UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-Q

☒ Quarterly report Under Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended **September 30, 2026**

☐ Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Commission File Number: **000-13273**

F&M BANK CORP.

Virginia	**54-1280811**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

P. O. Box 1111
Timberville, Virginia 22853
(Address of Principal Executive Offices) (Zip Code)

(540) 896-8941
(Registrant's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
None		

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer’s classes of common stock, as of the latest practicable date.

Class	**Outstanding at November 11, 2026**
Common Stock, par value - $5 per share	3,589,381 shares

F & M BANK CORP.
Quarterly Report on Form 10-Q
For the quarterly period ended September 30, 2026

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Part I Financial Information

Item 1 Financial Statements

F & M BANK CORP.
Consolidated Balance Sheets
(Dollars in thousands, except share data)

	September 30, 2026 *(Unaudited)*	December 31, 2025*
Assets		
Cash and due from banks	$ 15,977	$ 19,311
Money market funds and interest-bearing deposits in other banks	1,416	1,013
Federal funds sold	48,366	48,529
Cash and cash equivalents	65,759	68,853
Securities:		
Available for sale, at fair value	311,311	345,339
Other investments, at cost	2,364	2,254
Loans held for sale, at fair value	1,669	3,191
Loans held for investment, net of deferred fees and costs	970,176	886,253
Less: allowance for credit losses	(9,218)	(7,818)
Net loans held for investment	960,958	878,435
Bank premises and equipment, net	21,953	21,629
Interest receivable	5,282	5,118
Goodwill	3,082	3,082
Bank owned life insurance	25,029	24,395
Deferred tax asset, net	7,678	6,979
Other assets	13,557	13,661
Total Assets	$ 1,418,642	$ 1,372,936
Liabilities		
Deposits:		
Noninterest bearing	$ 280,190	$ 279,398
Interest bearing	1,001,383	965,814
Total deposits	1,281,573	1,245,212
Long-term debt	9,930	9,917
Other liabilities	16,743	13,840
Total Liabilities	1,308,246	1,268,969
Commitments and contingencies		
Shareholders' Equity		
Common stock, $5 par value, 6,000,000 shares authorized, 3,554,652 (2026) and 3,525,884 (2025) shares issued and outstanding	17,576	17,444
Common stock held by deferred compensation trust, at par, 34,640 (2026) and 31,176 (2025) shares	(173)	(156)
Additional paid in capital	12,187	11,743
Additional paid in capital attributed to deferred compensation trust	(751)	(665)
Retained earnings	100,793	92,205
Accumulated other comprehensive loss	(19,236)	(16,604)
Total Shareholders' Equity	110,396	103,967
Total Liabilities and Shareholders' Equity	$ 1,418,642	$ 1,372,936

***2025 derived from audited consolidated financial statements.**

See Notes to Consolidated Financial Statements

F & M BANK CORP.
Consolidated Statements of Income
(Dollars in thousands, except per share data)
(Unaudited)

	Three Months Ended September 30,	
Interest and Dividend income	**2026**	**2025**
Interest and fees on loans held for investment	$ 15,110	$ 14,092
Interest and fees on loans held for sale	21	35
Interest from federal funds sold	497	468
Interest and dividends on interest bearing deposits and other investments	50	59
Interest from debt securities	2,794	2,398
Total interest and dividend income	18,472	17,052
Interest expense		
Total interest on deposits	5,985	6,399
Interest on long-term debt	193	158
Total interest expense	6,178	6,557
Net interest income	12,294	10,495
Provision for credit losses - loans	1,542	595
(Recovery of) provision for credit losses – unfunded commitments	(9)	(56)
Total Provision for Credit Losses	1,533	539
Net Interest Income After Provision for Credit Losses	10,761	9,956
Noninterest income		
Service charges on deposit accounts	403	347
Wealth management income	485	498
Mortgage banking income	379	426
Title insurance income	718	520
Income on bank owned life insurance	226	160
Low income housing partnership amortization	(175)	(196)
ATM and check card fees	874	884
Other operating income	20	95
Total noninterest income	2,930	2,734
Noninterest expense		
Salaries	4,614	4,084
Employee benefits	1,491	939
Occupancy expense	393	362
Equipment expense	270	290
FDIC assessment	185	221
Legal and professional expense	623	547
ATM and check card fees	259	384
Data processing fees	1,021	914
Other operating expenses	1,816	1,580
Total noninterest expense	10,672	9,321
Income before income taxes	3,019	3,369
Income tax expense	376	445
Net Income	$ 2,643	$ 2,924
Per Common Share Data		
Net income (basic)	$ 0.74	$ 0.83
Net income (diluted)	0.74	0.82
Cash dividends on common stock	0.26	0.26
Weighted average common shares outstanding (basic)	3,552,262	3,532,455
Weighted average common shares outstanding (diluted)	3,587,229	3,558,868

See Notes to Consolidated Financial Statements

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F & M BANK CORP.
Consolidated Statements of Income
(Dollars in thousands, except per share data)
(Unaudited)

	Nine Months Ended September 30,	
Interest and Dividend income	**2026**	**2025**
Interest and fees on loans held for investment	$ 44,212	$ 41,518
Interest and fees on loans held for sale	100	90
Interest from federal funds sold	1,421	1,505
Interest and dividends on interest bearing deposits and other investments	144	147
Interest from debt securities	8,191	6,869
Total interest and dividend income	54,068	50,129
Interest expense		
Total interest on deposits	17,430	19,270
Interest on short-term debt	-	4
Interest on long-term debt	583	390
Total interest expense	18,013	19,664
Net interest income	36,055	30,465
Provision for credit losses - loans	2,137	1,497
(Recovery of) provision for credit losses – unfunded commitments	(26)	125
Total Provision for Credit Losses	2,111	1,622
Net Interest Income After Provision for Credit Losses	33,944	28,843
Noninterest income		
Service charges on deposit accounts	1,118	967
Wealth management income	1,678	1,734
Mortgage banking income	1,510	1,386
Title insurance income	1,873	1,460
Income on bank owned life insurance	654	584
Low income housing partnership amortization	(525)	(589)
ATM and check card fees	2,555	2,523
Gain on sale of Bearing Insurance investment	4,836	-
Losses on sale of securities	(3,462)	-
Other operating income	444	304
Total noninterest income	10,681	8,369
Noninterest expense		
Salaries	13,251	11,915
Employee benefits	4,492	2,978
Occupancy expense	1,172	1,156
Equipment expense	828	916
FDIC assessment	602	731
Legal and professional expense	2,060	1,553
ATM and check card fees	1,018	940
Data processing fees	2,900	2,820
Other operating expenses	5,109	4,547
Total noninterest expense	31,432	27,556
Income before income taxes	13,193	9,656
Income tax expense	1,956	1,315
Net Income	$ 11,237	$ 8,341
Per Common Share Data		
Net income (basic)	$ 3.17	$ 2.36
Net income (diluted)	3.14	2.35
Cash dividends on common stock	0.78	0.78
Weighted average common shares outstanding (basic)	3,544,012	3,527,303
Weighted average common shares outstanding (diluted)	3,577,404	3,551,339

See Notes to Consolidated Financial Statements

F & M BANK CORP.
Consolidated Statements of Comprehensive Income (Loss)
(Dollars in thousands)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Net Income	$ 2,643	$ 2,924	$ 11,237	$ 8,341
Other comprehensive (loss) income:				
Changes in pension plan benefits, net of deferred income tax benefit ($2) for the nine months ended September 30, 2026	-	-	(8)	-
Unrealized (loss) gain on available-for sale securities, net of income tax (benefit) expense of ($1,036) and $1,279 for the three months and ($1,425) and $2,530 for the nine months ended September 30, 2026 and 2025, respectively	(3,900)	4,811	(5,359)	9,517
Reclassification for loss included in net income, net of income tax expense $727 for the nine months ended September 30, 2026	-	-	2,735	-
Total other comprehensive (loss) income	(3,900)	4,811	(2,632)	9,517
Total comprehensive (loss) income	$ (1,257)	$ 7,735	$ 8,605	$ 17,858

See Notes to Consolidated Financial Statements

F & M BANK CORP.
Consolidated Statements of Changes in Shareholders' Equity
(Dollars in thousands)
(Unaudited)

Three Months Ended September 30, 2026 and 2025

	Common Stock		Additional Paid in	Retained	Deferred Compensation	Accumulated Other Comprehensive	
	Shares	Amount	Capital	Earnings	Trust	Loss	Total
Balance June 30, 2025	3,540,669	$ 17,491	$ 11,674	$ 88,247	$ (703)	$ (22,671)	$ 94,038
Net income	-	-	-	2,924	-	-	2,924
Other comprehensive income	-	-	-	-	-	4,811	4,811
Dividends on common stock	-	-	-	(930)	-	-	(930)
Common stock issued	4,139	21	81	-	-	-	102
Common stock repurchased	(12,111)	(61)	(208)	-	-	-	(269)
Deferred compensation trust activity	(2,394)	-	-	-	(59)	-	(59)
Stock-based compensation expense	-	-	114	-	-	-	114
Balance, September 30, 2025	3,530,303	$ 17,451	$ 11,661	$ 90,241	$ (762)	$ (17,860)	$ 100,731
Balance June 30, 2026	3,551,661	$ 17,563	$ 11,942	$ 98,876	$ (937)	$ (15,336)	$ 112,108
Net income	-	-	-	2,643	-	-	2,643
Other comprehensive loss	-	-	-	-	-	(3,900)	(3,900)
Dividends on common stock	-	-	-	(933)	-	-	(933)
Common stock issued	2,661	13	93	-	-	-	106
Deferred compensation trust activity	330	-	-	207	13	-	220
Stock-based compensation expense	-	-	152	-	-	-	152
Balance, September 30, 2026	3,554,652	$ 17,576	$ 12,187	$ 100,793	$ (924)	$ (19,236)	$ 110,396

See Notes to Consolidated Financial Statements

Nine Months Ended September 30, 2026 and 2025

	Common Stock		Additional Paid in	Retained	Deferred Compensation	Accumulated Other Comprehensive	
	Shares	Amount	Capital	Earnings	Trust	Loss	Total
Balance December 31, 2024	3,504,051	$ 17,383	$ 11,463	$ 84,669	$ (586)	$ (27,377)	$ 85,552
Net income	-	-	-	8,341	-	-	8,341
Other comprehensive income	-	-	-	-	-	9,517	9,517
Dividends on common stock	-	-	-	(2,769)	-	-	(2,769)
Common stock issued	14,249	71	233	-	-	-	304
Common stock repurchased	(12,111)	(61)	(208)	-	-	-	(269)
Net restricted common stock activity	31,297	-	-	-	-	-	-
Vesting of time based stock awards issued at date of grant, net of shares withheld for payroll taxes	-	58	(135)	-	-	-	(77)
Deferred compensation trust activity	(7,183)	-	-	-	(176)	-	(176)
Stock-based compensation expense	-	-	308	-	-	-	308
Balance, September 30, 2025	3,530,303	$ 17,451	$ 11,661	$ 90,241	$ (762)	$ (17,860)	$ 100,731
Balance December 31, 2025	3,525,884	$ 17,444	$ 11,743	$ 92,205	$ (821)	$ (16,604)	$ 103,967
Net income	-	-	-	11,237	-	-	11,237
Other comprehensive loss	-	-	-	-	-	(2,632)	(2,632)
Dividends on common stock	-	-	-	(2,789)	-	-	(2,789)
Common stock issued	8,887	44	267	-	-	-	311
Net restricted common stock activity	23,345	-	-	-	-	-	-
Vesting of time based stock awards issued at date of grant, net of shares withheld for payroll taxes	-	88	(224)	-	-	-	(136)
Deferred compensation trust activity	(3,464)	-	-	140	(103)	-	37
Stock-based compensation expense	-	-	401	-	-	-	401
Balance, September 30, 2026	3,554,652	$ 17,576	$ 12,187	$ 100,793	$ (924)	$ (19,236)	$ 110,396

See Notes to Consolidated Financial Statements

F & M BANK CORP.
Consolidated Statements of Cash Flows
(Dollars in thousands)
(Unaudited)

	Nine Months Ended September 30,	
	2026	**2025**
Cash flows from operating activities		
Net income	$11,237	$8,341
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	893	1,004
Amortization of intangibles	12	23
Amortization of securities	114	500
Loss on sale of securities	3,462	-
Proceeds from loans held for sale	79,074	38,259
Loans held for sale originated	(76,392)	(36,404)
Gain on sale of loans held for sale	(1,160)	(860)
Provision for credit losses	2,111	1,622
(Increase) decrease in interest receivable	(164)	10
Decrease in deferred tax asset	-	80
(Increase) decrease in other assets	(601)	1,429
Increase in other liabilities	2,922	355
Amortization of limited partnership investments	525	589
Amortization of debt issuance costs	13	25
Income from life insurance investment	(654)	(584)
Gain on sale of Bearing Insurance investment	(4,836)	-
Gain on the sale of assets held for sale	(2)	(43)
Gain on the sale of OREO	-	(73)
Stock-based compensation expense	401	308
Net cash provided by operating activities	16,955	14,581
Cash flows from investing activities		
Proceeds from maturity of investments available for sale	12,859	32,320
Proceeds from sales of investments available for sale	26,309	-
Purchases of investments available for sale	(49,016)	(40,863)
Proceeds from paydowns of mortgage-backed securities	36,978	18,337
Investment in restricted stock, net	(110)	(5)
Proceeds from sale of Bearing Insurance investment	5,060	-
Net increase in loans held for investment	(84,661)	(34,137)
Proceeds from the sale of assets held for sale	3	-
Proceeds from the sale of OREO	-	150
Net purchase of property and equipment	(1,218)	(380)
Net cash used by investing activities	(53,796)	(24,578)
Cash flows from financing activities		
Net change in deposits	36,361	40,236
Dividends paid in cash	(2,789)	(2,769)
Proceeds from issuance of common stock	311	68
Repurchase of shares for tax withholding	(136)	(110)
Net cash provided by financing activities	33,747	37,425
Net (decrease) increase in Cash and Cash Equivalents	(3,094)	27,428
Cash and cash equivalents, beginning of period	68,853	56,507
Cash and cash equivalents, end of period	$65,759	$83,935
Supplemental Cash Flow information:		
Cash paid for: Interest	$17,934	$20,199
Taxes	2,519	450
Supplemental non-cash disclosures:		
Change in unrealized (loss) gain on securities available for sale	$(3,322)	$12,047

See Notes to Consolidated Financial Statements

Notes to the Consolidated Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The Consolidated Financial Statements include the accounts of F&M Bank Corp. (the "Company"), Farmers & Merchants Bank (the "Bank"), and VSTitle, LLC ("VST"), with all significant intercompany accounts and transactions eliminated. Effective on May 15, 2025, the operations, assets, and liabilities of VBS Mortgage, LLC (dba "F&M Mortgage") were transferred to the Bank.

The accounting and reporting policies of the Company conform to accounting principles generally accepted in the United States of America ("GAAP") and to accepted practices within the banking industry.

