



FARMERS BANKSHARES, INC.
www.farmersbankva.com

February 28, 2022

Dear Fellow Shareholders,

Thank you for your investment in and continued support of Farmers Bankshares, Inc. The undersigned members of the Board of Directors of Farmers Bankshares, Inc. and its subsidiary bank, Farmers Bank, write today to share some updates on the Bank and steps we are taking to protect and grow your investment. Please read this letter carefully and in its entirety.

At the outset, we want to assure you of two things. First, the Bank is sound, secure, and doing well financially. We believe in Farmers Bank and its management team and are proud of their performance and ability to navigate these difficult times. We have strategic plans in place to grow, improve, and enhance shareholder value.

Second, as Board members of Farmers Bankshares, Inc. and Farmers Bank, we are engaged and committed to reviewing and carefully evaluating our business operations, exploring our strategic options, and making tough decisions that we believe are in the best interests of all shareholders.

From a financial perspective, we believe your Bank is very strong. We continue to provide a competitive rate of return through our dividend yield (3.53% in 2021), the appreciation of your stock value (27.54% in 2021) and a total return very much in line with other bank indexes. Our company has enjoyed seven consecutive years of record earnings. Our credit culture has remained disciplined, which has led to a loan to deposit ratio that is lower than peer, but also affords us the ability to grow organically when loan demand returns in our local markets. We have purposely diversified revenue streams outside of traditional net interest income. These investments have proven beneficial in recent years, as the interest rate environment has pressured margins on traditional loans. The consistency of our insurance subsidiary matches well with our banking line of business, and our mortgage partnership income has helped offset the current low margin environment in traditional commercial banking. Despite the low rate environment, our company has also enjoyed a return on average assets consistently above 1.00%. Our capital position is extremely strong and allows us to act on fee income business acquisitions as the opportunities present themselves. We also have a very seasoned, yet young management team that is excited about expanding and growing Farmers Bank and the value of your investment.

Farmers Bank would not be what it is today without our former Chairman, Mr. Richard J. Holland, Jr. and his family's leadership and support. Mr. Holland led the Bank as President and CEO for several decades until his retirement at the end of 2019, during which time the Bank operated as an institution committed to remaining independent. The Board, including Mr. Holland, believed the Bank best served its shareholders, customers and community by staying independent and focusing on long-term, sustainable success. As we come off of record net income in 2021, we believe that the strength of our company's recent performance continues to support that proposition.

Like all shareholders, Mr. Holland is free to sell his shares at any time. Mr. Holland proposed that the Bank repurchase shares owned by himself and certain other family members, who together control a large block of shares, at a significant premium over the current trading price. A special committee of independent directors reviewed Mr. Holland's proposal and, while willing to consider and execute a stock repurchase transaction, did not believe that the price proposed by Mr. Holland was justifiable or in the best interests of all shareholders.

Recently, Mr. Holland utilized his former office as Chairman to call a special meeting of Farmers Bankshares, Inc. shareholders, to consider and vote on an advisory corporate resolution urging the Board of Directors to engage the assistance of a financial advisor to evaluate strategic alternatives to maximize shareholder value, including a sale of the Bank.

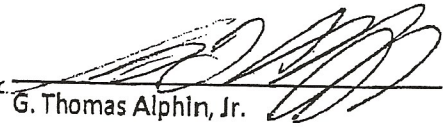
As members of the Board, we fully appreciate the fiduciary obligations we have to you, as fellow shareholders of Farmers Bankshares, Inc. That fiduciary responsibility includes regularly considering and assessing all available strategic alternatives to maintain our competitiveness and increase shareholder value, including continuing as an independent community bank, raising capital to support future growth, and other alternatives such as potential acquisitions, dispositions, mergers or a sale of the company. As part of this ongoing process, we currently are working with a financial advisor to perform a 360-degree review to help us evaluate all possible business operating scenarios, as many financial institutions do on a regular basis as part of their strategic planning.

