

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 operation for the first six months of 2025. As we reach the midpoint of this year, our Bank remains strong and profitable with benchmarks comparable to our peer banks. I remain proud of how The Farmers Bank of Appomattox continues to embrace our role as a vital member of the communities in which we serve. We remain rooted in our values while striving to meet the ever-changing needs of our customers and provide a good return for our shareholders.

Throughout the first half of 2025, the Bank remained well capitalized with earnings exceeding those of the previous year. Earnings for the first six months of 2025 of \$1.49 million increased by \$218 thousand (17.2%) over earnings for the same period of 2024. Year-to-date loan interest and fee income increased by \$949 thousand (15.1%), as a result of year-to-date loan growth of \$6.14 million (2.7%) with a composite yield of 6.31%. Management continues to monitor loan pipeline reports and is encouraged by loan growth opportunities for 3<sup>rd</sup> and 4<sup>th</sup> quarters. Provision for credit loss increased \$167 thousand year-over-year based on an increase in net charged-off loans for 2025. Investment income decreased by \$74 thousand and had a composite yield of 3.04%. Cash flow from investments was used to fund increased loan demand. Year-to-date interest expense remained relatively constant at \$2.63 million. The Bank’s composite deposit costs of 1.65% were comparable to mid-year figures for 2024.

Non-interest income increased by \$27 thousand, primarily due to additional income associated with Bank Owned Life Insurance and insurance sales, which offset a decline in ATM fee income. Other non-interest income figures remained relatively constant. Non-interest expense increased by \$283 thousand. Increases in salary expense, depreciation, marketing for the new Timberlake Branch and fraud related losses were partially offset by a \$300 thousand decrease in pension related expense.

The Bank’s Return on Average Assets was 0.84% and earnings per share were \$1.37. As of June 30, 2025, the Bank’s total assets were \$366.1 million and have grown \$14.1 million (4.0%) since year end. The Bank continues to remain in an unrealized loss position in our investment portfolio, which as of June 30, 2025, was consistent at \$11.3 million. This is attributed to the Bank’s investment securities being purchased at lower interest rates than the current market rates.

Many of our shareholders have inquired about our newest branch located at 8112 Timberlake Road in Lynchburg. Management is pleased with the reception we have received from the Lynchburg community and operations to date. If you have not had an opportunity to visit our newest branch, we invite you to do so. We continue to move forward embracing our role as valued community partners in all the areas we serve.

I remain thankful to you, our valued shareholders and customers that allow us to continue this path of community banking. We have an experienced and dedicated team of bank professionals ready to meet the challenges ahead. As a reminder, there has never been a better time to bank with a true community bank. We are attentive, responsive and dedicated to our customers and small businesses. Please let us know how we can serve you better. As always, 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

