



Fauquier Bankshares, Inc.

Dear Shareholders,

This is my first letter to our shareholders since accepting the role of President and CEO of The Fauquier Bank and Fauquier Bankshares in the first quarter of 2016 and I am honored and humbled to be leading our great company. The Fauquier Bank has a strong, 114-year legacy that we plan to build on in the years to come.

I must begin by acknowledging Randy Ferrell for his leadership in our company over the past 21 years, the most recent thirteen years as President and CEO of The Fauquier Bank and Fauquier Bankshares. Under Randy's guidance, we built an exceptionally strong foundation that will benefit our organization long after his departure. It is impossible to fully recognize Randy's many contributions during his time here. We are grateful for his service.

To describe 2015 as a dynamic year is an understatement. The company experienced strong growth during the first nine months of the year only to have this positive momentum erased during the last quarter by a significant one-time event. We were targeted by a customer fraud which we uncovered through the diligence of our employees and a third-party audit that we ordered. As a result of the fraud, we took a loan loss charge in the fourth quarter that resulted in a loss of \$612,000 for the year. We will recover as much of the loss as possible and continue to explore all avenues to do so. However it is not anticipated a full recovery will be realized. We will have more to report about this situation as various court proceedings continue.

Even as we confronted the one-time event, there was strong evidence of the bank's substantial operating strengths in 2015. We made significant investments in our company, our community, and our associates, all designed to improve our organization and our communities.

During the year we invested in technology. We increased the number of Video Teller Machines to five - three drive-ins and two in-lobby machines. These Video Teller Machines provide our customers with a more efficient way to access their accounts and transact business, while reducing overhead costs to the company. Early in 2015, we relocated our redundant data center to a company-owned property resulting in a savings to the bank of \$40,000 annually. We implemented a mobile deposit feature, which allows customers to deposit checks through their mobile device. And we launched a new website, creating a much more functional way for customers to reach us.

We invested in our business. We continued to expand into the Prince William County market in order to grow our business and develop new relationships while maintaining our very strong market share in Fauquier County. For the second straight year, we opened more than 3,000 new personal checking accounts which resulted in new customer households and relationship growth opportunities for our company. One additional success story in our operating business was the 32% year-over-year growth in residential one-to-four family loan originations.

Wealth Management Services continues to focus on financial planning as the centerpiece of our growing business. We are expanding our staff to include more financial planning experts in order to provide

planning services to current and future clients. Our staff is supported by Chartered Financial Analysts who provide well-researched investment advice. Our team of experienced

fiduciaries are knowledgeable in trust and estate administration, and we augment their experience by providing the best structure and research available to manage investments, balance risk and return, and to help clients reach their goals.

We invested in our people. As Randy mentioned in last year's letter to shareholders, we were early providers of certified financial planning in our communities. We continue to build our Wealth Management Services, and hope to add the CFP credential for two of our associates in 2016. We offer tuition assistance to employees to enable them to further their education, and we provide incentives to our employees to participate in health and wellness programs to achieve a healthier lifestyle. We reduced our employee health benefit premiums through participation in these innovative programs.

We invested in our community. We continue to be active in civic organizations in our communities, such as the Fauquier County Chambers of Commerce, the Prince William County Chamber of Commerce, and the National Association of Hispanic Real Estate Professionals, among many others. We also participated in the Community Touch Food Pantry, which provides food donations for underprivileged families in the community. This active involvement provides an opportunity to stay connected to the community and give back in order to help the communities we serve be more healthy and vibrant.

We will continue to look for ways to invest in our company, our community, and our people in order to develop resources that will provide a sustainable, long term return to our shareholders.

I am excited about the opportunity at The Fauquier Bank. Our company has great people, serves great communities, and has a great story to share with our key constituencies. I look forward to working with all of you in the years to come.

Thank you for your support,

Marc J. Bogan

A handwritten signature in black ink that reads "Marc J. Bogan". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

President and Chief Executive Officer