



Annual Report 2025



Farmers and Merchants Bancshares, Inc.

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President's Message



2025 turned out to be a really good year for Farmers and Merchants Bancshares, Inc. (Company) – one that left me confident in where we're headed and the team that will get us there. I'm happy to report we saw a great improvement in our financial results from 2024 in spite of the uncertain economic environment.

Our successes are a direct reflection of the team we've got around the table. They bring decades of combined experience and knowledge with a shared commitment to do what's right for our clients and the institution, and they understand and embrace the inherent worth of being locally owned and community-focused. We've also put into place a well-thought-out, detailed succession plan, ensuring continuity for the long haul. I couldn't be more confident in the strength of this team and the planning behind it.

The longevity of our team members is another point of pride for me personally and I hope it is for you, too. It's a great reminder of how much experience walks through our doors every day. Our clients benefit directly from working with people who know them, understand their needs, and have weathered many economic storms right alongside them. We currently have sixteen team members with years of service ranging from twenty to an impressive forty-seven years, and an additional eight who have been here between ten and fifteen years; these stats don't take into account my fifty-six years. You can see why this bank holds a considerable wealth of knowledge and why we are able to mentor younger employees, teach them what we've learned through the years, and afford them the opportunity to step up when they're ready.

Unfortunately, experience can't stay forever. In 2025 we saw eighty-six years of banking knowledge walk out the door as two valued employees retired; this year we will see another eighty-six years leave the building as two more retire. While it's a lot of wisdom to lose, it also reinforces the need to plan for the future. At the heart of all these years of service are the relationships we've built with our clients over generations.

As I noted above, 2025 was a very good year from a financial perspective. The Company reported net income totaling \$1,120,916 or \$4.03 per share, compared to \$743,515 or \$2.69 per share in 2024. The improvement in earnings was driven by an increase in net interest income

due to higher yields on loans, as well as an increase in non-interest income mainly due to higher trust and brokerage revenues. These improvements were partially offset by an increase of \$204,245 in the provision for credit losses.

The Company ended the year with total assets of \$213,299,000. Net loans increased by \$5,232,000 or 4%, ending the year at \$124,092,000, while total deposits decreased modestly by \$3,200,000 or 2%, ending the year at \$180,655,000.

Stockholders' equity was \$13,373,000 at year-end 2025 with a Book Value per share of \$48.13. Once again we were able to return to you, our shareholders, a total of \$1.00 per share in 2025 through two cash dividends of \$0.50 per share.

Our capital ratios continued to exceed "Well Capitalized" levels with the Company's Tier 1 Leverage ratio at 10.0% and the Total Risk-Based Capital ratio at 18.0% as of December 31, 2025. The Company's liquidity position also remained favorable due to our strong core deposit base.

These results evidence a steady, long-term approach to managing the bank and making sound decisions right here, while we continue to serve our clients and community with care and efficiency.

As I bring things to a close, I want to sincerely thank you for joining us today, and especially to our shareholders, thank you for the continued support through the years. Your trust and loyalty have helped keep the bank strong since we started back in 1916. I'm also very grateful to our Board of Directors for their dedication and guidance and to our management team and each team member for working hard and showing up for our clients, each other, and me. With this strong foundation, we are well positioned to meet any challenges we face while staying true to who we are and where we started. Thank you for being a part of that legacy.

F&M Bank & Trust – *rooted in the community.*

Here for you today, tomorrow, and always.

Sincerely,



Charles E. Walsh
President/CEO

Financials

Balance Sheets

Assets	12/31/2025	12/31/2024
Cash	\$5,284	\$4,182
Investments	65,538	73,627
Net Loans	124,092	118,860
All Other Assets	18,385	20,055
TOTAL ASSETS	\$213,299	\$216,724
Liabilities		
Total Deposits	\$180,655	\$183,853
All Other Liabilities	19,271	23,604
TOTAL LIABILITIES	\$199,926	\$207,457
Capital		
Total Capital Accounts	13,373	9,267
TOTAL LIABILITIES AND CAPITAL	\$213,299	\$216,724

Income Statements

Total Interest and Dividend Income	\$8,134	\$8,577
Total Interest Expense	(1,995)	(2,879)
Provision for Credit Losses	(225)	(21)
Net Interest Income After Provision for Credit Losses	\$5,914	\$5,677
Total Non-Interest Income	3,826	3,544
Total Non-Interest Expense	(8,330)	(8,340)
Income Before Income Taxes	\$1,410	\$881
Income Tax Expense	(289)	(137)
NET INCOME	\$1,121	\$744

These summary financial statements are derived from the Company's audited consolidated financial statements, which are prepared in accordance with auditing standards generally accepted in the United States of America.

Crowe LLP is the Company's independent auditor. The Company's audited consolidated financial statements are available upon written request to Farmers and Merchants Bancshares, Inc., P.O. Box 928, Burlington, Iowa 52601.

Organizational Chart

Farmers and Merchants Bancshares, Inc.

Established in 1993, is a Holding Company consisting of 230 shareholders representing 277,856 shares owning 100% of Farmers & Merchants Bank & Trust, Burlington, Iowa.

Farmers & Merchants Bank & Trust

Established in 1916, is a financial institution whose primary market area is Southeast Iowa.

Farmers and Merchants Building Corporation Burlington, Iowa

Owned 100% by Farmers & Merchants Bank & Trust, Burlington, Iowa
The Building Corporation is the Bank's real estate management company.

Farmers and Merchants Community Foundation

A separate entity founded and organized by Bank employees in 2008.

The Foundation's purposes are to obtain donations and funds to help area educators in Des Moines County, Iowa; to provide scholarships for post-secondary education to graduates of Des Moines County schools; and to participate in fundraising efforts with other charitable organizations.

Monetary donations can be sent to:

Farmers and Merchants Community Foundation, Inc.
PO Box 928
Burlington, IA 52601



Farmers and Merchants Bancshares, Inc.
221 Jefferson Street
P.O. Box 928
Burlington, Iowa 52601

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