June 30, 2025



[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) June 30, 2025</u>	<u>(Audited) December 31, 2024</u>
Cash and cash equivalents		
Cash and due from banks	\$ 7,547	\$ 4,954
Federal funds sold	6,929	2,661
Total cash and cash equivalents	<u>14,476</u>	<u>7,615</u>
Securities		
Available-for-sale, at fair value	90,212	89,698
Loans, net	235,614	229,474
Bank premises and equipment, net	6,730	6,576
Accrued interest receivable	1,749	1,676
Investment in bank-owned life insurance	10,471	10,304
Prepaid pension expense	1,378	1,378
Deferren income tax	2,228	2,218
Other assets	<u>3,278</u>	<u>2,974</u>
<b>Total assets</b>	<b><u>\$366,136</u></b>	<b><u>\$351,913</u></b>
 <b><u>Liabilities and Stockholders' Equity</u></b>		
Deposits		
Demand - noninterest bearing	\$ 69,151	\$ 62,344
Demand - interest bearing	65,716	63,046
Savings	61,343	58,451
Time:		
Certificates of deposits of over \$250	25,549	25,071
Other	<u>100,134</u>	<u>99,924</u>
Total deposits	321,893	308,836
Repurchase agreements and other borrowings	7,455	7,166
Accrued interest payable	763	784
Other liabilities	<u>1,073</u>	<u>1,116</u>
<b>Total liabilities</b>	<b><u>331,184</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	41,316	40,427
Accumulated other comprehensive net gain (loss)	<u>(9,531)</u>	<u>(9,583)</u>
<b>Total stockholders' equity</b>	<b><u>34,952</u></b>	<b><u>34,011</u></b>
<b>Total liabilities and stockholders' equity</b>	<b><u>\$366,136</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 6/30/2025</u>	<u>6/30/2024</u>	<u>Six Months Ended 6/30/2025</u>	<u>6/30/2024</u>
<b>Interest Income</b>				
Interest and fees on loans	\$3,705	\$3,140	\$7,242	\$6,293
Interest on securities				
U. S. Treasury bills	—	1	—	9
U. S. Government-sponsored agencies	17	17	34	34
Obligations of states and political subdivisions - nontaxable	211	212	422	424
Obligations of states and political subdivisions - taxable	86	86	172	173
Corporate obligations	83	70	161	139
Mortgage-backed securities	249	265	482	517
SBA Pool Securities	74	93	144	195
Interest on federal funds sold	52	160	112	216
Other interest income	<u>12</u>	<u>17</u>	<u>22</u>	<u>26</u>
<b>Total interest income</b>	<b><u>4,489</u></b>	<b><u>4,061</u></b>	<b><u>8,791</u></b>	<b><u>8,026</u></b>
<b>Interest Expense</b>				
Interest on deposits	1,024	947	2,060	1,846
Interest on CDs of over \$250	255	364	510	701
Interest on repurchase agreements and other borrowings	<u>15</u>	<u>2</u>	<u>61</u>	<u>8</u>
<b>Total interest expense</b>	<b><u>1,294</u></b>	<b><u>1,313</u></b>	<b><u>2,631</u></b>	<b><u>2,555</u></b>
<b>Net interest income</b>	<b>3,195</b>	<b>2,748</b>	<b>6,160</b>	<b>5,471</b>
Provision for loan losses	<u>190</u>	<u>130</u>	<u>448</u>	<u>281</u>
<b>Net interest income after provision for loan losses</b>	<b><u>3,005</u></b>	<b><u>2,618</u></b>	<b><u>5,712</u></b>	<b><u>5,190</u></b>
<b>Noninterest Income</b>				
Service charges on deposit accounts	139	128	244	248
Gains on sale or call of securities	—	—	—	—
Other	<u>189</u>	<u>176</u>	<u>353</u>	<u>322</u>
<b>Total noninterest income</b>	<b><u>328</u></b>	<b><u>304</u></b>	<b><u>597</u></b>	<b><u>570</u></b>
<b>Noninterest Expense</b>				
Salaries and employee benefits	1,142	1,204	2,262	2,406
Expenses of premises and equipment	204	195	383	367
Data processing	324	288	605	559
Other operating expenses	<u>678</u>	<u>498</u>	<u>1,345</u>	<u>981</u>
<b>Total noninterest expense</b>	<b><u>2,348</u></b>	<b><u>2,185</u></b>	<b><u>4,595</u></b>	<b><u>4,313</u></b>
<b>Income before income tax expense</b>	<b><u>985</u></b>	<b><u>737</u></b>	<b><u>1,714</u></b>	<b><u>1,447</u></b>
Income tax expense	<u>141</u>	<u>93</u>	<u>228</u>	<u>179</u>
<b>Net income</b>	<b><u>\$ 844</u></b>	<b><u>\$ 644</u></b>	<b><u>\$1,486</u></b>	<b><u>\$1,268</u></b>
Per share data:				
Earnings per share	<u>\$ 0.78</u>	<u>\$ 0.59</u>	<u>\$ 1.37</u>	<u>\$ 1.17</u>
	<u>High</u>	<u>Low</u>		
Stock prices second quarter 2025	\$24.75	\$23.26		