Basis of Presentation and Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The material estimate that is particularly susceptible to significant change in the near term relates to the determination of the allowance for credit losses. The unaudited consolidated financial statements in this report have been prepared in accordance with GAAP for interim financial information. Accordingly, these financial statements do not include all of the information and footnotes required by GAAP for complete financial statements. The unaudited consolidated financial statements include, in the opinion of management, all adjustments necessary to present a fair statement of the financial position and the results of operations for all periods presented.

All such adjustments are of a normal recurring nature. The results of operations in the interim statements are not necessarily indicative of the results of operations that the Company and its subsidiaries may achieve for future interim periods or the entire year. For further information, refer to the consolidated financial statements and footnotes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2025.

Segment Reporting

The Company's revenue is primarily derived from the business of banking. The Company's financial performance is monitored on a consolidated basis by the Chief Executive Officer, who is designated the chief operating decision maker ("CODM"), based upon information provided about the Company's products and services offered. The segments are also distinguished by the level of information provided to the CODM, who uses such information to review performance of various components of the business, which are then aggregated if the operating performance of products and customers are similar. The CODM evaluates the financial performance of the Company's business components such as revenue streams, significant expenses, and budget to actual results in assessing the Company's segments and in determination of allocated resources. The CODM uses consolidated net income as the measure of segment profit or loss. Significant expenses of the Company include salaries and employee benefits, occupancy expense, equipment expense, data processing fees and legal and professional expenses.

All of the Company's financial results are similar and considered by management to be aggregated into one reportable operating segment. While the Company has assigned certain management responsibilities by region and business-line, the Company's CODM evaluates financial performance on a Company-wide basis. The majority of the Company's revenue is from the business of banking and the Company's assigned regions have similar economic characteristics, products, services and customers. Accordingly, all of the Company's operations are considered by management to be aggregated in one reportable operating segment.

Reclassification

Certain prior period amounts in the Consolidated Balance Sheets and Consolidated Statements of Changes in Shareholders' Equity have been reclassified to conform to the current period presentation. These reclassifications had an immaterial impact on previously reported assets, per share data, and shareholders' equity.

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash on hand, amounts due from banks, federal funds sold, money market funds and interest-bearing deposits. Generally, federal funds are purchased and sold on an overnight basis.

Allowance for Credit Losses – Available for Sale Securities

For available for sale securities, management evaluates all investments in an unrealized loss position on a quarterly basis, and more frequently when economic or market conditions warrant such evaluation. If the Company has the intent to sell the security or it is more likely than not that the Company will be required to sell the security, the security is written down to fair value and the entire loss is recorded in earnings.

If either of the above criteria is not met, the Company evaluates whether the decline in fair value is the result of credit losses or other factors. In making the assessment, the Company may consider various factors including the extent to which fair value is less than amortized cost, performance on any underlying collateral, downgrades in the ratings of the security by a rating agency, the failure of the issuer to make scheduled interest or principal payments and adverse conditions specifically related to the security. If the assessment indicates that a credit loss exists, the present value of cash flows expected to be collected are compared to the amortized cost basis of the security and any excess is recorded as an allowance for credit loss, limited by the amount that the fair value is less than the amortized cost basis. Any amount of unrealized loss that has not been recorded through an allowance for credit loss is recognized in other comprehensive income.

Changes in the allowance for credit loss are recorded as provision for (or reversal of) credit loss expense. Losses are charged against the allowance for credit loss when management believes an available for sale security is confirmed to be uncollectible or when either of the criteria regarding intent or requirement to sell is met. At September 30, 2026 and December 31, 2025, there was no allowance for credit loss related to the available for sale securities portfolio.

Accrued interest receivable on available for sale debt securities totaled $1.2 million and $1.5 million at September 30, 2026 and December 31, 2025, respectively, and was excluded from the estimate of credit losses.

Loans

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or payoff are reported at amortized cost. Amortized cost is the principal balance outstanding, net of discounts and deferred fees and costs. Accrued interest receivable related to loans totaled $4.1 million and $3.6 million at September 30, 2026 and December 31, 2025, respectively, and was reported in accrued interest receivable on the consolidated balance sheets. Interest income is accrued on the unpaid principal balance. Loan origination fees, net of certain direct origination costs, are deferred and recognized in interest income using methods that approximate a level yield without anticipating prepayments.

The accrual of interest is generally discontinued when a loan becomes 90 days past due and is not well collateralized and in the process of collection, or when management believes, after considering economic and business conditions and collection efforts, that the principal or interest will not be collectible in the normal course of business. Past due status is based on contractual terms of the loan. A loan is considered to be past due when a scheduled payment has not been received 30 days after the contractual due date.

All accrued interest is reversed against interest income when a loan is placed on nonaccrual status. Interest received on such loans is accounted for using the cost-recovery method, until qualifying for return to accrual. Under the cost-recovery method, interest income is not recognized until the loan balance is reduced to zero. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current, there is a sustained period of repayment performance, and future payments are reasonably assured.

Allowance for Credit Losses – Loans

The allowance for credit losses is a valuation account that is deducted from the loans' amortized cost basis to present the net amount expected to be collected on the loans. Loans are charged off against the allowance when management believes the uncollectibility of a loan balance is confirmed. Expected recoveries do not exceed the aggregate of amounts previously charged-off and expected to be charged-off. Accrued interest receivable is excluded from the estimate of credit losses. The allowance for credit losses represents management’s estimate of lifetime credit losses inherent in loans as of the balance sheet date. The allowance for credit losses is estimated by management using relevant available information, from both internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts.

The Company utilizes a Qualitative Scorecard ("scorecard") to adjust the historical loss information, as necessary, to reflect the Company's expectations about the future. For each segment, the scorecard calculates the difference between the quantitative expected credit loss and the high watermark average remaining maturity loss rates. This difference is the maximum qualitative adjustment that can be applied to that segment. Due to the low number of losses in the Bank's portfolio, in particular from 2008-2012, certain segments leverage peer data to calculate the overall loss rate. The Company believes that in order to provide a reasonable and supportable loss rate, data representative of losses during a financial downturn will provide a better representation of the perceived risk in the portfolio. In determining how to apply the weightings for the various qualitative factors, management assessed which factors would have the highest impact on potential loan losses. The economy and problem loan trends were determined to have the most significant effect on the estimated losses. The most influential factor on potential loan losses was economic conditions, with a weighting of 25%-30%. The Company evaluates the weighting applied to each pool on an annual basis.

The Company measures expected credit losses for loans on a pooled basis when similar risk characteristics exist. The Company has identified the following portfolio segments and calculates the allowance for credit losses for each using a remaining life methodology:

1-4 family residential construction. Construction loans are subject to general risks from changing housing market trends and economic conditions that may impact demand for completed properties, availability of building materials, and the costs of completion. Changes in construction costs and interest rates may impact the borrower's ability to service the debt. These risks are measured by market-area unemployment rates, bankruptcy rates, housing and commercial building market trends, and interest rates. Risks specific to the borrower are also evaluated, including previous repayment history, debt service ability, and current and projected loan-to-value ratios for the collateral.

Other construction, land development and land. Construction and land development loans are subject to general risks from changing commercial building and housing market trends and economic conditions that may impact demand for completed properties and the costs of completion. Completed properties that do not sell or become leased within originally expected timeframes may impact the borrower's ability to service the debt. These risks are measured by market-area unemployment rates, bankruptcy rates, housing and commercial building market trends, and interest rates. Risks specific to the borrower are also evaluated, including previous repayment history, debt service ability, and current and projected loan-to-value ratios for the collateral.

Secured by farmland. Farmland loans are loans secured by agricultural property. These loans are subject to risks associated with the value of the underlying farmland and the cash flows of the borrower's farming operations.

Home equity - open end. The home-equity loan portfolio carries risks associated with the creditworthiness of the borrower and changes in loan-to-value ratios. The Company manages these risks through policies and procedures such as limiting loan-to-value ratios at origination, experienced underwriting, and requiring standards for appraisers.

Real estate. Real estate loans are for consumer residential 1-4 family real estate where the credit quality is subject to risks associated with the borrower's repayment ability and collateral value, measured generally by analyzing local unemployment and bankruptcy trends, and local housing market trends and interest rates. Risks specific to a borrower are determined by previous repayment history, loan-to-value ratios, and debt-to-income ratios.

Home equity - closed end. The home-equity closed-end loan portfolio carries risks associated with the creditworthiness of the borrower, changes in loan-to-value ratios, and subordinate lien positions. The Company manages these risks through policies and procedures such as limiting loan-to-value ratios at origination, experienced underwriting, and requiring standards for appraisers.

Multifamily. Multifamily loans are loans secured by multi-unit residential property. These loans are subject to risks associated with the value of the underlying property, availability of rental units, as well as the successful operation and management of the property.

Owner-occupied commercial real estate. The commercial real estate segment includes loans secured by commercial real estate occupied by the owner/borrower. Loans in this segment are impacted by economic risks from changing commercial real estate markets, business bankruptcy rates, local unemployment rates and interest rate trends that would impact the businesses housed by the commercial real estate.

Other commercial real estate. The other commercial real estate segment includes loans secured by commercial real estate leased to non-owners. Loans in the commercial real estate segment are impacted by economic risks from changing commercial real estate markets, rental markets for commercial buildings, business bankruptcy rates, local unemployment rates and interest rate trends that would impact the businesses housed by the commercial real estate.

Agriculture loans. Agriculture loans are secured by agricultural equipment or are unsecured. Credit risk for these loans is subject to economic conditions, local agricultural/farming trends, interest rates, and borrower repayment ability and collateral value (if secured).

Commercial and industrial. Commercial and industrial loans are secured by collateral other than real estate or are unsecured. Credit risk for these loans is subject to economic conditions, local business bankruptcy trends, interest rates, and borrower repayment ability and collateral value (if secured).

Credit cards. Credit card loan portfolios carry risks associated with the creditworthiness of the borrower and changes in the economic environment. The Company manages these risks through policies and procedures such as experienced underwriting, maximum debt to income ratios, and minimum borrower credit scores.

Automobile loans. Automobile loans generally carry certain risks associated with the values of the collateral and borrower's ability to repay the loan. Lending on new and used vehicles is subject to the risk of changes in the availability of vehicles and the resale value.

Other consumer loans. Other consumer loans may be secured or unsecured. Credit risk stems primarily from the borrower's ability to repay. If the loan is secured, the Company analyzes loan-to-value ratios. All consumer non-real estate loans are analyzed for debt-to-income ratios and previous credit history, as well as for general risks to the portfolio, including local unemployment rates, personal bankruptcy rates and interest rates.

Municipal loans. Municipal loans are unsecured loans generally made to local towns within the Bank's trade area. Credit risk is based on the cash flow and management of the local towns' budgets.

Additionally, the allowance for credit losses calculation includes adjustments for qualitative risk factors that are likely to cause estimated credit losses to differ from historical experience. These qualitative adjustments may increase or reduce reserve levels and include adjustments for lending management experience and risk tolerance, loan review and audit results, asset quality and portfolio trends, loan portfolio growth, industry concentrations, trends in underlying collateral, external factors and economic conditions not already captured.

Loans that do not share risk characteristics are evaluated on an individual basis. Management evaluates loans on nonaccrual status over $250,000 on an individual basis. When management determines that foreclosure is probable and the borrower is experiencing financial difficulty, the expected credit losses are based on the fair value of collateral at the reporting date adjusted for selling costs as appropriate.

Allowance for Credit Losses – Unfunded Commitments

Financial instruments include off-balance sheet credit instruments, such as commitments to make loans and commercial letters of credit issued to meet customer financing needs. The Company's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for off-balance sheet loan commitments is represented by the contractual amount of those instruments. Such financial instruments are recorded when they are funded.

The Company records an allowance for credit losses on off-balance sheet credit exposures, unless the commitments to extend credit are unconditionally cancelable, through a charge to provision for credit losses in the Company's consolidated statements of income. The allowance for credit losses on off-balance sheet credit exposures is estimated by loan segment at each balance sheet date under the current expected credit loss model using the same methodologies as portfolio loans, taking into consideration the likelihood that funding will occur as well as any third-party guarantees. The allowance for unfunded commitments is included in other liabilities on the Company's consolidated balance sheets.

Bearing Insurance

During second quarter 2026, the Company both recognized a one-time, pre-tax gain of $4.8 million from the April 2026 sale of Richmond-based Bearing Insurance ("Bearing"), for which it was a unit holder, and used the proceeds to complete a restructuring of its bond portfolio. In the restructuring, the Company sold $29.8 million in book value of securities available for sale ("AFS"), with a weighted average yield of 1.66%, and purchased approximately $29.4 million of securities AFS with a weighted average yield of approximately 4.92%, resulting in a pre-tax loss of approximately $3.5 million. The combination of the two non-recurring transactions resulted in a net pre-tax gain of $1.3 million.

Earnings per Share

Basic earnings per share ("EPS") is computed by dividing net income available to common shareholders by the weighted average number of common shares outstanding. Nonvested restricted shares are included in the computation of basic earnings per share as the holder is entitled to full shareholder benefits during the vesting period, including voting rights and sharing in nonforfeitable dividends. Diluted earnings per share includes all convertible securities, such as convertible preferred stock, convertible debt, equity options, warrants and shares held by the deferred compensation trust.

Recent Accounting Pronouncements

Accounting Standards Pending Adoption:

In December 2025, the Financial Accounting Standards Board (the "FASB") issued amendments to the Accounting Standards Codification to make incremental improvements to GAAP. The amendments are effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods within those annual reporting periods. Early adoption is permitted for both interim and annual financial statements that have not yet been issued or made available for issuance. The Company will apply the amendments prospectively to all transactions recognized on or after the date that the Company first applies the amendments. The Company does not expect these amendments to have a material effect on its financial statements.

In December 2025, the FASB amended the "Interim Reporting" topic in the Accounting Standards Codification to clarify current interim reporting requirements. The amendments are effective for interim reporting periods within annual reporting periods beginning after December 15, 2027. Early adoption is permitted. The Company will apply the amendments prospectively to any or all prior periods presented in the financial statements.

In November 2025, the FASB amended the "Financial Instruments—Credit Losses" topic in the Accounting Standards Codification to expand the population of acquired financial assets subject to the gross-up approach. The amendments are effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods within those annual reporting periods. Early adoption is permitted in both interim and annual reporting periods in which financial statements have not yet been issued or made available for issuance. The Company does not expect these amendments to have a material effect on its financial statements.

In November 2024, the FASB issued Accounting Standards Update ("ASU") 2024-03, "Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses." ASU 2024-03 requires public companies to disclose, in the notes to the financial statements, specific information about certain costs and expenses at each interim and annual reporting period. This includes disclosing amounts related to employee compensation, depreciation, and intangible asset amortization. In addition, public companies will need to provide a qualitative description of the amounts remaining in relevant expense captions that are not separately disaggregated quantitatively. The FASB subsequently issued ASU 2025-01, "Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Clarifying the Effective Date", which amends the effective date of ASU 2024-03 to clarify that all public business entities are required to adopt the guidance in ASU 2024-03 in annual reporting periods beginning after December 15, 2026, and interim periods within annual reporting periods beginning after December 15, 2027. Early adoption of ASU 2024-03 is permitted. Implementation of ASU 2024-03 may be applied prospectively or retrospectively. The Company does not expect the adoption of ASU 2024-03 to have a material impact on its consolidated financial statements.

