

First National Corporation (OTCQB: FXNC; Strasburg, VA) has agreed to acquire \$308 million in deposit relationships located at six Virginia branches from Bank of America Corporation (NYSE: BAC; Charlotte, NC)

Deposit Premium: 2.25%

Sandler O'Neill served as financial advisor to First National Corporation in the purchase of these branches.

This transaction represents Sandler O'Neill's 50th bank branch transaction since January 1, 2011. During that time period, Sandler O'Neill has advised on branch transactions totaling 498 branches and \$26.3 billion in deposits, more than any other investment bank.¹

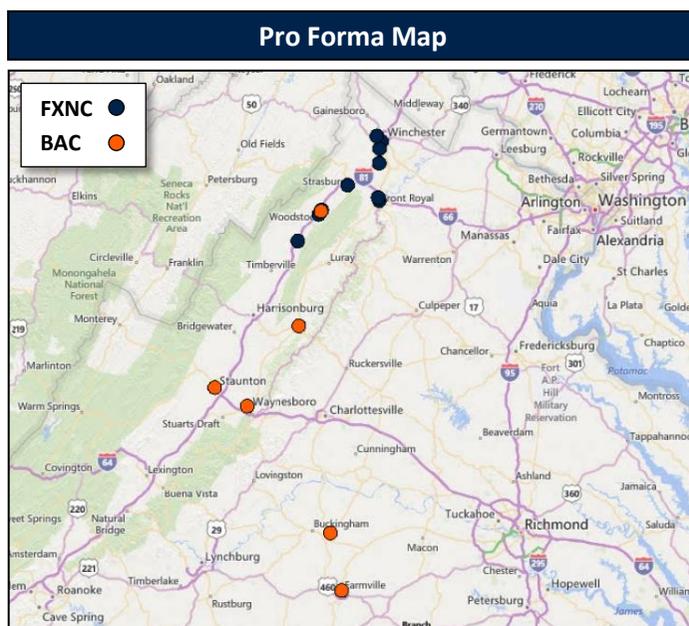
About the Transaction:

Strasburg, Virginia -- First National Corporation (the "Company") (OTCQB:FXNC) the holding company for First Bank (the "Bank"), announced today the signing of an agreement under which the Bank will acquire the branch banking operations of six locations in the Shenandoah Valley and central Virginia regions from Bank of America, NA. The acquired branches in the Shenandoah Valley region are located in Woodstock, Elkton, Staunton and Waynesboro, and the acquired branches in central Virginia region are located in Dillwyn and Farmville. The transaction will add an estimated \$308 million of deposits to the balance sheet of First Bank at a premium of 2.25%. The Bank expects the purchase to be completed in the second quarter of 2015, following approval by regulators and satisfaction of customary closing conditions. First Bank intends to hire all current employees of the acquired branches and will take great care to assure a smooth customer service transition.

Headquartered in Strasburg, Virginia, First Bank had \$519 million in total assets at September 30, 2014 with 10 retail banking offices. During the second quarter of 2014, the Bank expanded to Staunton, Virginia where it opened First Mortgage, a newly formed mortgage division. In the third quarter of 2014, the Bank opened another mortgage and loan production office in Harrisonburg, Virginia.

"We are delighted to announce the expansion of our banking franchise into Virginia markets that complement our recent expansion initiatives and that we believe embrace First Bank's philosophy that People Matter", said Scott Harvard, President and CEO. This transaction provides the opportunity to expand our team with the addition of experienced and talented Bank of America associates while building scale and efficiencies in an expanded geographic footprint across several contiguous counties. We look forward to serving the needs of our new customers and communities for years to come."

¹Includes all completed and pending branch transactions since January 1, 2011
Source: SNL Financial



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