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Statement of Condition

December 31, 2023

F&M BANK
"The Right Choice"

Manchester | Cedar Rapids | Anamosa
Lino Lakes | Vадnais Heights | Monticello

Member FDIC

To Our Valued Clients,

F&M Bank exists today for three very important reasons. First, to allow our clients to live out their personal and professional dreams. We exist to serve you, our valued clients. Second, to encourage our team members to live out their best version of themselves. Third, to make a greater impact in our communities collectively versus individually. As F&M Bank continues to build upon "One Team, One Culture with One Vision", we want to continue to keep our "Why" at the forefront.



With our mission statement being "Exceeding Expectations", we asked our clients and team members what needed to change and why, to continue to exceed their expectations. The resounding response was technology. So thus, the birth of Project Vision. With the help of some industry partners, we have developed a road map that will help us increase our innovation and better your experience at F&M Bank. On November 13th, you will immediately notice some positive changes. Earlier posting of ACH and check activity, later cut-off times to make transfers, and a more streamlined customer service experience. There will be other products and services available after November 13th that we will be sure to inform you of, as we roll them out. The next exciting change we will be working towards is a second quarter 2024 roll out of a new internet banking solution. We believe both changes will certainly benefit your client experience. What remains the same is you can always rely on your F&M Team for trusted financial advice for your business and/or personal goals.

With the Wall Street Journal Prime Rate recently hitting 8.5%, the highest mark since February 2001, we are all adjusting to the current inflation and increased interest rates. Historically, these rates are still relatively average when you consider the highest WSJ Prime Rate in history was in December of 1980 at 21.50%. The Federal Reserve has signaled they may be close to the end of their rate increases, but as we know, until they achieve their "ultimate goal" (2.0% inflation), they are keeping their options open. It appears rate cuts are becoming more likely in 2024. These are the times you need to lean into your relationship with F&M and our trusted financial advisors. We are here to offer advice and provide solutions for both your deposit and lending needs.

Once again, in October, our team took advantage of Columbus Day to gather in Mason City for a day filled with team building, training, and celebrations. The impact of all being together in one room for a full day is immeasurable. The opportunity to deepen personal relationships, as well as getting to know new team members, strengthens our team and continues to build "One Team, One Culture with One Vision". A new tradition we have started at F&M is called "Thankful Thursdays". Each Thursday we ask our team to thank a client, friend, co-worker, or someone who has had an impact on their life. The response from this initiative has been resoundingly positive. I would challenge each of you to spread thanks to those who mean the most to you. On behalf of the F&M Team & Board of Directors, thank you for your commitment and loyalty to F&M Bank.

With Gratitude,

Nathaniel W. Dunn
President & CEO

Consolidated Balance Sheet

(in Thousands)

ASSETS	12/31/2023	12/31/2022
Cash & Due from Banks	9,111	14,518
Fed Funds Sold & Other Liquid Investments	<u>17,535</u>	<u>7,510</u>
Cash & Cash Equivalents	26,645	22,028
Total Securities Available for Sale	133,761	145,780
Loans Receivable	425,872	414,776
Reserve for Bad Debts	-6,678	-6,443
Not Loan Receivable	419,195	408,333
Premises & Equipment, Net	5,194	5,233
Other Assets	<u>12,006</u>	<u>11,810</u>
TOTAL ASSETS	596,802	593,184
LIABILITIES		
Deposits	524,215	521,916
Other Borrowings	0	0
Other Liabilities	3,788	2,646
TOTAL LIABILITIES	528,003	524,562
STOCKHOLDERS' EQUITY		
Common Stock	223	223
Surplus	11,147	11,147
Retained Earnings	<u>57,429</u>	<u>57,252</u>
TOTAL STOCKHOLDERS' EQUITY	68,799	68,622
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	596,802	593,184