Other accounting standards that have been issued or proposed by the FASB or other standards-setting bodies are not expected to have a material effect on the Company's financial position, result of operations or cash flows.

NOTE 2 SECURITIES

The amortized cost and estimated fair value of securities available for sale, along with gross unrealized gains and losses are summarized as follows (dollars in thousands):

September 30, 2026	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
U. S. Treasuries	$ 14,977	$ -	$ 745	$ 14,232
U. S. Government agencies	36,999	-	1,233	35,766
Municipal securities	22,222	-	2,100	20,122
Mortgage-backed securities	238,546	142	19,905	218,783
Corporate debt securities	22,916	20	528	22,408
Total Securities Available for Sale	$ 335,660	$ 162	$ 24,511	$ 311,311

December 31, 2025	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
U. S. Treasuries	$ 15,089	$ -	$ 755	$ 14,334
U. S. Government agencies	57,997	-	2,845	55,152
Municipal securities	27,082	126	1,250	25,958
Mortgage-backed securities	240,548	1,794	16,031	226,311
Corporate debt securities	25,650	106	2,172	23,584
Total Securities Available for Sale	$ 366,366	$ 2,026	$ 23,053	$ 345,339

The amortized cost and fair value of securities at September 30, 2026, by contractual maturity are shown below (dollars in thousands). Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Securities Available for Sale	
	Amortized Cost	Fair Value
Due in one year or less	$ 25,501	$ 25,108
Due after one year through five years	61,109	58,600
Due after five years through ten years	34,837	33,244
Due after ten years	214,213	194,359
Total	$ 335,660	$ 311,311

The following table shows realized gains or losses on the sale of investment securities during the three and nine months ended September 30, 2026 and 2025, respectively.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Realized losses on sales of securities	$ -	$ -	$ (3,462)	$ -
Realized loss	$ -	$ -	$ (3,462)	$ -

The sale of investment securities in the second quarter of 2026 was part of a restructuring of the Company's investment securities portfolio. During the restructuring, the Company sold $29.8 million in book value of securities AFS with a weighted average yield of 1.66%, representing approximately 8.2% of the entire securities portfolio, and purchased approximately $29.4 million of securities AFS with a weighted average yield of approximately 4.92%.

There were no sales of securities AFS in the third quarter of 2026 or in the first nine months of 2025.

The following tables show the fair value and gross unrealized losses (dollars in thousands), aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, as of the dates stated. The reference point for determining when securities are in an unrealized loss position is period-end; therefore, it is possible that a security's market value exceeded its amortized cost on other days during the past twelve-month period. Excluded from the tables below were securities whose amortized cost equaled their fair value or were in an unrealized gain position as of the dates stated totaling $10.4 million and $95.8 million, as of September 30, 2026 and December 31, 2025, respectively.

	Less than 12 Months		More than 12 Months		Total	
September 30, 2026	**Fair Value**	**Unrealized Losses**	**Fair Value**	**Unrealized Losses**	**Fair Value**	**Unrealized Losses**
U. S. Treasuries	$ -	$ -	$ 14,232	$ 745	$ 14,232	$ 745
U. S. Government agencies	-	-	35,766	1,233	35,766	1,233
Municipal securities	7,180	572	12,942	1,528	20,122	2,100
Mortgage-backed securities	124,710	3,580	85,728	16,325	210,438	19,905
Corporate debt securities	2,405	11	17,983	517	20,388	528
Total Securities Available for Sale	$ 134,295	$ 4,163	$ 166,651	$ 20,348	$ 300,946	$ 24,511

	Less than 12 Months		More than 12 Months		Total	
December 31, 2025	**Fair Value**	**Unrealized Losses**	**Fair Value**	**Unrealized Losses**	**Fair Value**	**Unrealized Losses**
U. S. Treasuries	$ -	$ -	$ 14,334	$ 755	$ 14,334	$ 755
U. S. Government agencies	-	-	55,152	2,845	55,152	2,845
Municipal securities	-	-	18,080	1,250	18,080	1,250
Mortgage-backed securities	22,829	10	120,511	16,021	143,340	16,031
Corporate debt securities	-	-	18,679	2,172	18,679	2,172
Total Securities Available for Sale	$ 22,829	$ 10	$ 226,756	$ 23,043	$ 249,585	$ 23,053

At September 30, 2026 and December 31, 2025, the majority of securities in an unrealized loss position were of investment grade; however, a portion of the portfolio does not have a third-party credit rating available (securities with fair values of $16.8 million and $19.0 million at September 30, 2026 and December 31, 2025, respectively). These securities were primarily subordinated debt instruments issued by bank holding companies and are classified as corporate debt securities in the tables above. The Company evaluated the issuers of these individually, observing that each issuer had strong capital ratios and profitability, thereby indicating limited exposure to asset quality or liquidity issues and therefore, no credit losses were identified. Contractual cash flows for mortgage-backed securities and U.S. Treasury and agencies are guaranteed and/or funded by the U.S. government and government agencies. State and municipal securities showed no indication that the contractual cash flows would not be received when due. The Company does not intend to sell, nor does it believe that it will be required to sell, any of its impaired securities prior to the recovery of the amortized cost. As of September 30, 2026 and December 31, 2025, there was no allowance for credit losses ("ACL") for the Company's securities AFS portfolio. Any impairment that has not been recorded through an ACL is recognized in accumulated other comprehensive income (loss).

The Company had securities with a collateral value of $79.4 million pledged to the Federal Reserve Discount Window as of September 30, 2026. The Discount Window provides access to funding to help depository institutions manage their liquidity risks. The Bank did not borrow from the Discount Window during the first nine months of 2026. Additionally, the Company had securities with a market value of $9.4 million pledged to the Federal Reserve Bank of Richmond as collateral for deposits of the Department of Justice U.S. Bankruptcy Trustee.

As of September 30, 2026, other investments consisted of restricted stock in the Federal Reserve Bank ("FRB") (carrying basis of $1.20 million at September 30, 2026 and $1.14 million at December 31, 2025), Federal Home Loan Bank ("FHLB") (carrying basis of $975 thousand and $925 thousand at September 30, 2026 and December 31, 2025, respectively), and various other investments (carrying basis of $189 thousand at September 30, 2026 and December 31, 2025). Other investments are carried at cost.

NOTE 3 LOANS

The following is a summary of the major categories of total loans outstanding at September 30, 2026 and December 31, 2025 (dollars in thousands):

	September 30, 2026	December 31, 2025
1-4 Family residential construction	$ 21,950	$ 31,118
Other construction, land development and land	48,393	39,187
Secured by farmland	128,731	115,000
Home equity – open end	60,636	51,393
Real estate	274,465	243,361
Home equity – closed end	5,967	5,980
Multifamily	25,912	18,854
Owner-occupied commercial real estate	91,444	96,651
Other commercial real estate	143,206	114,434
Agricultural loans	28,763	20,127
Commercial and industrial	60,549	56,885
Credit cards	3,274	3,387
Automobile loans	63,509	77,080
Other consumer loans	10,221	9,132
Municipal loans	3,766	4,219
Gross loans	970,786	886,808
Unamortized net deferred loan fees	(610)	(555)
Less allowance for credit losses	9,218	7,818
Net loans	$ 960,958	$ 878,435

The table above does not include loans held for sale of $1.7 million and $3.2 million at September 30, 2026 and December 31, 2025, respectively. Loans held for sale consist of single-family residential real estate loans originated for sale in the secondary market.

Accrued interest receivable on loans held for investment totaled $4.1 million and $3.6 million at September 30, 2026 and December 31, 2025, respectively. For the three and nine months ended September 30, 2026 and 2025, accrued interest receivable write-offs were not material to the Company’s consolidated financial statements.

The Company had loans held for investment pledged as collateral for borrowings with the FHLB totaling $372.5 million and $310.7 million as of September 30, 2026, and December 31, 2025, respectively. The Company maintains a blanket lien on certain loans in its residential real estate, commercial, agricultural farmland, and home equity portfolios.

NOTE 4 ALLOWANCE FOR CREDIT LOSSES

The allowance for credit losses ("ACL") consists of the allowance for credit losses on loans and the reserve for unfunded commitments. The Company's ACL is governed by the Company's ACL Committee, which reports to the Board of Directors and contains representatives from the Company's finance, credit, and risk teams, and is responsible for calculating the Company's estimate of expected credit losses and resulting ACL. The ACL Committee considers the quantitative model results and qualitative factors when finalizing the ACL. The Company's ACL model is subject to the Company's model risk management program, which is overseen by the Director of Risk Management who reports to the Company's Board Risk Committee. The current quarter provision of $1.5 million was driven by qualitative factor updates to the allowance model, as well as loan portfolio growth of $44.9 million in the current quarter.

The following tables detail the changes in the ACL for the three and nine months ended September 30, 2026 and 2025 (dollars in thousands).

	For the three months ended September 30, 2026				
	Beginning Balance	Charge-offs	Recoveries	(Recovery of) provision for credit losses	Ending Balance
1-4 Family residential construction	$ 140	$ -	$ -	$ (17)	$ 123
Other construction, land development and land	746	-	2	136	884
Secured by farmland	1,567	-	-	22	1,589
Home equity – open end	197	-	-	(46)	151
Real estate	738	116	-	311	933
Home equity – closed end	62	-	-	11	73
Multifamily	856	-	-	344	1,200
Owner-occupied commercial real estate	702	-	-	520	1,222
Other commercial real estate	258	-	-	49	307
Agricultural loans	98	-	-	7	105
Commercial and industrial	1,036	-	-	(12)	1,024
Credit cards	90	31	15	12	86
Automobile loans	1,448	635	379	178	1,370
Other consumer loans	141	39	16	27	145
Municipal loans	6	-	-	-	6
Total allowance for credit losses - loans	$ 8,085	$ 821	$ 412	$ 1,542	$ 9,218
Allowance for credit losses – unfunded commitments	$ 749	$ -	$ -	$ (9)	$ 740

	For the three months ended September 30, 2025				
	Beginning Balance	Charge-offs	Recoveries	(Recovery of) provision for credit losses	Ending Balance
1-4 Family residential construction	$ 271	$ -	$ -	$ 31	$ 302
Other construction, land development and land	1,047	13	14	65	1,113
Secured by farmland	1,477	-	-	80	1,557
Home equity – open end	170	-	-	11	181
Real estate	883	-	1	(42)	842
Home equity – closed end	73	-	-	(2)	71
Multifamily	34	-	-	10	44
Owner-occupied commercial real estate	842	-	13	(121)	734
Other commercial real estate	90	-	-	58	148
Agricultural loans	137	171	-	174	140
Commercial and industrial	1,258	398	7	(46)	821
Credit cards	80	21	10	8	77
Automobile loans	1,774	972	463	409	1,674
Other consumer loans	176	23	31	(40)	144
Municipal loans	-	-	-	-	-
Total allowance for credit losses - loans	$ 8,312	$ 1,598	$ 539	$ 595	$ 7,848
Allowance for credit losses – unfunded commitments	$ 830	$ -	$ -	$ (56)	$ 774

	For the nine months ended September 30, 2026				
	Beginning Balance	Charge-offs	Recoveries	(Recovery of) provision for credit losses	Ending Balance
1-4 Family residential construction	$ 193	$ -	$ -	$ (70)	$ 123
Other construction, land development and land	641	-	65	178	884
Secured by farmland	1,458	-	-	131	1,589
Home equity – open end	177	20	-	(6)	151
Real estate	629	128	-	432	933
Home equity – closed end	64	-	-	9	73
Multifamily	656	-	-	544	1,200
Owner-occupied commercial real estate	691	-	-	531	1,222
Other commercial real estate	246	-	-	61	307
Agricultural loans	130	-	-	(25)	105
Commercial and industrial	995	29	147	(89)	1,024
Credit cards	90	67	36	27	86
Automobile loans	1,713	1,990	1,261	386	1,370
Other consumer loans	129	70	58	28	145
Municipal loans	6	-	-	-	6
Total allowance for credit losses - loans	$ 7,818	$ 2,304	$ 1,567	$ 2,137	$ 9,218
Allowance for credit losses – unfunded commitments	$ 766	$ -	$ -	$ (26)	$ 740

	For the nine months ended September 30, 2025				
	Beginning Balance	Charge-offs	Recoveries	(Recovery of) provision for credit losses	Ending Balance
1-4 Family residential construction	$ 258	$ -	$ -	$ 44	$ 302
Other construction, land development and land	1,551	23	24	(439)	1,113
Secured by farmland	946	-	-	611	1,557
Home equity – open end	197	-	24	(40)	181
Real estate	606	-	3	233	842
Home equity – closed end	99	-	-	(28)	71
Multifamily	190	-	-	(146)	44
Owner-occupied commercial real estate	809	-	13	(88)	734
Other commercial real estate	105	-	-	43	148
Agricultural loans	27	171	-	284	140
Commercial and industrial	982	483	154	168	821
Credit cards	87	53	21	22	77
Automobile loans	1,956	2,104	818	1,004	1,674
Other consumer loans	301	64	63	(156)	144
Municipal loans	15	-	-	(15)	-
Total allowance for credit losses - loans	$ 8,129	$ 2,898	$ 1,120	$ 1,497	$ 7,848
Allowance for credit losses – unfunded commitments	$ 649	$ -	$ -	$ 125	$ 774

Credit Quality Indicators

The Company presents loan and lease portfolio segments and classes by credit quality indicator and vintage year. The Company defines the vintage date for the purpose of this disclosure as the date of the most recent credit decision. Renewals are categorized as new credit decisions and reflect the renewal date as the vintage date, except for renewals of loans modified for borrowers experiencing financial difficulty which are presented in the original vintage.

Description of the Company's credit quality indicators under the Current Expected Credit Loss ("CECL") Model:

Grades 0-5 – Pass: Loans in all classes that comprise the commercial and consumer portfolio segments that are not adversely rated, are contractually current as to principal and interest, and are otherwise in compliance with the contractual terms of the loan agreement. Management believes that there is a low likelihood of loss related to those loans that are considered pass.

Grade 6 – Watch: Loans are currently protected but are weak due to negative balance sheet or income statement trends. There may be a lack of effective control over collateral or the existence of documentation deficiencies. These loans have potential weaknesses that deserve management's close attention. Other reasons supporting this classification include adverse economic or market conditions, pending litigation or any other material weakness. Existing loans that become 60 or more days past due are placed in this category pending a return to current status.

Grade 7 – Substandard: Loans having well-defined weaknesses where a payment default and/or loss is possible, but not yet probable. Cash flow is inadequate to service the debt under the current payment, or terms, with prospects that the condition is permanent. Loans classified as substandard are inadequately protected by the current net worth and paying capacity of the borrower and there is the likelihood that collateral will have to be liquidated and/or guarantor(s) called upon to repay the debt. Generally, the loan is considered collectible as to both principal and interest, primarily because of collateral coverage, however, if the deficiencies are not corrected quickly; there is a probability of loss.

Credit cards are classified as pass or substandard. A credit card is substandard when payments of principal and interest are past due 90 days or more.

