



2020 Third Quarter Investor Presentation

Forward Looking Statement

Statements contained in any portion of the Company's annual meeting may be forward-looking statements, as that term is defined in the private securities litigation reform act of 1995. Forward-looking statements may be identified by the use of such words as "intend," "believe," "expect," "anticipate," "should," "planned," "estimated," and "potential." Such forward-looking statements are based on current expectations, but may differ materially from those currently anticipated due to a number of factors, which include, but are not limited to, factors discussed in documents filed by the Company with the Securities and Exchange Commission from time to time. Other factors which could have a material adverse effect on the operations of the Company and its subsidiaries which include, but are not limited to, changes in interest rates, general economic conditions, legislative and regulator changes, monetary and fiscal policies of the U.S. Government, including policies of the U.S. Treasury and the Federal Reserve Board, the quality and composition of the loan or investment portfolios, demand for loan products, deposit flows, competition, demand for financial services in the bank's market area, changes in relevant accounting principles and guidelines and other factors over which management has no control. The forward-looking statements are made as of the date of this meeting, and the Company assumes no obligation to update the forward-looking statements or to update the reasons why actual results could differ from those projected in the forward looking statements.

Full service independent community bank, serving customers in Northwest Ohio, Northeast Indiana, and Southern Michigan



Overview

- Compelling valuations and returns (at September 30, 2020):
 - P/TTM EPS⁽¹⁾: 12.3x P/2020 Q3 Tg. Book: 1.2x
 - 2020 YTD ROAA: 1.03% 2020 YTD NIM: 3.61%
- Top 100 Farm Lending Bank and Top 200 Publicly Traded Community Bank, according to American Banker
- Twice Named Top 50 Social Media Banks by ICBA
- Leading Asset Quality and Growth
- Total loans, net were \$1.364 billion at September 30, 2020, a 17.7% increase from the prior year period
- Total deposits were \$1.519 billion at September 30, 2020, an 18.8% increase from the prior year period

⁽¹⁾ Earnings included \$0.03 per basic and diluted share of one-time acquisition related expenses

Positioned for Growth

- Successful De Novo Growth and Geographic Expansion Strategies
 - New office in Western Fort Wayne planned in 2020
 - Recently opened new Muncie, IN and Oxford, OH LPOs
 - New LPO planned in West Bloomfield, MI
- New Management Team Focused on Growth
- Capitalizing on Compelling New Market Demographics
- Diverse Loan Portfolio – Unique Agriculture Exposure
- Track Record of Strong Earnings Growth

F&M Market Highlights

	Ohio	Indiana
Deposit Market Share ⁽¹⁾	#4	#2
Offices	20	10
Population ⁽²⁾	1,288,180	506,633
Total Businesses ⁽²⁾	100,432	42,443
Agricultural Land ⁽³⁾	2.3 mil. acres	0.9 mil. acres
Farms ⁽³⁾	5,523	5,939
Avg. Median HH Income ⁽²⁾	\$52,740	\$49,276

⁽¹⁾ Market share data based on zip codes of all F&M offices

⁽²⁾ According to U.S. Census Bureau

⁽³⁾ According to USDA

Our strong financial and capital position provides us with the flexibility to navigate this period of uncertainty and support our customers, communities, employees and shareholders.

Customers	Communities	Employees
<ul style="list-style-type: none"> • Focused on providing accessible financial services and advice in a safe and protected manner • Providing several financial relief programs to our customers including forbearance agreements for home loans, a 'Skip-a-pay' program for consumer installment loans, waiving late payment fees, and offering interest only payment alternatives for commercial and ag customers • Temporarily reducing account fees by eliminating certain requirements on deposit accounts • Processed over 947 loans to small business customers for total consideration of approximately \$87 million as a result of the Paycheck Protection Program - protecting over 12,400 jobs 	<ul style="list-style-type: none"> • For over 120 years, F&M has supported its local communities • On June 15, 2020, all F&M offices reopened to provide customers with full lobby access • We remain focused on protecting the health and safety of our employees and customers, while providing essential financial services to our communities • We continue to dedicate resources to local charities and organizations during 2020, after contributing over \$200,000 to our communities last year • Supporting local United Way's with their COVID-19 support funds • Donated personal protective equipment to Adams Memorial Hospital in Indiana 	<ul style="list-style-type: none"> • Our workforce is working from home and operating in staggered shifts • We created separated essential business hubs to limit business interruption risk • F&M has not furloughed any associates • F&M has not reduced pay or salaries to any of our associates • In fact, 30% of our associates recently received increases in their annual salaries as we enhanced our compensation structure during the first quarter • Adjusted associate training to respond to current and expected changes in customer behavior

