



SHAREHOLDER Q&A

from Annual Meeting, April 14, 2025

THE CURRENT CHAOS REGARDING TARIFFS HAS POTENTIALLY SIGNIFICANT IMPACT ON AGRICULTURAL ENTERPRISES. WHAT IS F&M MANAGEMENT DOING TO MANAGE RISKS ASSOCIATED WITH THIS MAJOR SHIFT IN TRADE POLICY?

We stay diversified by allocating loan exposure across many different industries. Total Agricultural exposure was approximately 14.4% of the loan portfolio to end 2024. Similar with other industries – be it apartments, hotels, retail centers, other commercial real estate, and operating companies – we manage our concentrations so no one sector could erode our loan reserves at one time. We also disclose our loan concentrations in our earnings release and 10-Q. We are seeing higher line of credit utilization, but our Credit Analyst department reviews every line of credit with total loan exposure over \$250,000 with current financial information and a Senior Officer approval to renew, so we are very on top of which customers need close attention and enhancements, including possibly reducing line of credit availability or adding additional collateral to remove loss exposure.

A handwritten signature in white ink, appearing to be 'J. Q.', is located in the bottom left corner of the page.