The following table presents the Company's amortized cost in loans by credit quality indicators and gross write-offs by year of origination as of September 30, 2026 (dollars in thousands):

	Term Loans by Year of Origination							
	2026	**2025**	**2024**	**2023**	**2022**	**Prior**	**Revolving**	**Total**
1-4 Family residential construction								
Pass	$ 23	$ 363	$ 1,422	$ 335	$ -	$ -	$ 19,807	$ 21,950
Watch	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-	-
Total 1-4 Family residential construction	23	363	1,422	335	-	-	19,807	21,950
Current period gross write-offs	-	-	-	-	-	-	-	-
Other construction, land development and land								
Pass	1,855	10,203	2,173	11,402	947	2,908	18,732	48,220
Watch	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	173	-	173
Total Other construction, land development and land	1,855	10,203	2,173	11,402	947	3,081	18,732	48,393
Current period gross write-offs	-	-	-	-	-	-	-	-
Secured by farmland								
Pass	15,950	20,598	10,665	10,536	11,232	44,884	9,496	123,361
Watch	-	-	-	-	1,609	1,427	1,935	4,971
Substandard	-	-	-	-	296	103	-	399
Total Secured by farmland	15,950	20,598	10,665	10,536	13,137	46,414	11,431	128,731
Current period gross write-offs	-	-	-	-	-	-	-	-
Home equity – open end								
Pass	-	-	-	-	-	116	59,774	59,890
Watch	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	106	640	746
Total Home equity - open end	-	-	-	-	-	222	60,414	60,636
Current period gross write-offs	-	-	-	-	-	20	-	20
Real estate								
Pass	39,314	56,620	25,477	47,129	37,042	64,305	934	270,821
Watch	-	-	-	-	-	190	-	190
Substandard	-	-	-	931	78	2,445	-	3,454
Total Real estate	39,314	56,620	25,477	48,060	37,120	66,940	934	274,465
Current period gross write-offs	-	-	-	-	-	128	-	128
Home Equity – closed end								
Pass	366	601	213	2,218	139	2,276	56	5,869
Watch	58	-	-	-	-	-	-	58
Substandard	-	40	-	-	-	-	-	40
Total Home Equity - closed end	424	641	213	2,218	139	2,276	56	5,967
Current period gross write-offs	-	-	-	-	-	-	-	-

	Term Loans by Year of Origination							
	2026	2025	2024	2023	2022	Prior	Revolving	Total
Multifamily								
Pass	6,400	6,732	2,643	-	4,663	2,903	2,571	25,912
Watch	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-	-
Total Multifamily	6,400	6,732	2,643	-	4,663	2,903	2,571	25,912
Current period gross write-offs	-	-	-	-	-	-	-	-
Owner-occupied commercial real estate								
Pass	9,379	20,193	8,060	1,545	10,525	29,406	2,264	81,372
Watch	-	-	-	-	-	-	-	-
Substandard	-	57	1,131	-	-	8,884	-	10,072
Total Owner-occupied commercial real estate	9,379	20,250	9,191	1,545	10,525	38,290	2,264	91,444
Current period gross write-offs	-	-	-	-	-	-	-	-
Other commercial real estate								
Pass	30,630	14,788	361	6,685	36,350	43,105	2,637	134,556
Watch	-	-	-	-	-	928	-	928
Substandard	-	-	7,722	-	-	-	-	7,722
Total Other commercial real estate	30,630	14,788	8,083	6,685	36,350	44,033	2,637	143,206
Current period gross write-offs	-	-	-	-	-	-	-	-
Agricultural loans								
Pass	4,492	2,923	1,395	851	564	72	18,378	28,675
Watch	-	-	-	-	9	-	-	9
Substandard	-	-	-	79	-	-	-	79
Total Agricultural loans	4,492	2,923	1,395	930	573	72	18,378	28,763
Current period gross write-offs	-	-	-	-	-	-	-	-
Commercial and industrial								
Pass	6,238	16,043	5,767	1,647	3,454	1,730	25,053	59,932
Watch	26	-	-	-	28	-	185	239
Substandard	-	25	-	254	-	-	99	378
Total Commercial and industrial	6,264	16,068	5,767	1,901	3,482	1,730	25,337	60,549
Current period gross write-offs	-	-	-	12	17	-	-	29
Credit Cards								
Pass	-	-	-	-	-	-	3,274	3,274
Substandard	-	-	-	-	-	-	-	-
Total Credit Cards	-	-	-	-	-	-	3,274	3,274
Current period gross write-offs	-	-	-	-	-	-	67	67
Automobile loans								
Pass	13,822	11,805	11,759	15,252	8,143	2,306	-	63,087
Watch	-	-	-	-	-	-	-	-
Substandard	14	10	85	78	177	58	-	422
Total Automobile loans	13,836	11,815	11,844	15,330	8,320	2,364	-	63,509
Current period gross write-offs	103	227	589	685	279	107	-	1,990
Other consumer loans								
Pass	4,875	2,319	1,329	903	458	278	36	10,198
Watch	-	-	-	-	-	-	-	-
Substandard	-	-	-	14	8	1	-	23
Total Other consumer loans	4,875	2,319	1,329	917	466	279	36	10,221
Current period gross write-offs	-	6	23	10	19	12	-	70
Municipal loans								
Pass	-	-	-	-	-	3,766	-	3,766
Watch	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-	-
Total Municipal loans	-	-	-	-	-	3,766	-	3,766
Current period gross write-offs	-	-	-	-	-	-	-	-
Total loans	$ 133,442	$ 163,320	$ 80,202	$ 99,859	$ 115,722	$ 212,370	$ 165,871	$ 970,786
Less: Unamortized net deferred loan fees								(610)
Loans held for investment								$ 970,176
Current period gross write-offs	$ 103	$ 233	$ 612	$ 707	$ 315	$ 267	$ 67	$ 2,304

The following table presents the Company's amortized cost in loans by credit quality indicators and gross write-offs by year of origination as of December 31, 2025 (dollars in thousands):

	Term Loans by Year of Origination							
	2025	2024	2023	2022	2021	Prior	Revolving	Total
1-4 Family residential construction								
Pass	$ -	$ -	$ 338	$ -	$ -	$ 116	$ 30,664	$ 31,118
Watch	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-	-
Total 1-4 Family residential construction	-	-	338	-	-	116	30,664	31,118
Other construction, land development and land								
Pass	5,691	2,701	11,877	969	427	3,252	14,195	39,112
Watch	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	75	75
Total Other construction, land development and land	5,691	2,701	11,877	969	427	3,252	14,270	39,187
Secured by farmland								
Pass	17,063	9,423	10,887	12,838	13,122	34,648	13,469	111,450
Watch	-	-	-	1,609	1,507	-	-	3,116
Substandard	-	-	-	319	-	-	115	434
Total Secured by farmland	17,063	9,423	10,887	14,766	14,629	34,648	13,584	115,000
Home equity – open end								
Pass	-	-	-	-	-	122	50,587	50,709
Watch	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	684	684
Total Home equity - open end	-	-	-	-	-	122	51,271	51,393
Real estate								
Pass	43,676	26,645	53,562	40,299	11,899	59,454	1,040	236,575
Watch	-	1,416	1,436	-	-	211	-	3,063
Substandard	-	-	289	81	655	2,698	-	3,723
Total Real estate	43,676	28,061	55,287	40,380	12,554	62,363	1,040	243,361
Home Equity – closed end								
Pass	635	422	2,339	192	57	2,281	-	5,926
Watch	-	-	-	-	-	-	-	-
Substandard	54	-	-	-	-	-	-	54
Total Home Equity - closed end	689	422	2,339	192	57	2,281	-	5,980
Multifamily								
Pass	7,051	2,680	-	2,556	1,241	2,262	3,064	18,854
Watch	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-	-
Total Multifamily	7,051	2,680	-	2,556	1,241	2,262	3,064	18,854
Owner-occupied commercial real estate								
Pass	20,096	9,403	2,354	16,357	14,163	18,587	4,929	85,889
Watch	-	-	-	-	-	-	-	-
Substandard	62	1,148	-	-	-	9,503	49	10,762
Total Owner-occupied commercial real estate	20,158	10,551	2,354	16,357	14,163	28,090	4,978	96,651
Other commercial real estate								
Pass	14,989	372	6,853	36,997	11,075	32,759	2,533	105,578
Watch	-	-	-	-	-	966	-	966
Substandard	-	7,806	-	-	-	84	-	7,890
Total Other commercial real estate	14,989	8,178	6,853	36,997	11,075	33,809	2,533	114,434

	Term Loans by Year of Origination							
	2025	2024	2023	2022	2021	Prior	Revolving	Total
Agricultural loans								
Pass	5,387	1,910	1,364	973	151	53	10,092	19,930
Watch	-	-	-	9	-	16	-	25
Substandard	-	-	112	-	-	-	60	172
Total Agricultural loans	5,387	1,910	1,476	982	151	69	10,152	20,127
Commercial and industrial								
Pass	18,025	6,615	2,710	4,675	2,359	251	20,980	55,615
Watch	-	-	-	43	-	-	150	193
Substandard	35	-	317	17	-	-	708	1,077
Total Commercial and industrial	18,060	6,615	3,027	4,735	2,359	251	21,838	56,885
Credit Cards								
Pass	-	-	-	-	-	-	3,387	3,387
Substandard	-	-	-	-	-	-	-	-
Total Credit Cards	-	-	-	-	-	-	3,387	3,387
Automobile loans								
Pass	16,255	17,479	23,351	14,122	4,512	868	-	76,587
Watch	-	-	-	-	-	-	-	-
Substandard	14	140	21	207	76	35	-	493
Total Automobile loans	16,269	17,619	23,372	14,329	4,588	903	-	77,080
Other consumer loans								
Pass	3,215	2,166	1,669	1,128	268	336	307	9,089
Watch	-	-	-	-	-	-	-	-
Substandard	-	-	19	14	8	2	-	43
Total Other consumer loans	3,215	2,166	1,688	1,142	276	338	307	9,132
Municipal loans								
Pass	-	-	-	-	500	3,719	-	4,219
Watch	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-	-
Total Municipal loans	-	-	-	-	500	3,719	-	4,219
Total loans	$ 152,248	$ 90,326	$ 119,498	$ 133,405	$ 62,020	$ 172,223	$ 157,088	$ 886,808
Less: Unamortized net deferred loan fees								(555)
Loans held for investment								$ 886,253

Nonaccrual and Past Due Loans

The following table shows the aging of the Company's loans held for investment, by segment (dollars in thousands):

Age Analysis of Past Due Loans
As of September 30, 2026

	Accruing Loans 30-59 Days Past due	Accruing Loans 60-89 Days Past due	Accruing Loans 90 Days or More Past due	Nonaccrual Loans	Accruing Current Loans	Total Loans
1-4 Family residential construction	$ -	$ -	$ -	$ -	$ 21,950	$ 21,950
Other construction, land development and land	-	-	-	173	48,220	48,393
Secured by farmland	-	-	-	399	128,332	128,731
Home equity – open end	18	-	-	422	60,196	60,636
Real estate	817	250	-	2,195	271,203	274,465
Home equity – closed end	25	-	-	-	5,942	5,967
Multifamily	-	-	-	-	25,912	25,912
Owner-occupied commercial real estate	1,131	-	-	615	89,698	91,444
Other commercial real estate	-	-	-	-	143,206	143,206
Agricultural loans	11	-	-	79	28,673	28,763
Commercial and industrial	44	10	-	-	60,495	60,549
Credit cards	21	51	6	-	3,196	3,274
Automobile loans	988	167	-	285	62,069	63,509
Other consumer loans	47	6	-	13	10,155	10,221
Municipal loans	-	-	-	-	3,766	3,766
Gross loans	3,102	484	6	4,181	963,013	970,786
Less: Unamortized net deferred loan fees	-	-	-	-	(610)	(610)
Loans held for investment	$ 3,102	$ 484	$ 6	$ 4,181	$ 962,403	$ 970,176

Age Analysis of Past Due Loans
As of December 31, 2025

	Accruing Loans 30-59 Days Past due	Accruing Loans 60-89 Days Past due	Accruing Loans 90 Days or More Past due	Nonaccrual Loans	Accruing Current Loans	Total Loans
1-4 Family residential construction	$ -	$ -	$ -	$ -	$ 31,118	$ 31,118
Other construction, land development and land	601	-	-	-	38,586	39,187
Secured by farmland	-	-	-	434	114,566	115,000
Home equity – open end	267	61	-	462	50,603	51,393
Real estate	2,545	902	-	2,308	237,606	243,361
Home equity – closed end	83	-	-	-	5,897	5,980
Multifamily	-	-	-	-	18,854	18,854
Owner-occupied commercial real estate	538	1,148	-	2,201	92,764	96,651
Other commercial real estate	-	-	-	-	114,434	114,434
Agricultural loans	121	-	-	172	19,834	20,127
Commercial and industrial	223	311	-	29	56,322	56,885
Credit cards	37	12	5	-	3,333	3,387
Automobile loans	1,832	390	2	389	74,467	77,080
Other consumer loans	93	16	-	42	8,981	9,132
Municipal loans	-	-	-	-	4,219	4,219
Gross loans	6,340	2,840	7	6,037	871,584	886,808
Less: Unamortized net deferred loan fees	-	-	-	-	(555)	(555)
Loans held for investment	$ 6,340	$ 2,840	$ 7	$ 6,037	$ 871,029	$ 886,253

There were $4.2 million and $6.0 million in nonaccrual loans at September 30, 2026 and December 31, 2025, respectively. There was no interest income recognized on nonaccrual loans during the three and nine months ended September 30, 2026 and 2025.

The following table is a summary of the Company's nonaccrual loans by major categories for the periods indicated (dollars in thousands).

	September 30, 2026			December 31, 2025		
	Nonaccrual loans			Nonaccrual loans		
	With no Allowance	With an Allowance	Total	With no Allowance	With an Allowance	Total
Other construction, land development and land	$ -	$ 173	$ 173	$ -	$ -	$ -
Secured by farmland	103	296	399	-	434	434
Home equity – open end	106	316	422	462	-	462
Real estate	-	2,195	2,195	2,206	102	2,308
Owner-occupied commercial real estate	615	-	615	2,201	-	2,201
Agricultural loans	-	79	79	60	112	172
Commercial and industrial	-	-	-	29	-	29
Automobile loans	-	285	285	389	-	389
Other consumer loans	-	13	13	42	-	42
Total loans	$ 824	$ 3,357	$ 4,181	$ 5,389	$ 648	$ 6,037

Collateral Dependent Disclosures

The collateral method is applied to individually evaluated loans for which foreclosure is probable. The collateral method is also applied to individually evaluated loans when borrowers are experiencing financial difficulty and repayment is expected to be provided substantially through the operation or sale of the collateral. These loans do not share common risk characteristics and are not included within the collectively evaluated loans for determining the allowance for credit losses. Under CECL, for collateral dependent loans, the Company has adopted the practical expedient to measure the allowance for credit losses based on the fair value of collateral. The allowance for credit losses is calculated on an individual loan basis based on the shortfall between the fair value of the loan's collateral, which is adjusted for liquidation costs/discounts, and amortized cost. If the fair value of the collateral exceeds the amortized cost, no allowance is required. Collateral-dependent loans are secured primarily by farmland, residential and commercial real estate, and agricultural equipment. The decrease in owner-occupied commercial real estate collateral-dependent loans from December 31, 2025 reflects the upgrade of one relationship and the payoff of another relationship.

