

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 position and results of operations for the nine-month period ended September 30, 2025. Our Bank remains strong and profitable amid continued economic uncertainty and increased competition. Nine-month net income of \$2.29 million reflected a \$337 thousand increase from September 2024 net income of \$1.95 million. Our year-to-date net income represents earnings per share of \$2.11 and a Return on Average Assets of 0.86%, which is comparable to peers.

During the first nine months of 2025, loans grew \$8.9 million or 3.9%. Year to date interest and fees on loans exceeded \$11 million, a year over year increase of \$1.3 million resulting from a 40-bps increase in the composite loan yield to 6.33%. Deposit balances grew by \$7.2 million to \$316.1 million with a 1.65% composite deposit cost. Declining interest rates resulted in a year over year decrease of \$69 thousand in interest expense. Investment balances reported at fair value with a third quarter-end balance of \$89.1 million. The Bank’s investment portfolio remains in an unrealized loss position due to the effect of the interest rates on the fixed rate bonds in the portfolio. Management continues to take steps to strategically address investment holdings to improve earnings and assist in funding lending opportunities.

The increased interest income and declining interest expense resulted in a net interest income increase of \$1.0 million with a tax equivalent net interest margin of 3.57%. Noninterest income remained relatively constant while noninterest expense increased \$450 thousand (6.88%) attributed partially to costs associated with the first year of operations of our Timberlake Branch, increases in consulting fees, and increased fraud losses. Other contributing factors to the increased noninterest expense include increases in the Bank’s franchise tax and increases in single interest insurance. Management remains diligent in our efforts to direct expenses within our control, while taking additional measures to increase income.

Our Timberlake Branch location in Lynchburg is progressing well. Loan growth for the first nine months of operation exceeded \$10 million, while branch deposits have grown \$2.4 million. This expansion of our market underscores our commitment to remaining independent and providing true community banking for our area.

As always, I remain thankful for you, our valued shareholders and customers that allow us to continue on this path of community banking. We add value to the communities we serve and do so with a personal touch. We are attentive, responsive, and dedicated to our customers and small businesses. In addition, we value and provide employment to close to 90 banking professionals. We keep an eye to the future while being grounded in the core values that have brought us this far. Please take time to recommend us to your associates and friends. Your Community, Your Bank, Your Future... We appreciate your loyalty and support.

Sincerely,



John R. Caldwell
President & CEO

DOUGLAS M. WEBB
Chairman of the Board

LAURIE S. HARRIS
Vice Chair of the Board

JOHN R. CALDWELL
President and Chief Executive Officer

BRUCE S. DRINKARD
Senior Vice President

THOMAS L. RASEY, JR.
Senior Vice President

J. CHRISTIAN PEMBERTON
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

CHRISTOPHER N. SIMPSON

DOUGLAS M. WEBB

QUARTERLY FINANCIAL STATEMENT

September 30, 2025



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

<u>Assets</u>	<u>(Unaudited) September 30, 2025</u>	<u>(Audited) December 31, 2024</u>
Cash and cash equivalents		
Cash and due from banks	\$ 5,425	\$ 4,954
Federal funds sold	39	2,661
Total cash and cash equivalents	<u>5,464</u>	<u>7,615</u>
Securities		
Available-for-sale, at fair value	89,141	89,698
Loans, net	238,375	229,474
Bank premises and equipment, net	6,665	6,576
Accrued interest receivable	1,746	1,676
Investment in bank-owned life insurance	10,555	10,304
Prepaid pension expense	1,378	1,378
Deferren income tax	1,676	2,218
Other assets	<u>3,096</u>	<u>2,974</u>
Total assets	<u>\$358,096</u>	<u>\$351,913</u>
<u>Liabilities and Stockholders' Equity</u>		
Deposits		
Demand - noninterest bearing	\$ 62,703	\$ 62,344
Demand - interest bearing	63,693	63,046
Savings	59,118	58,451
Time:		
Certificates of deposits of over \$250	27,443	25,071
Other	<u>103,173</u>	<u>99,924</u>
Total deposits	316,130	308,836
Repurchase agreements and other borrowings	2,656	7,166
Accrued interest payable	745	784
Other liabilities	<u>1,248</u>	<u>1,116</u>
Total liabilities	<u>320,779</u>	<u>317,902</u>
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	41,578	40,427
Accumulated other comprehensive net gain (loss)	<u>(7,428)</u>	<u>(9,583)</u>
Total stockholders' equity	<u>37,317</u>	<u>34,011</u>
Total liabilities and stockholders' equity	<u>\$358,096</u>	<u>\$351,913</u>

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

	<u>Three Months Ended 9/30/2025</u>	<u>9/30/2024</u>	<u>Nine Months Ended 9/30/2025</u>	<u>9/30/2024</u>
Interest Income				
Interest and fees on loans	\$3,804	\$3,412	\$11,046	\$ 9,705
Interest on securities				
U. S. Treasury bills	—	—	—	9
U. S. Government-sponsored agencies	16	17	50	51
Obligations of states and political subdivisions - nontaxable	211	211	633	635
Obligations of states and political subdivisions - taxable	86	86	258	259
Corporate obligations	84	79	246	217
Mortgage-backed securities	230	257	712	773
SBA Pool Securities	66	94	210	289
Interest on federal funds sold	29	115	141	332
Other interest income	<u>9</u>	<u>13</u>	<u>31</u>	<u>40</u>
Total interest income	<u>4,535</u>	<u>4,284</u>	<u>13,327</u>	<u>12,310</u>
Interest Expense				
Interest on deposits	1,048	1,023	3,108	2,870
Interest on CDs of over \$250	264	380	774	1,081
Interest on repurchase agreements and other borrowings	26	2	86	9
Total interest expense	<u>1,338</u>	<u>1,405</u>	<u>3,968</u>	<u>3,960</u>
Net interest income	3,197	2,879	9,359	8,350
Provision for loan losses	<u>235</u>	<u>197</u>	<u>683</u>	<u>478</u>
Net interest income after provision for loan losses	<u>2,962</u>	<u>2,682</u>	<u>8,676</u>	<u>7,872</u>
Noninterest Income				
Service charges on deposit accounts	122	117	366	364
Gains on sale or call of securities	61	44	61	44
Other	<u>189</u>	<u>174</u>	<u>542</u>	<u>497</u>
Total noninterest income	<u>372</u>	<u>335</u>	<u>969</u>	<u>905</u>
Noninterest Expense				
Salaries and employee benefits	1,153	1,206	3,414	3,612
Expenses of premises and equipment	203	180	586	547
Data processing	305	285	911	843
Other operating expenses	<u>740</u>	<u>563</u>	<u>2,086</u>	<u>1,544</u>
Total noninterest expense	<u>2,401</u>	<u>2,234</u>	<u>6,997</u>	<u>6,546</u>
Income before income tax expense	<u>933</u>	<u>783</u>	<u>2,648</u>	<u>2,231</u>
Income tax expense	<u>130</u>	<u>99</u>	<u>359</u>	<u>279</u>
Net income	<u>\$ 803</u>	<u>\$ 684</u>	<u>\$ 2,289</u>	<u>\$ 1,952</u>
Per share data:				
Earnings per share	<u>\$ 0.74</u>	<u>\$ 0.63</u>	<u>\$ 2.11</u>	<u>\$ 1.80</u>
	<u>High</u>	<u>Low</u>		
Stock prices third quarter 2025	\$26.00	\$23.91		