

Dear Shareholders,

I am pleased to provide to you, on behalf of our Board of Directors and Executive Management, a report on the financial condition and results of operations for the first quarter of 2025. The banking environment continues to be one marked with uncertainty and economic conditions which provide definite head winds for the year ahead. As a strong financial institution, Farmers Bank remains nimble and focused as we face the challenges before us. While continually striving to meet the evolving expectations of our customers, we remain rooted in our values, dedicated to our customers and focused on our desire to provide a good return for our shareholders.

During the first quarter of 2025, the Bank's net income of \$642 thousand represents an increase of \$18 thousand (+2.88%) compared to 2024 first quarter earnings. This represents a return on average assets of 0.74%. Interest and fees on loans increased by \$384 thousand due to an increase in the loan composite yield to 6.27%. Year-to-date interest expense of \$1.34 million represented an increase of \$95 thousand. Deposit costs remained somewhat stable with a composite cost of 1.68%. Net interest income for the first quarter of 2025 totaled \$2.97 million compared to \$2.72 million for the first quarter of 2024, and resulted in a tax-equivalent net interest margin of 3.46%. Other factors influencing earnings include an increase in the provision for credit losses of \$106 thousand and a fraud expense of \$47 thousand which was offset by a decrease in expenses associated with the Bank's cash balance pension fund.

The Bank experienced a growth in total assets of \$6.4 million (+1.83%) as of March 31, 2025 compared to December 31, 2024. The Bank has also experienced deposit growth of \$7.8 million, despite the fact that strong competition for deposits have remained prevalent. Notwithstanding the current interest rate environment and strong competition, loans have remained relatively constant at quarter-end with balances at \$229.5 million. Capital ratios for the Bank continue to remain very strong and well above the average ratios for peer banks. This excess capital helps ensure that we have a firm foundation to meet the challenges the future may bring.

As most of you are aware, our Bank opened our newest branch at 8112 Timberlake Road in Lynchburg in January of this year. We are very excited about this milestone in our ever-growing history of Farmers Bank. Management believes that the opening has been very successful and we have seen both loan growth and deposit growth from our newest branch. If you have not had the opportunity to drop by and visit our new location, we invite you to do so.

I remain extremely appreciative of our directors, officers and employees that continually endeavor to ensure that our customers' needs are met. We strive to be a dedicated partner within the communities we serve. We value you, our shareholders, and the role you play in allowing our Bank to do what we do so well. Thank you for your support. It is great to be a part of this wonderful institution known for community banking.

Sincerely,



John R. Caldwell  
President & CEO

DOUGLAS M. WEBB  
Chairman 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

March 31, 2025

**FB** MEMBER FDIC The FARMERS BANK of APPOMATTOX

[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)

<u>Assets</u>	<u>(Unaudited) March 31, 2025</u>	<u>(Audited) December 31, 2024</u>
Cash and cash equivalents		
Cash and due from banks	\$ 6,848	\$ 4,954
Federal funds sold	5,995	2,661
Total cash and cash equivalents	<u>12,843</u>	<u>7,615</u>
Securities		
Available-for-sale, at fair value	90,910	89,698
Loans, net	229,505	229,474
Bank premises and equipment, net	6,751	6,576
Accrued interest receivable	1,667	1,676
Investment in bank-owned life insurance	10,387	10,304
Prepaid pension expense	1,378	1,378
Deferred income tax	2,038	2,218
Other assets	2,994	2,974
<b>Total assets</b>	<b><u>\$358,473</u></b>	<b><u>\$351,913</u></b>
<b><u>Liabilities and Stockholders' Equity</u></b>		
Deposits		
Demand - noninterest bearing	\$ 66,073	\$ 62,344
Demand - interest bearing	65,494	63,046
Savings	60,509	58,451
Time:		
Certificates of deposits of over \$250	23,587	25,071
Other	101,115	99,924
Total deposits	316,778	308,836
Securities sold under repurchase agreements and other borrowings	4,755	7,166
Accrued interest payable	663	784
Other liabilities	1,513	1,116
<b>Total liabilities</b>	<b><u>323,709</u></b>	<b><u>317,902</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	40,472	40,427
Net accumulated other comprehensive gain	(8,875)	(9,583)
<b>Total stockholders' equity</b>	<b><u>34,764</u></b>	<b><u>34,011</u></b>
<b>Total liabilities and stockholders' equity</b>	<b><u>\$358,473</u></b>	<b><u>\$351,913</u></b>

**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</u>	
	<u>3/31/2025</u>	<u>3/31/2024</u>
<b>Interest Income</b>		
Interest and fees on loans	\$3,536	\$3,153
Interest on securities		
U.S. Treasury bills	—	8
U.S. Government-sponsored agencies	17	17
Obligations of states and political subdivisions - nontaxable	211	212
Obligations of states and political subdivisions - taxable	86	87
Corporate obligations	78	69
Mortgage-backed Securities	233	252
SBA Pool Securities	70	102
Interest on federal funds sold	60	56
Other interest income	11	9
<b>Total interest income</b>	<b><u>4,302</u></b>	<b><u>3,965</u></b>
<b>Interest Expense</b>		
Interest on deposits	1,036	899
Interest on time certificates of \$250 and over	255	337
Interest on repurchase agreements and other borrowings	46	6
<b>Total interest expense</b>	<b><u>1,337</u></b>	<b><u>1,242</u></b>
<b>Net interest income</b>	<b>2,965</b>	<b>2,723</b>
Provision for credit losses	258	151
<b>Net interest income after provision for credit losses</b>	<b><u>2,707</u></b>	<b><u>2,572</u></b>
<b>Noninterest Income</b>		
Service charges on deposit accounts	106	120
Gain on sales and calls of securities	—	—
Other	164	146
<b>Total noninterest income</b>	<b><u>270</u></b>	<b><u>266</u></b>
<b>Noninterest Expense</b>		
Salaries and employee benefits	1,120	1,202
Expenses of premises and equipment	179	172
Data processing	281	271
Other operating expenses	667	483
<b>Total noninterest expense</b>	<b><u>2,247</u></b>	<b><u>2,128</u></b>
<b>Income before income tax expense</b>	<b>730</b>	<b>710</b>
Income tax expense	88	86
<b>Net income</b>	<b><u>\$ 642</u></b>	<b><u>\$ 624</u></b>
Per share data:		
Earnings per share	<b><u>\$ 0.59</u></b>	<b><u>\$ 0.58</u></b>
	<u>Low</u>	<u>High</u>
Stock prices first quarter 2025	\$22.17	\$23.50