The following table presents the total amortized cost in collateral-dependent loans of the Company as of the periods noted (dollars in thousands):

	Collateral Dependent Loans and Leases	
	September 30, 2026	December 31, 2025
Secured by farmland	$ 399	$ 434
Home equity – open end	106	175
Real estate	671	868
Owner-occupied commercial real estate	615	2,201
Agricultural loans	79	112
Total loans	$ 1,870	$ 3,790

Troubled Loan Modifications

The Company closely monitors the performance of borrowers experiencing financial difficulty and grants certain loan modifications it would not otherwise consider. The Company refers to such loan modifications as troubled loan modifications ("TLMs").

There were no loans modified for borrowers experiencing financial difficulty in the three months ended September 30, 2026. There was one loan that was modified in the fourth quarter of 2025 that was charged off during the third quarter of 2026. There were two loans that were modified for borrowers experiencing financial difficulty in the first quarter of 2026 that were paid off by the borrowers during the second quarter of 2026. There were no loans modified for borrowers experiencing financial difficulty in the three months or nine months ended September 30, 2025.

The following tables present an aging analysis of the amortized cost of TLMs as of the dates stated (dollars in thousands).

	September 30, 2026				
	Current Loans	30-89 Days Past Due	Greater than 90 Days Past Due & Accruing	Nonaccrual	Total
Real estate	$ 40	$ -	$ -	$ -	$ 40
Total modified loans	$ 40	$ -	$ -	$ -	$ 40

	December 31, 2025				
	Current Loans	30-89 Days Past Due	Greater than 90 Days Past Due & Accruing	Nonaccrual	Total
Real estate	$ -	$ 54	$ -	$ -	$ 54
Automobile loans	4	8	-	11	23
Total modified loans	$ 4	$ 62	$ -	$ 11	$ 77

At September 30, 2026 and December 31, 2025, there were no unfunded commitments to borrowers with TLMs.

The following table presents the amortized cost of TLMs modified in the preceding twelve months that had a payment default during the periods stated (dollars in thousands).

	For the three and nine months ended September 30,					
	2026			2025		
	Number of Loans	Amortized Cost	% of Amortized Cost to Gross Loans by Category	Number of Loans	Amortized Cost	% of Amortized Cost to Gross Loans by Category
Term extension and deferral						
Real estate	-	$ -	0.00%	1	$ 3	0.00%
Automobile loans	1	-	0.00%	4	29	0.03%
Total term extension and deferral	1	$ -		5	$ 32	
Other than temporary payment delay						
Owner occupied commercial real estate	-	$ -	0.00%	1	$ 1,192	1.29%
Total other than temporary payment delay	-	$ -		1	$ 1,192	
Total	1	$ -		6	$ 1,224	

The Company maintains an allowance for off-balance sheet credit exposures such as unfunded balances for existing lines of credit, commitments to extend future credit, as well as both standby and commercial letters of credit when there is a contractual obligation to extend credit. The allowance for off-balance sheet credit exposures is adjusted as a provision for credit loss expense. The estimate includes consideration of the likelihood that funding will occur, which is based on a historical funding study derived from internal information, and an estimate of expected credit losses on commitments expected to be funded over their estimated life, which are the same loss rates that are used in computing the ACL. The ACL for unfunded commitments is classified on the balance sheet within other liabilities.

NOTE 5 LEASES

Lease liabilities represent the Company's obligation to make lease payments and are presented at each reporting date as the present value of the remaining lease payments. Cash flows are discounted at the Company's incremental borrowing rate in effect at the commencement date of the lease. Right-of-use assets represent the Company's right to use the underlying asset for the lease term and are calculated as the sum of the lease liability and adjusted for prepaid rent, initial direct costs, and any incentives received from the lessor. The right-of-use assets are included in other assets and the lease liability in other liabilities in the consolidated balance sheets.

The Company's long-term lease agreements are classified as operating leases. Certain of these leases offer the option to extend the lease term. The Company has included such extensions in its calculation of the lease liabilities to the extent the options are reasonably certain of being exercised. The lease agreements do not provide for residual value guarantees and have no restrictions or covenants that would impact dividends or require incurring additional financial obligations. The Company has three operating leases for office properties.

The following tables present information about the Company's leases (dollars in thousands):

	September 30, 2026	December 31, 2025
Lease liabilities (included in other liabilities)	$ 1,106	$ 874
Right-of-use assets (included in other assets)	$ 1,068	$ 838
Weighted average remaining lease term	7.53 years	9.34 years
Weighted average discount rate	3.93%	3.85%

Lease cost	For the Three Months Ended September 30, 2026	For the Three Months Ended September 30, 2025	For the Nine Months Ended September 30, 2026	For the Nine Months Ended September 30, 2025
Operating lease cost	$ 36	$ 30	$ 89	$ 89
Total lease cost	$ 36	$ 30	$ 89	$ 89
Cash paid for amounts included in the measurement of lease liabilities	$ 44	$ 35	$ 118	$ 104

A maturity analysis of operating lease liabilities and reconciliation of the undiscounted cash flows to the total of operating lease liabilities is as follows (dollars in thousands):

Lease payments due	As of September 30, 2026
Three months ending December 31, 2026	$ 33
Twelve months ending December 31, 2027	181
Twelve months ending December 31, 2028	185
Twelve months ending December 31, 2029	170
Twelve months ending December 31, 2030	166
Thereafter	554
Total undiscounted cash flows	$ 1,289
Discount	(183)
Lease liabilities	$ 1,106

NOTE 6 REGULATORY CAPITAL MATTERS

Banks and financial holding companies are subject to regulatory capital requirements administered by federal banking agencies. Capital adequacy guidelines and, additionally for banks, "prompt corrective action" regulations involve quantitative measures of assets, liabilities, and certain off-balance sheet items calculated under regulatory accounting practices. Capital amounts and classifications are also subject to qualitative judgments by regulators. Failure to meet capital requirements can initiate regulatory action. The net unrealized gain or loss on AFS securities is not included in computing regulatory capital. Management believes as of September 30, 2026, the Bank met all capital adequacy requirements to which it was subject. Management is not aware of any conditions or events since the most recent regulatory notification that would change the Bank's well-capitalized category.

"Prompt corrective action" regulations provide five classifications: "well capitalized", "adequately capitalized", "undercapitalized", "significantly undercapitalized", and "critically undercapitalized", although these terms are not used to represent overall financial condition. If a bank is classified as "adequately capitalized", regulatory approval is required to accept brokered deposits. If a bank is classified as "undercapitalized", capital distributions are limited, as is asset growth and expansion, and capital restoration plans are required. As of September 30, 2026, and December 31, 2025, the Bank was "well capitalized" under the regulatory framework for "prompt corrective action".

Capital amounts and ratios as of September 30, 2026 and December 31, 2025 are presented in the tables below (dollars in thousands):

	Actual		Minimum Capital Requirement		Minimum to be Well Capitalized Under Prompt Corrective Action Provisions	
September 30, 2026	Amount	Ratio	Amount	Ratio	Amount	Ratio
Total risk-based ratio	$ 140,050	14.22%	$ 78,782	8.00%	$ 98,477	10.00%
Tier 1 risk-based ratio	130,092	13.21%	59,086	6.00%	78,782	8.00%
Common equity tier 1	130,092	13.21%	44,315	4.50%	64,010	6.50%
Tier 1 leverage ratio	130,092	9.14%	56,959	4.00%	71,199	5.00%

December 31, 2025	Actual		Minimum Capital Requirement		Minimum to be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
Total risk-based ratio	$ 130,263	14.04%	$ 74,241	8.00%	$ 92,801	10.00%
Tier 1 risk-based ratio	121,679	13.11%	55,680	6.00%	74,241	8.00%
Common equity tier 1	121,679	13.11%	41,760	4.50%	60,321	6.50%
Tier 1 leverage ratio	121,679	8.73%	55,752	4.00%	69,690	5.00%

NOTE 7 FAIR VALUE MEASUREMENTS

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

Level 1 – Valuation is based on quoted prices in active markets for identical assets and liabilities.
Level 2 – Valuation is based on observable inputs including quoted prices in active markets for similar assets and liabilities, quoted prices for identical or similar assets and liabilities in less active markets, and model-based valuation techniques for which significant assumptions can be derived primarily from or corroborated by observable data in the market.
Level 3 – Valuation is based on model-based techniques that use one or more significant inputs or assumptions that are unobservable in the market.

Fair Value – Recurring Basis

The following describes the valuation techniques used by the Company to measure certain financial assets and liabilities recorded at fair value on a recurring basis in the financial statements:

Securities - When quoted market prices are not available, fair values are estimated by using pricing models, quoted prices of securities with similar characteristics, or discounted cash flow methods. Level 2 securities included U.S. agency securities, mortgage-backed agency securities, obligations of state and political subdivisions, and certain corporate, asset-backed and other securities. In certain cases where there is limited activity or less transparency around inputs to the valuation, securities are classified within Level 3 of the valuation hierarchy. Changes in securities classified as Level 3 as of September 30, 2026 related to calls, a reclassification, and changes in the market values of such securities from December 31, 2025.

The carrying value of restricted stock approximates fair value based upon the redemption provisions of each security and is therefore excluded from the following table.

Loans held for sale – Mortgage loans originated and intended for sale in the secondary market are carried at fair value, which is based on the price secondary markets are currently offering for similar loans using observable market data. Changes in fair value are recognized in mortgage banking income on the consolidated statements of income (Level 2).

Derivative financial instruments - Derivative instruments used to hedge residential mortgage loans held for sale and the related interest rate lock commitments include forward commitments to sell mortgage loans and are reported at fair value utilizing Level 2 inputs. The fair values of derivative financial instruments are based on derivative market data inputs as of the valuation date and the underlying value of mortgage loans for rate lock commitments.

The following tables present the balances of financial assets measured at fair value on a recurring basis as of the dates stated (dollars in thousands):

September 30, 2026	Total	Level 1	Level 2	Level 3
Securities available for sale:				
U.S. Treasury securities	$ 14,232	$ -	$ 14,232	$ -
U.S. Government agencies	35,766	-	35,766	-
Municipal securities	20,122	-	20,122	-
Mortgage-backed securities	218,783	-	218,783	-
Corporate debt securities	22,408	-	5,595	16,813
Total securities available for sale	$ 311,311	$ -	$ 294,498	$ 16,813
Other assets:				
Loans held for sale	$ 1,669	$ -	$ 1,669	$ -
Forward sales commitments	146	-	146	-
Total other assets	$ 1,815	$ -	$ 1,815	$ -
Assets at Fair Value	$ 313,126	$ -	$ 296,313	$ 16,813

December 31, 2025	Total	Level 1	Level 2	Level 3
Securities available for sale:				
U.S. Treasury securities	$ 14,334	$ -	$ 14,334	$ -
U.S. Government agencies	55,152	-	55,152	-
Municipal securities	25,958	-	25,958	-
Mortgage-backed securities	226,311	-	226,311	-
Corporate debt securities	23,584	-	4,549	19,035
Total securities available for sale	$ 345,339	$ -	$ 326,304	$ 19,035
Other assets:				
Loans held for sale	$ 3,191	$ -	$ 3,191	$ -
IRLC	37	-	37	-
Forward sales commitments	20	-	20	-
Total other assets	$ 3,248	$ -	$ 3,248	$ -
Assets at Fair Value	$ 348,587	$ -	$ 329,552	$ 19,035

The change in corporate debt securities to $16,813 at September 30, 2026 from $19,035 at December 31, 2025 was due to calls of $2.7 million, a reclassification of a $1.0 million bond to Level 2, and fair value adjustments of $1.5 million.

Fair Value - Nonrecurring Basis

Certain financial assets are measured at fair value on a nonrecurring basis in accordance with GAAP. The following describes the valuation techniques used by the Company to measure certain financial assets recorded at fair value on a nonrecurring basis in the financial statements.

Collateral Dependent Loans - Collateral-dependent loans are carried at fair value, which equals the estimated market value of the collateral less estimated costs to sell. Collateral may be in the form of real estate, securities, or business assets, including equipment, inventory, and accounts receivable. A loan may have multiple types of collateral; however, the majority of the Company's loan collateral is real estate. The value of real estate collateral is generally determined utilizing a market valuation approach based on an appraisal conducted by an independent, licensed appraiser outside of the Company using observable market data (Level 2). However, if the collateral value is significantly adjusted due to differences in the comparable properties or is discounted by the Company because of lack of marketability, then the fair value is considered Level 3. The value of business equipment is based upon an outside appraisal if deemed significant or the net book value on the applicable borrower's financial statements if not considered significant. Likewise, values for inventory and accounts receivable collateral are based on financial statement balances or aging reports (Level 3). Fair value adjustments are recorded in the period incurred as provision for credit losses on the consolidated statements of income.

Other Real Estate Owned ("OREO")- Certain assets such as OREO are measured at fair value less estimated costs to sell. Valuation of OREO is generally determined using current appraisals from independent parties, a Level 2 input. If current appraisals cannot be obtained prior to reporting dates, or if declines in value are identified after a recent appraisal, appraisal values are discounted, resulting in Level 3 estimates. If the Company markets the property with a realtor, estimated selling costs reduce the fair value, resulting in a valuation based on Level 3 inputs. The company has no OREO as of September 30, 2026 and December 31, 2025.

The following tables summarize assets that were measured at fair value on a nonrecurring basis as of the dates stated (dollars in thousands).

	September 30, 2026			
		Fair Value Measurements Using:		
	Balance	Level 1	Level 2	Level 3
Collateral-dependent loans, net of reserve	$ 1,649	$ -	$ -	$ 1,649

	December 31, 2025			
		Fair Value Measurements Using:		
	Balance	Level 1	Level 2	Level 3
Collateral-dependent loans, net of reserve	$ 3,578	$ -	$ -	$ 3,578

The following tables present quantitative information about Level 3 fair value measurements as of the dates stated (dollars in thousands).

	Fair Value at September 30, 2026	Valuation Technique	Significant Unobservable Inputs	Discount
Collateral Dependent Loans, net of reserve	$ 1,649	Discounted appraised value	Discount for selling costs and marketability	10.82-100%

	Fair Value at December 31, 2025	Valuation Technique	Significant Unobservable Inputs	Discount
Collateral Dependent Loans, net of reserve	$ 3,578	Discounted appraised value	Discount for selling costs and marketability	36.17-100%

Fair value information about financial instruments, whether or not recognized in the balance sheet, for which it is practical to estimate the value is based upon the characteristics of the instruments and relevant market information. Financial instruments include cash, evidence of ownership in an entity, or contracts that convey or impose on an entity that contractual right or obligation to either receive or deliver cash for another financial instrument. The information used to determine fair value is highly subjective and judgmental in nature and, therefore, the results may not be precise. Subjective factors include, among other things, estimates of cash flows, risk characteristics, credit quality, and interest rates, all of which are subject to change. Since the fair value is estimated as of the balance sheet date, the amounts that will actually be realized or paid upon settlement or maturity on these various instruments could be significantly different.

