankshares has now increased its dividend for 12 years in a row. Given the slow earnings growth in recent years, we estimate a future dividend growth rate of 4% annualized to maintain the bank's current dividend payout ratio.

On January 16th, 2026, the company paid out a one-time special dividend of \$1.00 per FCBC share. This adds substantially to the bank's total dividend yield for this year, though we are not modeling any subsequent special dividends into our forecast for future years.

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.



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Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	20.4	22.7	13.9	14.7	10.6	11.0	11.8	14.2	13.9	14.0	13.7	14.5
Avg. Yld.	2.4%	2.4%	2.3%	2.6%	4.6%	3.5%	3.5%	3.7%	3.1%	3.4%	3.2%	3.0%

First Community Bankshares has averaged a 14.7x P/E ratio since 2016, and a 13.0x ratio over the past five years. We think those numbers establish a reasonable range for the bank and expect that the stock will remain around its long-term average for the foreseeable future. The bank's current 3.2% dividend yield (not including the one-time effect of the special dividend) is right around its long-term average.

Safety, Quality, Competitive Advantage, & Recession Resiliency

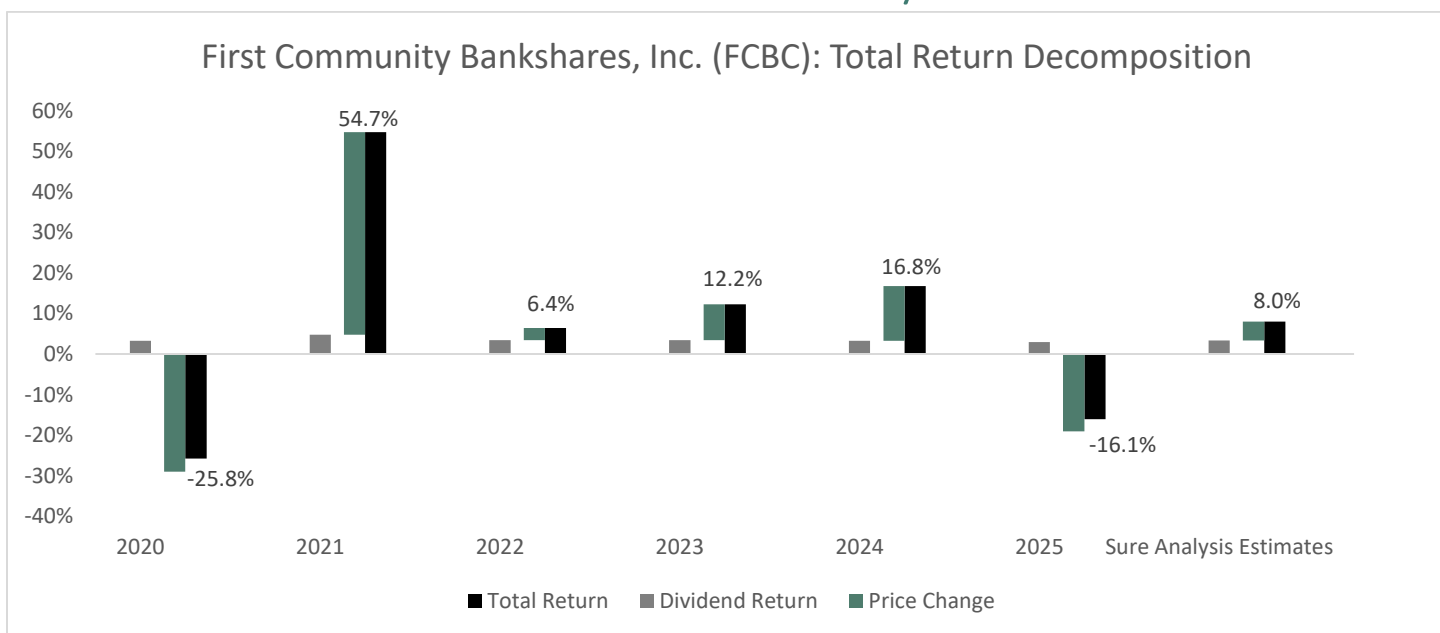
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	41%	54%	36%	39%	50%	35%	40%	43%	43%	47%	44%	44%

First Community Bankshares has maintained a dividend payout ratio of around 42% over the past decade, and we see little reason to think management will deviate from that general level. The recent special dividend confirms the view that management will return capital opportunistically rather than pushing the regular payout ratio much higher. The bank had a terrible run during 2008, but we believe its strategic decisions since that point will help it fare better during future financial shocks. First Community's encouraging performance during the pandemic and the recent 2023 deposit flight episode further back up this view. We think the bank's geographic area that it serves is generally attractive and does not carry undue risk for shareholders.

Final Thoughts & Recommendation

First Community Bankshares rallied significantly since our last update and are now only slightly below our fair value estimate. While the bank's special dividend increases the shareholder return at present, over the longer-term, we project 8.0% annualized total returns driven by 4% EPS growth and the 3.2% regular dividend yield. Shares merit a hold rating today.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	109	103	108	113	112	133	130	141	156	156
SG&A Exp.	48	45	42	42	42	46	47	51	55	57
D&A Exp.	5	5	5	4	4	6	6	6	6	6.5
Net Profit	25	25	21	36	39	36	51	47	48	52
Net Margin	22.5%	24.4%	19.8%	32.0%	34.7%	27.1%	39.2%	33.2%	30.7%	33.3%
Free Cash Flow	57	41	34	47	48	43	45	58	59	55
Income Tax	11	13	21	9	11	10	15	13	14	14

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	2,462	2,386	2,388	2,244	2,799	3,011	3,195	3,136	3,269	3,261
Cash & Equivalents	38	38	38	41	69	61	50	65	79	80.5
Acc. Receivable	6	6	6	5	7	9	8	9	11	9.2
Goodwill & Int.	106	103	102	98	138	137	135	134	159	157
Total Liabilities	2,119	2,047	2,038	1,912	2,370	2,584	2,767	2,714	2,765	2,735
Long-Term Debt	81	81	50	-	-	-	-	-	-	-
Total Equity	343	339	351	333	429	427	428	422	503	526
LTD/E Ratio	0.24	0.24	0.14	-	-	-	-	-	-	-

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	1.0%	1.0%	0.9%	1.6%	1.5%	1.2%	1.6%	1.5%	1.5%	1.6%
Return on Equity	7.1%	7.4%	6.2%	10.6%	10.2%	8.4%	12.0%	11.0%	10.4%	10.0%
ROIC	5.6%	6.0%	5.2%	9.9%	10.2%	8.4%	12.0%	11.0%	10.4%	10.0%
Shares Out.	19	17	17	17	16	18	17	17	18	18.4
Revenue/Share	5.83	5.94	6.35	6.81	7.09	7.45	7.50	8.49	8.67	8.48
FCF/Share	3.06	2.37	1.99	2.82	3.06	2.39	2.60	3.49	3.28	2.98

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

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