Financial Strength Heading into Crisis

- 2019 was a record year driven by strong organic loan and deposit growth, and the success of the Bank of Geneva acquisition
- Continued market share growth throughout Western Ohio, Eastern Indiana, and Southern Michigan
- Stable asset quality, as year-to-date net charge-offs to average loans were 0.03% at September 30, 2020, compared to 0.04% for the same period last year
- Well capitalized under regulatory guidelines with a tier 1 capital to average assets of 10.65% at September 30, 2020

Limited Exposure to Higher Risk Segments

- Loans 30 days past due to total loans, excluding PPP loan balance, is comparable to pre-COVID levels and was 0.26% at September 30, 2020, compared to 0.18% at December 31, 2019.
- \$8.5 million of interest only and full deferrals at September 30, 2020
- Management believe interest only and full deferrals, as well as second deferrals, will continue to decline throughout the remainder of 2020.
- F&M has no exposure to the energy sector
- At September 30, 2020, F&M has not granted any full payment deferrals on hotels, restaurant, or retail commercial real estate loans
- F&M's agriculture portfolio continues to perform well

Recent Trends Support Long Term Momentum

- Strong organic growth during the 2020 third quarter drove a 17.7% increase in total loans, net and an 18.8% increase in total deposits
- Noninterest income during the 2020 third quarter increased 49.2% to \$4.7 million, compared to the same period last year
- Helping offset the pressure on Net Interest Margin as a result of the Federal Reserve's emergency rate cuts in March 2020 includes:
 - Expected benefits in interest income from fees associated with the high volume of Paycheck Protection Program loans
 - Higher noninterest income as a result of a surge of residential mortgages
 - Focused on prudent expense management

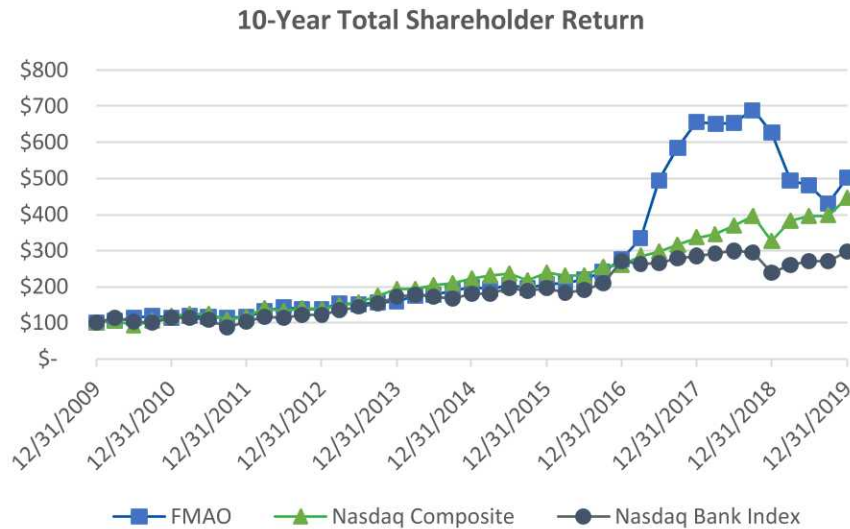
YTD Provision Drives Prudent Increase in ALLL

- Increased allowance for loan losses (ALLL) and incurred a \$5.0 million provision during the nine months ended September 30, 2020
- F&M also has a \$1.7 million credit mark associated with the 2019 Bank of Geneva acquisition
- ALLL to total loans, including the credit mark and adjusted for our PPP balance, was 1.11% at September 30, 2020