The carrying values of cash and due from banks and federal funds sold are of such short duration that carrying value reasonably approximates fair value (Level 1).

The carrying values of accrued interest receivable and accrued interest payable are of such short duration that carrying value reasonably approximates fair value (Level 2).

The carrying value of restricted equity investments approximates fair value based on the redemption provisions of the instrument (Level 2). The fair value of other investments is approximated by its carrying value (Level 3).

The fair value of the Company's loan portfolio includes a credit risk assumption in the determination of the fair value of its loans. This credit risk assumption is intended to approximate the fair value that a market participant would realize in a hypothetical orderly transaction. The Company's loan portfolio is initially fair valued using a segmented approach. The Company divides its loan portfolio into the following categories: variable rate loans, individually evaluated loans, and all other loans. The results are then adjusted to account for credit risk as described above. The fair value of the Company's loan portfolio also considers illiquidity risk through the use of a discounted cash flow model to compensate for, based on certain assumptions included within the discounted cash flow model, primarily the use of discount rates that better capture inherent credit risk over the lifetime of a loan. This consideration of both credit risk and illiquidity risk provides an estimated exit price for the Company's loan portfolio. Loans held for investment are reported as Level 3.

The carrying value of noninterest-bearing deposits approximates fair value (Level 1). The carrying values of interest-bearing demand, money market, and savings deposits approximates fair value based on their current pricing and are reported as Level 2. The fair values of time deposits were obtained using a discounted cash flow calculation that includes a market rate analysis of the current rates offered by market participants for time deposits that mature in the same period. Time deposits are reported as Level 2.

The fair value of the FHLB borrowings is estimated by discounting the future cash flows using current interest rates offered for similar advances (Level 2).

The fair value of the Company's subordinated notes is estimated by utilizing recent issuance interest rates for subordinated debt offerings of similar issuer size (Level 3).

The Company assumes interest rate risk (the risk that general interest rate levels will change) as a result of its normal operations. As a result, the fair values of the Company's financial instruments will change when interest rate levels change and that change may be either favorable or unfavorable to the Company. Borrowers with fixed rate obligations may be less likely to prepay in a rising rate environment and more likely to prepay in a falling rate environment. Conversely, depositors who are receiving fixed rates may be more likely to withdraw funds before maturity in a rising rate environment and less likely to do so in a falling rate environment. Management monitors rates and maturities of assets and liabilities and attempts to minimize interest rate risk by adjusting terms of new loans and deposits and by investing in securities with terms that mitigate the Company's overall interest rate risk.

The following presents the carrying amount, fair value, and placement in the fair value hierarchy of the Company's financial instruments as of September 30, 2026 and December 31, 2025 (dollars in thousands). Fair values are estimated under the exit price notion in accordance with the adoption of ASU 2016-01, "*Recognition and Measurement of Financial Assets and Financial Liabilities."*

	September 30, 2026				
	Carrying Value	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Total Fair Value Balance
Financial Assets					
Cash and cash equivalents	$ 65,759	$ 65,759	$ -	$ -	$ 65,759
Securities	311,311	-	294,498	16,813	311,311
Other investments	2,364	-	-	2,364	2,364
Loans held for sale	1,669	-	1,669	-	1,669
Loans held for investment, net	960,958	-	-	950,517	950,517
Interest receivable	5,282	-	5,282	-	5,282
Forward sales commitments	146	-	146	-	146
Financial Liabilities					
Noninterest-bearing demand deposits	$ 280,190	$ 280,190	$ -	$ -	$ 280,190
Interest checking deposits	153,596	-	153,596	-	153,596
Savings deposits	617,690	-	617,690	-	617,690
Time deposits	230,097	-	229,190	-	229,190
Long-term debt	9,930	-	-	9,972	9,972
Interest payable	1,441	-	1,441	-	1,441
Interest rate lock commitments ("IRLC")	33	-	33	-	33

	December 31, 2025				
	Carrying Value	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Total Fair Value Balance
Financial Assets					
Cash and cash equivalents	$ 68,853	$ 68,853	$ -	$ -	$ 68,853
Securities	345,339	-	326,304	19,035	345,339
Other investments	2,254	-	-	2,254	2,254
Loans held for sale	3,191	-	3,191	-	3,191
Loans held for investment, net	878,435	-	-	871,151	871,151
Interest receivable	5,118	-	5,118	-	5,118
IRLC	37	-	37	-	37
Forward sales commitments	20	-	20	-	20
Financial Liabilities					
Noninterest-bearing demand deposits	$ 279,398	$ 279,398	$ -	$ -	$ 279,398
Interest checking deposits	148,624	-	148,624	-	148,624
Savings deposits	591,777	-	591,777	-	591,777
Time deposits	225,413	-	225,156	-	225,156
Long-term debt	9,917	-	-	10,085	10,085
Interest payable	1,361	-	1,361	-	1,361

NOTE 8 SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the balance sheet date but before financial statements are issued. Recognized subsequent events are events or transactions that provide additional evidence about conditions that existed at the date of the balance sheet, including the estimates inherent in the process of preparing financial statements. Non-recognized subsequent events are events that provide evidence about conditions that did not exist at the date of the balance sheet but arose after that date.

The Company received authorization to transfer the listing of its Common Stock from OTCQX to the NYSE American LLC. The Company expects its common stock to begin trading on NYSE American LLC under the existing ticker symbol “FMBM” on or about November 19, 2026, and will cease trading on OTCQX at the close of trading the day before. The transfer will not affect the number of shares outstanding or the Company’s reporting obligations under the Securities Exchange Act of 1934.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (dollars in thousands)

The Company incorporated in Virginia in 1983, is a one-bank holding company under the Bank Holding Company Act of 1956 that has elected to become a financial holding company. The Company owns 100% of the outstanding stock of the Bank and VST.

The Company, through the Bank, operates under a charter issued by the Commonwealth of Virginia and provides financial products and services to consumers and businesses. As a state-chartered bank, the Bank is subject to regulation by the Virginia Bureau of Financial Institutions and the FRB. The Bank provides services to customers located primarily in the counties of Rockingham, Shenandoah, Augusta, and Frederick, and the cities of Harrisonburg, Staunton, Waynesboro and Winchester in Virginia. Services are provided at fourteen branch offices and a dealer finance division loan production office. The Company offers insurance, mortgage lending, and title insurance through the Bank and VST. In the second quarter of 2026, the Virginia Bureau of Financial Institutions approved the Bank’s application to open a new branch in Fauquier County in the city of Warrenton. The Company expects the Warrenton branch to open in late 2026.

Management’s discussion and analysis is presented to assist the reader in understanding and evaluating the financial condition and results of operations of the Company. The analysis focuses on the consolidated financial statements, footnotes, and other financial data presented. The discussion highlights material changes from prior reporting periods and any identifiable trends which may affect the Company. Amounts have been rounded for presentation purposes. This discussion and analysis should be read in conjunction with the Consolidated Financial Statements and the Notes to the Consolidated Financial Statements presented in Item 1, Part 1 of this Form 10-Q and in conjunction with the audited Consolidated Financial Statements included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2025 (the “2025 Form 10-K”).

Forward-Looking Statements

Certain statements in this report may contain “forward-looking statements” as defined by federal securities laws, which are subject to significant risks and uncertainties. These include statements regarding future plans, strategies, results, or expectations that are not historical facts, and are generally identified by the use of words such as “believe,” “expect,” “intend,” “anticipate,” “will,” “estimate,” “project,” “plan” or similar expressions or other statements concerning opinions or judgments of the Company and its management about future events. These statements are based on estimates and assumptions, and our ability to predict results, or the actual effect of future plans or strategies, is inherently uncertain. Our actual results could differ materially from those contemplated by these forward-looking statements.

Factors that could have a material adverse effect on our operations and future prospects include, but are not limited to, changes in local and national economies or market conditions; changes in interest rates; regulations and accounting principles; changes in policies or guidelines; loan demand and asset quality, including values of real estate and other collateral; deposit flow; the impact of competition from traditional or new sources; and other factors. Readers should consider these risks and uncertainties in evaluating forward-looking statements and should not place undue reliance on such statements.

All forward-looking statements speak only as of the date on which such statements are made, and the Company undertakes no obligation to update any statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events.

Critical Accounting Policies

The accounting and reporting policies of the Company are in accordance with GAAP and conform to general practices within the banking industry. The Company’s financial position and results of operations are affected by management’s application of accounting policies, including estimates, assumptions, and judgments made to arrive at the carrying value of assets and liabilities and amounts reported for revenues, expenses, and related disclosures. Different assumptions in the application of these policies could result in material changes in the Company’s consolidated financial position and/or results of operations. The Company evaluates its critical accounting estimates and assumptions on an ongoing basis and updates them as needed. Management has discussed the Company’s critical accounting policies and estimates with the Audit Committee of the Board of Directors of the Company.

The Company's critical accounting policies used in the preparation of the Consolidated Financial Statements as of September 30, 2026 were unchanged from the policies disclosed in the 2025 Form 10-K within the section "Management's Discussion and Analysis of Financial Condition and Results of Operations." See Note 1 to the Consolidated Financial Statements in Part I, Item 1 for additional information.

Results of Operations

Overview

Comparing the Three-Month Periods Ended September 30, 2026 and September 30, 2025

Net income for the third quarter of 2026 was $2.6 million, or $0.74 per diluted share, compared to $2.9 million, or $0.82 per diluted share, for the third quarter of 2025—a decrease of $281,000, or $0.08 per diluted share. Return on average assets was 0.74% and return on average equity was 9.26% for the three months ended September 30, 2026, both declining from the prior-year period. The decrease in net income was primarily the result of a $994,000 increase in the provision for credit losses and a $1.4 million increase in noninterest expenses. Net interest income increased to $12.3 million for the three months ended September 30, 2026, from $10.5 million for the three months ended September 30, 2025.

Comparing the Nine-Month Periods Ended September 30, 2026 and September 30, 2025

Net income for the nine months ended September 30, 2026 was $11.2 million, or $3.14 per diluted share, compared to $8.3 million, or $2.35 per diluted share, for the nine months ended September 30, 2025—an increase of $2.9 million, or $0.79 per diluted share. Return on average assets was 1.08% and return on average equity was 13.62% for the nine months ended September 30, 2026, both improving from the prior-year period. The increase in net income resulted from a $3.9 million increase in interest income, along with a $1.7 million decrease in interest expense. Net interest income increased to $36.1 million for the nine months ended September 30, 2026, from $30.5 million for the nine months ended September 30, 2025. In addition, noninterest income increased $2.3 million, primarily due to the $4.8 million gain resulting from the sale of the Company's interest in Bearing Insurance and partially offset by a $3.5 million loss on the sale of investment securities. Noninterest expense increased $3.9 million, and the provision for credit losses increased by $489,000, as a result of loan growth of $83.9 million and qualitative factor updates to the allowance model in 2026.

Net Interest Income and Net Interest Margin

Three-Month Period Ended September 30, 2026

Net interest income for third quarter 2026 was $12.3 million, an increase of $1.8 million over third quarter 2025. Interest income for third quarter 2026 increased $1.4 million due to loan growth and investment income, while interest expense decreased $379,000 driven by a shift from higher-cost time deposits to lower-cost interest checking and money market accounts in 2026. Net interest margin for the quarter ended September 30, 2026 was 3.69%, up 33 basis points from the quarter ended September 30, 2025. The earning asset yield increased 9 basis points to 5.54%. Cost of interest-bearing liabilities decreased by 29 basis points to 2.47%. Interest expense on deposits decreased $414,000 due to a shift in the average balance of time deposits to lower-cost interest checking and money market accounts and lower rates paid on savings and money market accounts; however, interest expense on debt increased $35,000 due to an increase of $2.9 million in average balances.

Nine-Month Period Ended September 30, 2026

Net interest income for the first nine months of 2026 was $36.1 million, an increase of $5.6 million compared to the first nine months of 2025. Interest income for the first nine months of 2026 increased $3.9 million due to loan growth and investment income, while interest expense decreased $1.7 million, driven by a shift from higher-cost time deposits to lower-cost interest checking and money market accounts. Net interest margin for the nine months ended September 30, 2026 was 3.68%, up 35 basis points from the nine months ended September 30, 2025. The earning asset yield increased 4 basis points to 5.52%. Cost of interest-bearing liabilities decreased by 37 basis points to 2.44%. Interest expense on deposits decreased $1.8 million due to a shift in the average balance of time deposits to lower-cost interest checking and money market accounts and lower rates paid on savings and money market accounts; however, interest expense on debt increased $193,000 due to an increase of $2.9 million in average balances.

The following tables show interest income on earning assets and related average yields as well as interest expense on interest-bearing liabilities and related average rates paid for the periods indicated (dollars in thousands):

	Three Months Ended September 30,					
	2026			2025		
	Balance[4]	Interest	Rate[1]	Balance[4]	Interest	Rate[1]
ASSETS						
Loans held for investment[2,3]	$ 935,021	$ 15,110	6.41%	$ 861,788	$ 14,092	6.49%
Loans held for sale	1,306	21	6.38%	2,512	35	5.53%
Federal funds sold	53,005	497	3.72%	42,236	468	4.40%
Interest bearing deposits in banks and other investments	3,770	50	5.26%	3,226	59	7.26%
Investment securities[4]						
Taxable	317,620	2,710	3.39%	314,428	2,290	2.89%
Tax exempt	11,587	84	2.88%	16,500	108	2.60%
Total investment securities	329,207	2,794	3.37%	330,928	2,398	2.87%
Total earning assets	1,322,309	18,472	5.54%	1,240,690	17,052	5.45%
Allowance for credit losses	(8,012)			(8,201)		
Nonearning assets	93,695			95,435		
Total assets	$ 1,407,992			$ 1,327,924		
LIABILITIES AND SHAREHOLDERS' EQUITY						
Deposits						
Demand-interest bearing	$ 151,733	$ 655	1.71%	$ 135,230	$ 558	1.64%
Savings	616,482	3,670	2.36%	567,111	3,875	2.71%
Time deposits	216,183	1,660	3.05%	234,318	1,966	3.33%
Total interest-bearing deposits	984,398	5,985	2.41%	936,659	6,399	2.71%
Long-term debt	9,929	193	7.71%	6,999	158	8.96%
Total interest-bearing liabilities	994,327	6,178	2.47%	943,658	6,557	2.76%
Noninterest bearing deposits	282,677			273,338		
Other liabilities	17,694			14,193		
Total liabilities	1,294,698			1,231,189		
Shareholders' equity	113,294			96,735		
Total liabilities and shareholders' equity	$ 1,407,992			$ 1,327,924		
Net interest earnings		$ 12,294			$ 10,495	
Net yield on interest earning assets (NIM)			3.69%			3.36%

1 Annualized.
2 Interest income on loans includes loan fees.
3 Loans held for investment include nonaccrual loans.
4 Average balance information is reflective of historical cost and has not been adjusted for changes in market value.

