



May 14, 2012

Dear Shareholder,

I am writing to you, our shareholders, to inform you that on May 8, 2012, the Board of Directors of the Farmers Bank of Appomattox (the "Bank") approved the filing of a Form 15 with the Board of Governors of the Federal Reserve System (the "Federal Reserve") to voluntarily deregister its common shares under the Securities Exchange Act of 1934. The Bank intends to file this Form 15 with the Federal Reserve on or about May 15, 2012.

As a result of the passage of H.R. 3606, known more commonly as the "Jumpstart Our Business Startups Act or JOBS Act," the Bank is eligible to deregister because it has fewer than 1,200 holders of record of its common shares. Upon filing of the Form 15, the Bank's obligation to continue filing certain reports with the Federal Reserve, including Forms 10-K, 10-Q, 8-K and other filing requirements will terminate following 90 days from the date of filing.

The Bank's Board of Directors approved the resolution to deregister after careful consideration and review of the cumulative costs, advantages and disadvantages of being a Federal Reserve registered company. There are considerable costs savings to the Bank of our size by deregistering. The deregistering will also allow management to devote more time and resources to focus on customers and profitable growth. We will still file quarterly Call Reports which will report on the financial position and results of operations of our Bank and we will still provide the information necessary in our shareholder Quarterly Reports, Annual Reports and Proxies to keep you, our shareholders, informed.

If you have any questions, please feel free to contact me or another member of our executive team.

Sincerely,

A handwritten signature in black ink that reads "John R. Caldwell". The signature is written in a cursive style with a large, stylized initial 'J'.

John R. Caldwell
President & CEO