

Dear Shareholders,

I am pleased to provide you, on behalf of our Board of Directors and Executive Management, our report on the financial condition and results of operations for the first quarter of 2026. As you will see from the information provided, Farmers Bank remains strong and profitable even given the uncertainty that continues to define our banking environment. We remain nimble and focused as we strive to meet the ever-changing expectations of our customers. Our Bank is dedicated to our values and service standards, embracing a strong desire to provide a good return for our shareholders.

During the first quarter of 2026, the Bank's net income of \$647 thousand represents an increase of \$5 thousand (0.85%) compared to 2025 first quarter earnings. This represents a return on average assets of 0.71%. Interest and fees on loans increased by \$501 thousand due to an increase in the loan composite yield to 6.55%. Year-to-date interest expense of \$1.28 million represented a decrease of \$53 thousand. Deposit costs remained stable with a composite cost of 1.56%. Net interest income for the first quarter of 2026 totaled \$3.42 million compared to \$2.96 million for the first quarter of 2025, which resulted in a tax-equivalent net interest margin of 3.82%. Other factors influencing earnings include an increase in the provision for credit losses of \$297 thousand and an increase in consulting expenses of \$36 thousand for core conversion. Other non-interest expenses including salaries and benefits remained consistent with 2025 figures. Non-interest income increased slightly year-over-year by \$17 thousand.

The Bank experienced a growth in total assets of \$3.3 million (0.91%) as of March 31, 2026 compared to December 31, 2025. The Bank has also experienced deposit growth of \$6.3 million, even though strong competition for deposits has remained prevalent. Loan growth during the same period has been strong with an increase of \$4.6 million (1.86%). 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 some of you may be aware, our Bank is in the process of a core operating conversion which will allow the bank to provide improved service and additional options for our customers. We are pleased with the process thus far and have a conversion date scheduled for early November. We have also recently launched a new Bank website and invite you to access the new site and learn more about us and our services. Our newest branch at 8112 Timberlake Road in Lynchburg continues to perform well. We are excited about the horizon and enhancement to the ever-growing history of Farmers Bank.

I remain extremely appreciative of our directors, officers and employees who continually endeavor to ensure that our customers' needs are met. We continually 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. There is never a better time to bank with a true community bank.

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

THOMAS L. RASEY, JR.
Executive Vice President

J. CHRISTIAN PEMBERTON
Senior Vice President

BRIAN D. WILKERSON
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, 2026

 **The FARMERS BANK**
of
A P P O M A T T O X

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, 2026</u> | <u>(Audited) December 31, 2025</u> |
|---|---|--|
| Cash and cash equivalents | | |
| Cash and due from banks | \$ 5,949 | \$ 4,994 |
| Federal funds sold | 1,259 | 2,793 |
| Total cash and cash equivalents | <u>7,208</u> | <u>7,787</u> |
| Securities | | |
| Available-for-sale, at fair value | 85,594 | 86,726 |
| Loans, net | 250,488 | 245,921 |
| Bank premises and equipment, net | 7,099 | 6,685 |
| Accrued interest receivable | 1,701 | 1,693 |
| Investment in bank-owned life insurance | 10,722 | 10,638 |
| Prepaid pension expense | 1,452 | 1,452 |
| Deferred income tax | 1,659 | 1,491 |
| Other assets | 3,078 | 3,170 |
| Total assets | <u>\$369,001</u> | <u>\$365,563</u> |
| <u>Liabilities and Stockholders' Equity</u> | | |
| Deposits | | |
| Demand - noninterest bearing | \$ 67,976 | \$ 63,130 |
| Demand - interest bearing | 68,157 | 64,736 |
| Savings | 58,621 | 58,403 |
| Time: | | |
| Certificates of deposits of over \$250 | 24,796 | 26,913 |
| Other | 103,953 | 103,945 |
| Total deposits | 323,503 | 317,127 |
| Securities sold under repurchase agreements and other borrowings | 5,179 | 7,453 |
| Accrued interest payable | 667 | 799 |
| Other liabilities | 1,520 | 1,241 |
| Total liabilities | <u>330,869</u> | <u>326,620</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 | 42,509 | 42,567 |
| Net accumulated other comprehensive gain | (7,544) | (6,791) |
| Total stockholders' equity | <u>38,132</u> | <u>38,943</u> |
| Total liabilities and stockholders' equity | <u>\$369,001</u> | <u>\$365,563</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</u> | |
|---|---------------------------|-----------------------|
| | <u>3/31/2026</u> | <u>3/31/2025</u> |
| Interest Income | | |
| Interest and fees on loans | \$4,037 | \$3,536 |
| Interest on securities | | |
| U. S. Government-sponsored agencies | 19 | 17 |
| Obligations of states and political subdivisions - nontaxable | 205 | 211 |
| Obligations of states and political subdivisions - taxable | 84 | 86 |
| Corporate obligations | 79 | 78 |
| Mortgage-backed Securities | 196 | 233 |
| SBA Pool Securities | 52 | 70 |
| Interest on federal funds sold | 29 | 60 |
| Other interest income | 6 | 11 |
| Total interest income | <u>4,707</u> | <u>4,302</u> |
| Interest Expense | | |
| Interest on deposits | 998 | 1,036 |
| Interest on time certificates of \$250 and over | 233 | 255 |
| Interest on repurchase agreements and other borrowings | 53 | 46 |
| Total interest expense | <u>1,284</u> | <u>1,337</u> |
| Net interest income | 3,423 | 2,965 |
| Provision for credit losses | 555 | 258 |
| Net interest income after provision for credit losses | <u>2,868</u> | <u>2,707</u> |
| Noninterest Income | | |
| Service charges on deposit accounts | 141 | 106 |
| Gain on sales and calls of securities | - | - |
| Other | 145 | 164 |
| Total noninterest income | <u>286</u> | <u>270</u> |
| Noninterest Expense | | |
| Salaries and employee benefits | 1,147 | 1,120 |
| Expenses of premises and equipment | 220 | 179 |
| Data processing | 349 | 281 |
| Other operating expenses | 701 | 667 |
| Total noninterest expense | <u>2,417</u> | <u>2,247</u> |
| Income before income tax expense | 737 | 730 |
| Income tax expense | 90 | 88 |
| Net income | <u>\$ 647</u> | <u>\$ 642</u> |
| Per share data: | | |
| Earnings per share | <u>\$ 0.60</u> | <u>\$ 0.59</u> |
| | <u>Low</u> | <u>High</u> |
| Stock prices first quarter 2026 | \$25.40 | \$28.20 |