	Nine Months Ended September 30,					
	2026			2025		
	Balance[4]	Interest	Rate[1]	Balance[4]	Interest	Rate[1]
ASSETS						
Loans held for investment[2,3]	$ 912,248	$ 44,212	6.48%	$ 843,875	$ 41,518	6.58%
Loans held for sale	2,161	100	6.19%	2,255	90	5.34%
Federal funds sold	51,747	1,421	3.67%	45,631	1,505	4.41%
Interest bearing deposits in banks and other investments	3,543	144	5.43%	2,816	147	6.98%
Investment securities[4]						
Taxable	326,383	7,899	3.24%	311,957	6,548	2.81%
Tax exempt	14,316	292	2.73%	16,396	321	2.62%
Total investment securities	340,699	8,191	3.21%	328,353	6,869	2.80%
Total earning assets	1,310,398	54,068	5.52%	1,222,930	50,129	5.48%
Allowance for credit losses	(7,941)			(7,982)		
Nonearning assets	94,384			97,320		
Total assets	$ 1,396,841			$ 1,312,268		
LIABILITIES AND SHAREHOLDERS' EQUITY						
Deposits						
Demand-interest bearing	$ 151,037	$ 1,778	1.57%	$ 134,770	$ 1,665	1.65%
Savings	616,273	10,896	2.36%	543,665	10,892	2.68%
Time deposits	208,255	4,756	3.05%	250,856	6,713	3.58%
Total interest-bearing deposits	975,565	17,430	2.39%	929,291	19,270	2.77%
Short-term debt	-	-	-	-	4	-
Long-term debt	9,924	583	7.85%	6,990	390	7.46%
Total interest-bearing liabilities	985,489	18,013	2.44%	936,281	19,664	2.81%
Noninterest bearing deposits	283,671			269,458		
Other liabilities	17,370			13,935		
Total liabilities	1,286,530			1,219,674		
Shareholders' equity	110,311			92,594		
Total liabilities and shareholders' equity	$ 1,396,841			$ 1,312,268		
Net interest earnings		$ 36,055			$ 30,465	
Net yield on interest earning assets (NIM)			3.68%			3.33%

1 Annualized.
2 Interest income on loans includes loan fees.
3 Loans held for investment include nonaccrual loans.
4 Average balance information is reflective of historical cost and has not been adjusted for changes in market value.

Provision for Credit Losses

Three-Month Period Ended September 30, 2026

During third quarter 2026, the Bank recorded a provision for credit losses of $1.5 million, compared to a provision for credit losses of $539,000 in third quarter 2025. The increase in provision was driven by qualitative factor updates to the allowance model, as well as loan portfolio growth of $44.9 million during the third quarter of 2026. The provision also included a recovery of provision of $9,000 in the reserve for unfunded commitments that resulted from a change in the portfolio mix during the quarter, with declines in loan segments of outstanding loan commitments with higher historical loss rates partially offset by growth in loan segments with lower historical loss rates.

Nine-Month Period Ended September 30, 2026

During the nine months ended September 30, 2026, the Bank recorded a provision for credit losses of $2.1 million, compared to a provision for credit losses of $1.6 million during the nine months ended September 30, 2025. The increase in provision was driven by qualitative factor updates to the allowance model, as well as loan portfolio growth of $83.9 million during the first nine months of 2026. The provision also included a recovery of provision of $26,000 in the reserve for unfunded commitments that resulted from a change in the portfolio mix and decreases in the related loss rates of certain segments of outstanding loan commitments.

At September 30, 2026, the ACL totaled $9.2 million, or 0.95% of gross loans outstanding.

Non-interest income

Three-Month Period Ended September 30, 2026

Non-interest income totaled $2.9 million for third quarter 2026, an increase of $196,000, compared to third quarter 2025. The increase resulted from a volume-related increase in title insurance income. Non-interest income to average assets increased to 0.83% for third quarter 2026 compared to 0.82% for third quarter 2025.

Nine-Month Period Ended September 30, 2026

Non-interest income totaled $10.7 million for the nine months ended September 30, 2026, an increase of $2.3 million, compared to the nine months ended September 30, 2025. The increase was primarily due to the $4.8 million gain resulting from the sale of Bearing Insurance, which was partially offset by the $3.5 million loss on the restructuring of the Bank's AFS securities portfolio in June 2026. Also contributing to the increase in noninterest income were service charges on deposits, mortgage banking income, title insurance income, and other operating income, all of which were higher than the first nine months of 2025. Non-interest income to average assets increased to 1.02% for the nine months ended September 30, 2026, compared to 0.85% for the nine months ended September 30, 2025.

Non-interest Expense

Three-Month Period Ended September 30, 2026

Non-interest expenses totaled $10.7 million for third quarter 2026, compared to $9.3 million for the third quarter 2025, an increase of $1.4 million. The increase was primarily attributable to increased salaries and employee benefits, due to increases in the number of full-time equivalent employees, legal and professional fees, and other operating expenses, and was partially offset by a reduction in ATM and check card fees. The increase in full-time equivalent employees primarily consisted of loan production and credit personnel. Non-interest expense to average assets for the quarter increased from 2.78% for third quarter 2025 to 3.01% for third quarter 2026.

Nine-Month Period Ended September 30, 2026

Non-interest expenses totaled $31.4 million for the nine months ended September 30, 2026, compared to $27.6 million for the nine months ended September 30, 2025, an increase of $3.9 million. The increase was primarily attributable to increased salaries and employee benefits due to increases in the number of full-time equivalent employees, legal and professional fees, and other operating expenses, and was partially offset by a reduction in FDIC insurance expense. Year to date non-interest expense to average assets increased from 2.81% at September 30, 2025 to 3.01% at September 30, 2026.

Income Tax Expense

Three-Month Period Ended September 30, 2026

Income tax expense for the three months ended September 30, 2026 decreased to $376,000, down from $445,000, due to decreased income before income taxes. The effective tax rate was 12.5% for the three months ended September 30, 2026, down from 13.2% for the three months ended September 30, 2025. The effective tax rate was lower than statutory rates due to income tax credits.

Nine-Month Period Ended September 30, 2026

Income tax expense for the nine months ended September 30, 2026 increased to $2.0 million, up from $1.3 million, due to increased income before income taxes. The effective tax rate was 14.8% for the nine months ended September 30, 2026, up from 13.6% for the nine months ended September 30, 2025. The effective tax rate was lower than statutory rates due to income tax credits.

Balance Sheet Review

Overview

On September 30, 2026, assets totaled $1.4 billion, an increase of $45.7 million since December 31, 2025. Cash and cash equivalents decreased $3.1 million to $65.8 million, primarily due to a decrease in cash and due from banks. Total loans held for investment increased by $83.9 million to $970.2 million, including increases of $31.1 million in residential mortgage loans, $7.1 million in multifamily loans, $9.2 million in home equity loans, $3.7 million in commercial and industrial loans, $8.6 million in agricultural loans, $28.8 million in nonowner-occupied commercial real estate loans, $13.7 million in loans secured by farmland, and $9.2 million in other construction and land development loans. These increases were partially offset by decreases of $9.2 million in residential construction loans, $5.2 million in owner-occupied commercial real estate loans, and $13.6 million in automobile loans. All remaining loan categories increased by a net $468,000. Investment securities decreased by $34.0 million due to sales of $29.8 million, paydowns of mortgage-backed securities of $37.0 million, maturities of $10.1 million, and calls of $2.7 million. Total deposits grew by $36.4 million to $1.3 billion, with noninterest bearing deposits increasing by $792,000 and $35.6 million in interest-bearing deposits. Long-term debt remained consistent at $9.9 million. Total shareholders' equity rose by $6.4 million to $110.4 million.

Securities Available for Sale ("AFS")

The Company's AFS securities portfolio is reported at fair value, based on market prices of comparable instruments. This portfolio mainly includes U.S. Treasury securities, U.S. agency and mortgage-backed securities issued by federal agencies, as well as municipal bonds and corporate debt securities. As of September 30, 2026, the total AFS securities were $311.3 million, decreasing from $345.3 million on December 31, 2025.This represents a decrease of $34.0 million, or 9.9% since December 31, 2025. The average balance of the AFS securities portfolio during the first nine months of 2026 was $340.7 million, compared to $328.4 million during the same period in 2025. The average AFS securities portfolio accounted for 26.0% and 26.8% of average earning assets for the nine months ended September 30, 2026, and 2025, respectively. The decrease in AFS securities is primarily due to sales of $29.8 million and paydowns of $37.0 million, partially offset by purchases of $49.0 million, including the restructuring of the AFS securities portfolio in June 2026. Net unrealized losses related to the fair value of AFS securities were $24.3 million as of September 30, 2026, compared to $21.0 million as of December 31, 2025. This unrealized loss is attributed to rising market interest rates rather than credit quality. Scheduled maturities and paydowns are expected to total $10.4 million in the remaining three months of 2026. The portfolio's weighted average life is 4.89 years, with a modified duration of 3.79 years. The weighted average life may differ from the contractual maturities of the individual securities.

Loan Portfolio

The Company operates in a diverse local economy supported by various industries, including agribusiness, manufacturing, services, and several universities and colleges. The Bank is an active lender for residential mortgages and residential construction and typically provides commercial loans to small and mid-size businesses and farms within its primary service area. Additionally, the Bank offers automobile and recreational vehicle loans through its dealer finance division.

Loans held for investment totaled $970.2 million at September 30, 2026 and increased $83.9 million from $886.3 million at December 31, 2025. As a percentage of average earning assets, average loans were 69.6% for the nine months ended September 30, 2026, compared with 69.0% for the nine months ended September 30, 2025.

Loans held for sale totaled $1.7 million as of September 30, 2026, a decrease of $1.5 million from $3.2 million on December 31, 2025. This category consists of mortgage loans, which are affected by interest rate changes, seasonal trends, and refinancing activity. All mortgage loans held for sale have been pre-committed to investors, effectively minimizing interest rate risk.

The Company's loans held for investment portfolio is well-diversified, with first-lien, amortizing residential mortgage loans as the largest segment, representing $274.5 million, or 28.27% of total loans. Commercial real estate loans, including both owner-occupied and non-owner-occupied properties, represent $234.7 million, or 24.17% of the portfolio. Loans secured by farmland totaled $128.7 million, or 13.26% of the portfolio. Automobile loans, originated through the Company's dealer finance division, totaled $63.5 million, accounting for 6.54% of the portfolio. Following is a breakdown of the loan portfolio composition as of September 30, 2026, and December 31, 2025 (dollars in thousands):

	September 30, 2026		December 31, 2025	
Loan Segment	**Balance**	**Percentage of Portfolio**	**Balance**	**Percentage of Portfolio**
1-4 Family residential construction	$ 21,950	2.26%	$ 31,118	3.51%
Other construction, land development and land	48,393	4.98%	39,187	4.42%
Secured by farmland	128,731	13.26%	115,000	12.97%
Home equity – open end	60,636	6.25%	51,393	5.80%
Real estate	274,465	28.27%	243,361	27.44%
Home Equity – closed end	5,967	0.61%	5,980	0.67%
Multifamily	25,912	2.67%	18,854	2.13%
Owner-occupied commercial real estate	91,444	9.42%	96,651	10.90%
Other commercial real estate	143,206	14.75%	114,434	12.90%
Agricultural loans	28,763	2.96%	20,127	2.27%
Commercial and industrial	60,549	6.24%	56,885	6.41%
Credit Cards	3,274	0.34%	3,387	0.38%
Automobile loans	63,509	6.54%	77,080	8.69%
Other consumer loans	10,221	1.05%	9,132	1.03%
Municipal loans	3,766	0.40%	4,219	0.48%
Gross loans	$ 970,786	100.00%	$ 886,808	100.00%
Unamortized net deferred loan fees	(610)		(555)	
Loans held for investment, net of deferred loan fees	$ 970,176		$ 886,253	

Allowance for Credit Losses

Management has implemented a comprehensive analytical process to evaluate the adequacy of the allowance for credit losses. Refer to the discussion in Note 1 — Summary of Significant Accounting Policies in Notes to the Consolidated Financial Statements for management's approach to estimating the ACL.

The Company maintains the ACL at a level deemed adequate by management for expected credit losses. The Company's ACL is calculated quarterly with any adjustment recorded to the provision for credit losses in the consolidated Statements of Income. Management evaluates the adequacy of the ACL utilizing a defined methodology to determine if it properly addresses the current and expected risks in the loan portfolio, which considers the performance of borrowers and specific evaluation of individually evaluated loans, including historical loss experiences, trends in delinquencies, non-performing loans and other risk assets, and qualitative factors. Risk factors are continuously reviewed and adjusted, as needed, by management when conditions support a change. Management believes its approach properly addresses relevant accounting and bank regulatory guidance for loans both collectively and individually evaluated.

The current quarter provision for credit losses of $1.5 million was a combination of $1.5 million provision for the allowance for loan credit losses, plus $9,000 recovery of provision for the allowance for unfunded commitments. The current quarter provision of $1.5 million was driven by qualitative factor updates to the allowance model, as well as loan portfolio growth of $44.9 million in the current quarter.

As of September 30, 2026, year-to-date net charge-offs totaled $737,000, down from $1.8 million during the same period ended September 30, 2025. Gross loans increased by $84.0 million in the first nine months of 2026 and loans individually analyzed decreased $1.9 million to $1.9 million at September 30, 2026 from $3.8 million at December 31, 2025. As of September 30, 2026, the ACL was $9.2 million, or 0.95% of loans held for investment, compared to $7.8 million, or 0.88% of loans held for investment, as of December 31, 2025.

The reserve for unfunded commitments decreased from $766,000 at December 31, 2025, to $740,000 at September 30, 2026, primarily due to changes in the portfolio mix and decreases in the related loss rates of certain segments of outstanding loan commitments. Decreases in loan commitments of $7.2 million in construction and land development loans, $1.4 million in multifamily loans, and $1.4 million in real estate loan commitments were partially offset by increases in loan commitments of $4.2 million in construction loans, $7.2 million in agricultural loans, and $3.7 million in commercial and industrial loans. Home equity loan commitments increased $4.4 million but required a decrease in the provision, due to a lower historical rate of funding and an improvement in loss rates.

Asset Quality

Management classifies nonperforming loans as nonaccrual loans and loans that are 90 days or more past due. Nonaccrual loans are those on which interest accruals have been suspended or permanently discontinued. The Company's nonaccrual loans decreased $1.9 million from December 31, 2025, primarily due to the payoff of three owner-occupied commercial real estate loans and one home equity loan related to one customer relationship ($325,000), one owner-occupied commercial real estate loan ($1.0 million) becoming current during the first quarter, and the payoff of one real estate loan ($766,000) and the paydown of one owner-occupied commercial real estate loan ($275,000) in the second quarter. For more details on nonperforming loans by segment, see Note 4 — Allowance for Credit Losses in Notes to the Consolidated Financial Statements.

