

Dear Shareholders,

I am writing to you on behalf of our Board of Directors and Executive Management team to provide you with a report on the financial condition and results of operations for the first quarter 2021. The banking environment continues to be one marked by unprecedented low interest rates, economic uncertainty and many challenges. Operating during a global pandemic has kept us nimble and focused on the task of providing excellence in service while protecting the health of our employees and customers. When I wrote to you at this time last year, I had no idea that we would still be so influenced by COVID 19 a year later. The year 2020 has proven to be the most unpredictable and challenging year many of us have ever experienced. I would like to begin by stating that I am very proud of how The Farmers Bank of Appomattox has risen to new heights to address the many issues that COVID-19 has brought to our community, looking after the welfare of our customers and small businesses.

We have continued during the first quarter to provide Small Business Administration Paycheck Protection Loans for small businesses and farmers. Year to date we have issued over 200 loans in excess of \$5 million. Through these difficult times, we proven to be not only a premier bank, but also a responsible employer and valued community partner.

During the first quarter of 2021, the Bank has continued our previous trend of improved earnings and growth in key areas. Net Income of \$700 thousand represents an increase of \$56 thousand compared to 2020 first quarter earnings. This equates to an 8.62 % increase and a Return on Average Assets of 1.03%. Interest and fees on loans increased by \$104 thousand, while interest expense decreased \$73 thousand year over year. Non-Interest income for the first quarter of 2021 decreased by \$98 thousand, and non-interest expense increased by \$123 thousand.

The Bank experienced total asset growth of \$10.8 million (3.93%) as of March 31, 2021 compared to December 31, 2020 resulting in quarter end total assets of \$285.2 million. Deposits grew \$11.6 million (4.98%) and loans grew \$7.4 million (4.50%) during the first quarter of 2021. Capital ratios for the Bank continue to remain very strong, given our total capital ratio of 21.29% is above the average ratio for peer banks. This excess capital helps ensure that we have a firm foundation to meet the challenges that this pandemic may bring.

I remain extremely appreciative of our directors, officers and employees that have worked tirelessly to ensure that our customers' needs were met. They have remained flexible and dedicated to serving our communities. It is times like these that we appreciate the opportunity to further strengthen our ties with our customers. There is a dedication that grows with time and we continue to value our customers, employees, and shareholders. We appreciate your loyalty and support. It is great to be a part of this wonderful institution known as community banking.

Sincerely,



John R. Caldwell  
President & CEO

DOUGLAS M. WEBB  
Chairman of the Board

JOHN R. CALDWELL  
President and Chief Executive Officer

DAWN S. TOLLEY  
Executive Vice President

BRUCE S. DRINKARD  
Senior Vice President

THOMAS L. RASEY, JR.  
Senior Vice President

Directors

JOHN R. CALDWELL  
CHRISTOPHER J. DILLON  
ALISON F. GOBBLE  
LAURIE S. HARRIS  
BENJAMIN H. JOHNSON  
ALFRED L. JONES, III  
R. KINCKLE ROBINSON  
LUTHER C. THOMAS  
DOUGLAS M. WEBB

# QUARTERLY FINANCIAL STATEMENT

March 31, 2021

The  
**FB** FARMERS BANK  
MEMBER FDIC of  
A P P O M A T T O X

[www.thefarmersbankva.com](http://www.thefarmersbankva.com)

**THE FARMERS BANK OF APPOMATTOX**  
**Consolidated Balance Sheets**  
(In thousands of dollars, except share and per share data)

<b>Assets</b>	<b>(Unaudited) March 31, 2021</b>	<b>(Audited) December 31, 2020</b>
Cash and cash equivalents		
Cash and due from banks	\$ 5,366	\$ 6,520
Federal funds sold	11,037	7,193
Total cash and cash equivalents	<u>16,403</u>	<u>13,713</u>
Securities		
Available-for-sale, at fair value	71,462	69,919
Held to maturity, at amortized cost	11,022	11,701
Loans, net	171,975	164,571
Bank premises and equipment, net	2,743	2,753
Accrued interest receivable	1,123	1,165
Investment in bank-owned life insurance	6,572	6,536
Other real estate owned	168	148
Prepaid pension expense	1,602	1,662
Other assets	2,085	2,196
<b>Total assets</b>	<b><u>\$285,155</u></b>	<b><u>\$274,364</u></b>
<b>Liabilities and Stockholders' Equity</b>		
Deposits		
Demand noninterest bearing	\$ 59,882	\$ 55,325
Demand interest bearing	61,195	58,926
Savings time	61,935	58,982
Certificates of deposits of over \$250	8,513	8,350
Other	53,721	52,038
Total deposits	<u>245,246</u>	<u>233,621</u>
Securities sold under repurchase agreements	3,423	2,930
Accrued interest payable	81	89
Deferred income tax	291	608
Other liabilities	976	891
<b>Total liabilities</b>	<b><u>250,017</u></b>	<b><u>238,139</u></b>
Stockholders' equity		
Common stock, \$2 par value. Authorized, 1,600,000 shares; issued and outstanding, 1,083,660 shares	2,167	2,167
Surplus	1,000	1,000
Retained earnings	33,230	33,105
Net accumulated other comprehensive gain	(1,259)	(47)
<b>Total stockholders' equity</b>	<b><u>35,138</u></b>	<b><u>36,225</u></b>
<b>Total liabilities and stockholders' equity</b>	<b><u>\$285,155</u></b>	<b><u>\$274,364</u></b>

**THE FARMERS BANK OF APPOMATTOX**  
**Consolidated Statements Of Income (Unaudited)**  
(In thousands of dollars, except per share data and stock prices)

	<b>Three Months Ended</b>	
	<b>3/31/2021</b>	<b>3/31/2020</b>
<b>Interest Income</b>		
Interest and fees on loans	\$2,134	\$2,030
Interest on securities		
U.S. Government-sponsored agencies	27	76
Obligations of states and political subdivisions nontaxable	257	152
Obligations of states and political subdivisions taxable	84	43
Corporate obligations	44	61
Mortgage-backed securities	11	27
Interest on federal funds sold	2	18
<b>Total interest income</b>	<u>2,559</u>	<u>2,407</u>
<b>Interest Expense</b>		
Interest on deposits	164	235
Interest on time certificates of \$250 and over	37	39
Interest on securities sold under repurchase agreements	2	2
<b>Total interest expense</b>	<u>203</u>	<u>276</u>
<b>Net interest income</b>	<u>2,356</u>	<u>2,131</u>
Provision for loan losses	—	29
<b>Net interest income after provision for loan losses</b>	<u>2,356</u>	<u>2,102</u>
<b>Noninterest Income</b>		
Service charges on deposit accounts	111	131
Gain on sales and calls of securities	1	96
Other	97	80
<b>Total noninterest income</b>	<u>209</u>	<u>307</u>
<b>Noninterest Expense</b>		
Salaries and employee benefits	964	894
Expenses of premises and equipment	156	148
Other operating expenses	635	591
<b>Total noninterest expense</b>	<u>1,755</u>	<u>1,633</u>
<b>Income before income tax expense</b>	<u>810</u>	<u>776</u>
Income tax expense	110	132
<b>Net income</b>	<b><u>\$ 700</u></b>	<b><u>\$ 644</u></b>
Per share data:		
Earnings per share	<u>\$0.65</u>	<u>\$0.59</u>
	<b>Low</b>	<b>High</b>
Stock prices first quarter 2021	<u>\$24.50</u>	<u>\$27.50</u>