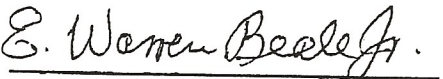
Because we already are engaging in a process, with the assistance of a financial advisor, to evaluate these strategic alternatives, we believe that it is in the best interest of the company to complete that review before we can make an informed decision regarding the advisory resolution requested by Mr. Holland. Further, we do not feel that it is necessary or appropriate to allocate time or resources to a shareholder meeting to vote on an advisory resolution urging the Board to go through a process in which it is already engaged. Of course, we place great value on our shareholders' input and welcome that feedback at any time. And, we will keep our shareholders informed and will address our strategic planning, at the latest, at our annual shareholders' meeting scheduled for May 12, 2022.

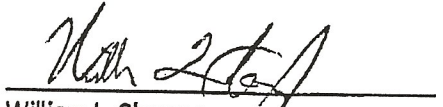
In furtherance of our fiduciary obligations to shareholders, our Articles of Incorporation require the Board to consider how our strategic decisions may impact our employees, customers and communities. We always strive to ensure that the values outlined in our mission statement align with our strategic direction. Offering a superior level of service that is responsive, courteous, prompt and reliable is not only part of our logo, but is the goal our employees work towards every day. We take great pride in providing professional, yet personalized service that can be flexible with our customers' needs. Our employees are men and women who are loyal to the bank and committed to our direction and goals. Through these employees and our financial contributions, we strive to be good corporate citizens, serving as leaders to strengthen our communities. Many of our employees serve as members on local boards that promote community welfare, participate in fundraising events for non-profits and volunteer their time with local organizations. Our management team and Board of Directors understand the value a community bank can provide to the areas it serves and our desire is to continue that for many years to come.

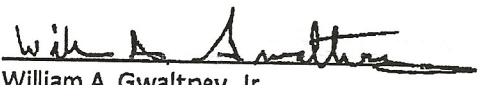
Thank you for your continued support of Farmers Bankshares, Inc. Please do not hesitate to contact any of us if you have any questions or would like to discuss our company.


Our Chief Executive Officer, Vernon Towler, can be reached directly at 757-242-9312.

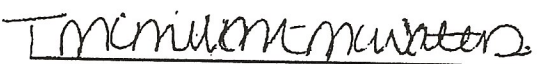

G. Thomas Alphin, Jr.

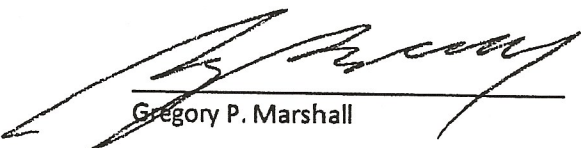

E. Warren Beale, Jr.

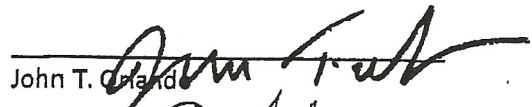

William L. Chorey

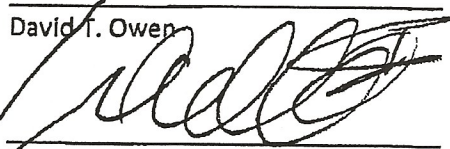

William A. Gwaltney, Jr.

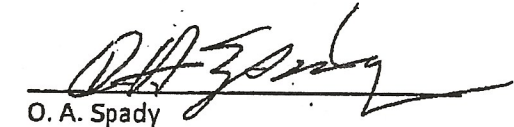

J. Clifton Harrell, Jr.



Tiffany McMillan-McWaters

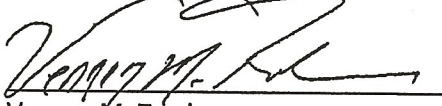

Gregory P. Marshall


John T. Crawford


David T. Owen


William H. Riddick, Jr.


Kent B. Spain


Vernon M. Towler