The following table summarizes the Company's non-performing assets as of September 30, 2026, and December 31, 2025 (in thousands):

	September 30, 2026	December 31, 2025
Nonaccrual loans	$ 4,181	$ 6,037
Loans past due 90 days and accruing interest	6	7
Total nonperforming loans	4,187	6,044
Other real estate owned	-	-
Total nonperforming assets	$ 4,187	$ 6,044
Allowance for credit losses	$ 9,218	$ 7,818
Total Loans	$ 970,176	$ 886,253
Ratios:		
Allowance for credit losses to Total Loans	0.95%	0.88%
Allowance for credit losses to Total nonperforming assets	220.16%	129.35%
Allowance for credit losses to Nonaccrual loans	220.47%	129.50%
Nonaccrual Loans to Total Loans	0.43%	0.68%

Deposits and Other Borrowings

The Company's main source of funding consists of deposits received from individuals, governmental entities and businesses located within the Company's service area. Deposit accounts include demand deposits, savings, money market, and certificates of deposit. Total deposits were $1.28 billion and $1.25 billion at September 30, 2026 and December 31, 2025, respectively. Noninterest bearing deposits increased $792,000 and interest bearing deposits increased $35.6 million.

The following table shows the balance of each category of deposits as of the dates indicated (dollars in thousands).

	September 30, 2026		December 31, 2025	
	Balance	% of total deposits	Balance	% of total deposits
Noninterest-bearing demand	$ 280,190	21.8%	$ 279,398	22.5%
Interest checking	153,596	12.0%	148,624	11.9%
Savings accounts	617,690	48.2%	591,777	47.5%
Time deposits	230,097	18.0%	225,413	18.1%
Total deposits	$ 1,281,573		$ 1,245,212	

Estimated uninsured deposits totaled approximately $175.1 million and $167.4 million at September 30, 2026, and December 31, 2025, respectively.

The following table shows the average balances of deposits and average interest rates paid as of the periods indicated (dollars in thousands).

	Three months ended September 30, 2026		Nine months ended September 30, 2026	
	Average Balance	Rate	Average Balance	Rate
Noninterest-bearing demand	$ 282,677	-	$ 283,671	-
Interest-bearing:				
Interest checking	151,733	1.71%	151,037	1.57%
Savings accounts	616,482	2.36%	616,273	2.36%
Time deposits	216,183	3.05%	208,255	3.05%
Total interest-bearing deposits	984,398	2.41%	975,565	2.39%
Total average deposits	$ 1,267,075	1.87%	$ 1,259,236	1.85%

The following table sets forth maturity ranges of time deposits, as of September 30, 2026, that meet or exceed the FDIC insurance limit (in thousands).

Maturity period:	September 30, 2026
3 months or less	$ 5,702
Over 3 months through 6 months	34,340
Over 6 months through 12 months	10,363
Over 12 months	1,394
Total	$ 51,799

Long-term borrowings

Long-term debt remained stable at $9.9 million from December 31, 2025 to September 30, 2026 and consisted of $10.0 million in aggregate principal amount of 7.55% fixed to floating rate subordinated notes due November 1, 2035 (the "Notes"). The Notes bear interest at 7.55% per annum from and including November 1, 2025 to, but excluding, November 1, 2030, payable semi-annually in arrears on May 1 and November 1 of each year, commencing on May 1, 2026. From and including November 1, 2030 to but excluding November 1, 2035, or up to an early redemption date, the interest rate will reset quarterly to an interest rate per annum equal to the then current three-month Secured Overnight Financing Rate (SOFR) plus 424.5 basis points, payable quarterly in arrears. Beginning on November 1, 2030 through maturity, the Notes may be redeemed, at the Company's option, on any scheduled interest payment date. The Notes will mature on November 1, 2035.

Shareholders' Equity

Total Shareholders' equity at September 30, 2026, was $110.4 million, compared to $104.0 million at December 31, 2025. Shareholders' equity increased $6.4 million due to net income of $11.2 million, $311,000 related to shares issued, $401,000 in stock-based compensation expense, and $37,000 in deferred compensation trust activity, partially offset by $2.6 million in other comprehensive losses, $2.8 million in dividends paid, and $136,000 in net vesting of restricted stock. Other comprehensive losses were the result of an increase in unrealized losses on securities available for sale.

Liquidity

Liquidity represents an institution's ability to meet present and future financial obligations through either the sale or maturity of existing assets or the acquisition of additional funds through liability management. Liquid assets include cash, interest-bearing deposits with banks, money market investments, federal funds sold, loans held for sale, and securities and loans maturing or re-pricing within one year. Additional sources of liquidity available to the Company include its capacity to borrow additional funds when necessary through federal funds lines with several correspondent banks, a line of credit with the FHLB, credit availability at the Federal Reserve Bank, the purchase of brokered certificates of deposit, a corporate line of credit with a large correspondent bank, and debt and capital issuances. Management believes the Company's current overall liquidity is sufficient to satisfy its depositors' requirements and to meet its customers' credit needs.

The Company closely monitors changes in the industry and market conditions that may impact the Company's liquidity. Deposits have remained a steady source of liquidity. The Company may use other means of borrowings or other liquidity sources to fund any liquidity needs based on declines in deposit balances. The Company is also closely tracking the potential impacts on the Company's liquidity due to declines in fair value of the Company's securities portfolio due to rising market interest rates.

As of September 30, 2026, liquid assets totaled $91.3 million, or 6.4% of total assets, and liquid earning assets totaled $75.3 million, or 5.6% of total earning assets. Asset liquidity is also provided by managing loan and securities maturities and cash flows. The Bank is scheduled to receive $10.4 million from bond paydowns and maturities by the end of 2026 which can be used to fund future loan growth and for other purposes.

At September 30, 2026 the Bank pledged investment securities with a collateral value totaling $79.4 million to the Federal Reserve System's Discount Window. The Discount Window provides access to funding to help depository institutions manage their liquidity risks. The Bank did not borrow from the Discount Window during the first nine months of 2026. In addition to the Discount Window, the Bank has access to off-balance sheet liquidity through unsecured Federal funds lines totaling $90.0 million, and a secured line of credit with the FHLB with $214.4 million in available credit at September 30, 2026. The FHLB line of credit is secured by a blanket lien on qualifying loans in the residential, commercial, agricultural real estate, and home equity portfolios.

The Bank has a Funding and Liquidity Risk Management policy that limits the amount of short-term and long-term alternative funding to no more than 25% of total assets.

Uninsured deposits at September 30, 2026 were $175.1 million or 14% of total deposits. In the unlikely event that uninsured deposit balances leave the Bank over a short period of time, management could more than satisfy the demand with liquid assets and FHLB borrowing capacity.

Market Risk Management

Market risk is the sensitivity of a financial institution's earnings or the economic value of its capital to adverse changes in interest rates, exchange rates, and equity prices. The Company's primary component of market risk is interest rate volatility. Interest rate fluctuations impact the amount of interest income and expense the Bank pays or receives on the majority of its assets. Rapid changes in short-term interest rates may lead to volatility in net interest income resulting in additional interest rate risk to the extent that imbalances exist between the maturities or repricing of interest-bearing liabilities and interest earning assets.

The Company manages interest rate risk through an asset and liability committee ("ALCO") composed of members of its Board of Directors and executive management. The ALCO is responsible for monitoring and managing the Company's interest rate risk and establishing policies to monitor and limit exposure to this risk. The Company's Board of Directors reviews and approves the guidelines established by ALCO.

Management uses simulation analysis to measure the sensitivity of net interest income to changes in interest rates. The model calculates an earnings estimate based on current and projected balances and rates. This method is subject to the accuracy of the assumptions that underlie the process, but it provides an additional analysis of the sensitivity of the earnings to changes in interest rates to static gap analysis. Assumptions used in the model rates are derived from historical trends, peer analysis, and management's outlook, and include loans and deposit growth rates and projected yields and rates. All maturities, calls, and prepayments in the securities portfolio are assumed to be reinvested in like instruments. Mortgage loans and mortgage-backed securities prepayment assumptions are based on industry estimates of prepayment speeds for portfolios with similar coupon ranges and seasoning. Different interest rate scenarios and yield curves are used to measure the sensitivity of earnings to changing interest rates. Interest rates on different assets and liability accounts move differently when the prime rate changes and is reflected in different rate scenarios.

The following table represents interest rate sensitivity on the Company's net interest income using different rate scenarios:

Change in Interest Rates (in Basis Points)	As of September 30, 2026 Percent Change in Earnings	As of December 31, 2025 Percent Change in Earnings
+ 400 basis points	-7.31%	-9.31%
+ 300 basis points	-5.39%	-6.75%
+ 200 basis points	-3.51%	-4.45%
+ 100 basis points	-1.71%	-2.18%
- 100 basis points	1.32%	1.78%
- 200 basis points	1.96%	2.95%
- 300 basis points	2.06%	3.21%
- 400 basis points	2.22%	3.85%

The change in the Company's liability sensitivity resulted from the shift in deposits from time deposits to savings and money market deposits that have a lower repricing beta assumption than time deposits.

Economic value simulation is used to calculate the estimated fair value of assets and liabilities over different interest rate environments. Market values are calculated based on discounted cash flow analysis. The net economic value is the market value of all assets minus the market value of all liabilities. The change in net economic value of equity ("EVE") over different rate environments is an indication of the longer- term repricing risk in the balance sheet. The same assumptions are used in the market value simulation as in the earnings simulation.

The following table reflects the change in net economic value over different rate environments:

Change in Interest Rates (in Basis Points)	As of September 30, 2026 Percentage Change in EVE	As of December 31, 2025 Percentage Change in EVE
+ 400 basis points	-19.25%	-22.76%
+ 300 basis points	-14.88%	-17.78%
+ 200 basis points	-10.13%	-12.52%
+ 100 basis points	-5.12%	-7.34%
- 100 basis points	4.88%	2.83%
- 200 basis points	6.14%	2.38%
- 300 basis points	3.29%	-1.22%
- 400 basis points	-1.87%	-2.89%

Prudent balance sheet management requires processes that monitor and protect the Company against unanticipated or significant changes in the level of market interest rates. Net interest income stability should be maintained in changing rate environments by ensuring that interest rate risk is kept to an acceptable level. The ability to reprice our interest-sensitive assets and liabilities over various time intervals is of critical importance.

The Company uses a variety of traditional and on-balance-sheet tools to manage our interest rate risk. Gap analysis, which monitors the “gap” between interest-sensitive assets and liabilities, is one such tool. In addition, we use simulation modeling to forecast future balance sheet and income statement behavior. By studying the effects on net interest income of rising, stable, and falling interest rate scenarios, the Company can position itself to take advantage of anticipated interest rate movement, and protect itself from unanticipated rate movements, by understanding the dynamic nature of its balance sheet components.

An asset-sensitive balance sheet structure implies that assets, such as loans and securities, will reprice faster than liabilities; consequently, net interest income should be positively affected in an increasing interest rate environment. Conversely, a liability-sensitive balance sheet structure implies that liabilities, such as deposits, will reprice faster than assets; consequently, net interest income should be positively affected in a decreasing interest rate environment. At September 30, 2026, the Company had $134.3 million more in liabilities repricing than assets subject to repricing in one year. This is a one-day position that is continually changing and is not necessarily indicative of our position at any other time.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Not required

Item 4. Controls and Procedures

The Company's management, including the Chief Executive Officer and Chief Financial Officer, evaluated the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as of September 30, 2026. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective to ensure that the information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified by the Securities and Exchange Commission and that such information is accumulated and communicated to management including the Chief Executive Officer and the Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosures. There were no changes in the Company’s internal control over financial reporting during the three months ended September 30, 2026 that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

Part II Other Information

Item 1. Legal Proceedings.

There are no material pending legal proceedings other than ordinary routine litigation incidental to its business, to which the Company is a party or of which the property of the Company is subject.

Item 1A.	**Risk Factors.**	Not required
Item 2.	**Unregistered Sales of Equity Securities and Use of Proceeds.**	None
Item 3.	**Defaults Upon Senior Securities.**	None
Item 4.	**Mine Safety Disclosures.**	None

Item 5. Other Information.

Insider Trading Arrangements

During the quarterly period ended September 30, 2026, none of our directors or officers (as defined in Rule 16a-1(f) under the Exchange Act) adopted, modified, or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement" (as such terms are defined in Item 408 of Regulation S-K).

Item 6. Exhibits.

(a) **Exhibits**

10.1	Amendment to the F&M Bank Corp. 2020 Stock Incentive Plan, incorporated herein by reference from Exhibit 10.1 to F&M Bank Corp.'s Current Report on Form 8-K, filed May 27, 2026.
10.2	Amendment No. 1 to the F & M Bank Corp. Directors Stock Incentive Plan, incorporated herein by reference from Exhibit 10.2 to F & M Bank Corp.'s Current Report on Form 8-K, filed September 28, 2026.
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) (filed herewith).
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) (filed herewith).
32	Certifications of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith).
101	The following materials from F&M Bank Corp.'s Quarterly Report on Form 10-Q for the period ended September 30, 2026, formatted in Inline Extensible Business Reporting Language (iXBRL), include: (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Income, (iii) Consolidated Statements of Comprehensive Income, (iv) Consolidated Statements of Changes in Shareholders' Equity, (v) Consolidated Statements of Cash Flows and (vi) related notes (filed herewith).
104	The cover page from F&M Bank Corp.'s Quarterly Report on Form 10-Q for the period ended September 30, 2026, formatted in Inline XBRL (included with Exhibit 101).

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

F & M BANK CORP.
(Registrant)

By: /s/ Aubrey M. Wilkerson
Aubrey M. Wilkerson
Chief Executive Officer
(Principal Executive Officer)

By: /s/ Lisa F. Campbell
Lisa F. Campbell
Executive Vice President and Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

November 16, 2026

EXHIBIT 31.1

RULE 13a-14(a) CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Aubrey M. Wilkerson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of F & M Bank Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: November 16, 2026

By: /s/ Aubrey M. Wilkerson
Aubrey M. Wilkerson
Chief Executive Officer

A signed original of this written statement required by Section 302 of the Sarbanes-Oxley Act of 2002 has been provided to F & M Bank Corp. and will be retained by F & M Bank Corp. and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 31.2

RULE 13a-14(a) CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Lisa F. Campbell, certify that:

1. I have reviewed this quarterly report on Form 10-Q of F & M Bank Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: November 16, 2026

By: /s/ Lisa F. Campbell
Lisa F. Campbell
Executive Vice President & Chief Financial Officer

A signed original of this written statement required by Section 302 of the Sarbanes-Oxley Act of 2002 has been provided to F & M Bank Corp. and will be retained by F & M Bank Corp. and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32

CERTIFICATION OF PRESIDENT AND CHIEF EXECUTIVE OFFICER,
EXECUTIVE VICE PRESIDENT AND CHIEF FINANCIAL OFFICER

Pursuant to § 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. § 1350)

The undersigned, as the Chief Executive Officer and Executive Vice President and Chief Financial Officer of F & M Bank Corp., respectively, certify that, to the best of each such individual's knowledge and belief, the Quarterly Report on Form 10-Q for the period ended September 30, 2026, which accompanies this certification fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 and the information contained in the periodic report fairly presents, in all material respects, the financial condition and results of operations of F & M Bank Corp. at the dates and for the periods indicated. The foregoing certification is made pursuant to § 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. § 1350) and shall not be relied upon for any other purpose. The undersigned expressly disclaims any obligation to update the foregoing certification except as required by law.

/s/ Aubrey M. Wilkerson
Aubrey M. Wilkerson
Chief Executive Officer

/s/ Lisa F. Campbell
Lisa F. Campbell
Executive Vice President and Chief Financial Officer

November 16, 2026