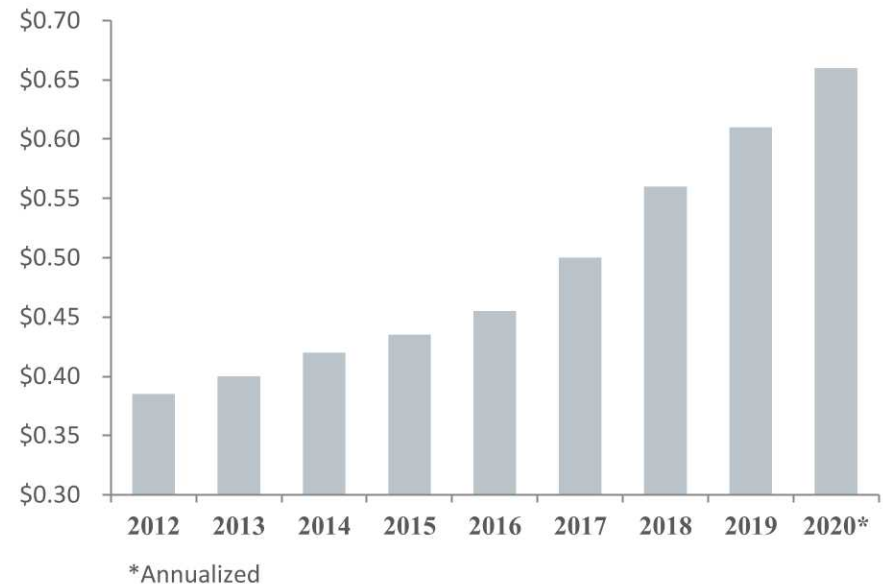
Creating Shareholder Value

- Our strong capital position and high-quality loan portfolio allow us to remain committed to our dividend payment
- F&M has continually created value for shareholders and has increased its annual dividend each year since 1994
- The Company increased its cash dividends on September 18, 2020, to \$0.17 per share representing a 13.3% year-over-year increase
- Of the 330 current members of the Nasdaq Bank Index, F&M had the 18th best total return from January 1, 2016 to December 31, 2019.

10-Year Total Return



Dividends Declared Per Share



F&M has developed a 3-year strategic plan focused on growing earnings and creating value for its shareholders



**Customer
Acquisition and
Retention**



**Attract, Develop
and Retain Talent**



**Actively Pursue
Accretive
Acquisitions**



**Drive Financial
and Operating
Excellence**



**Develop
Compelling
Digital Strategy**

Compelling Earnings Growth

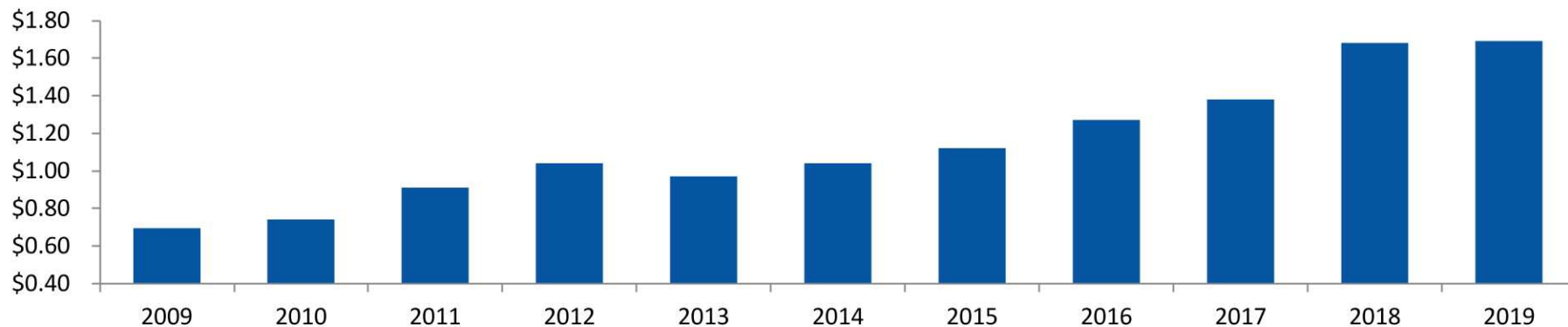
EPS Increased at a 5-Year CAGR of 10%

- Earnings growth started to accelerate in 2014
 - Higher production of seven de novo offices opened since 2009
 - Net interest margin increased from 3.63% in 2014 to 3.80% in 2019
 - Loans outstanding increased 96.9% since 2014
 - Asset quality is strong as nonaccrual loans to total loans has remained stable since 2014
 - Nearly \$12 million of noninterest income in 2019

Positioned for Continued EPS Growth

- Contribution of 2019 Bank of Geneva acquisition and pursuing additional accretive acquisition opportunities
- Continued focus on opening offices in locations with compelling demographics
- Proactively manage cost of funds
- 2019 earnings increased to a record \$1.69 per diluted share, compared to the same period last year (adjusted for \$0.03 per diluted share of one-time merger related expenses)

Track Record of Earnings Per Diluted Share Growth



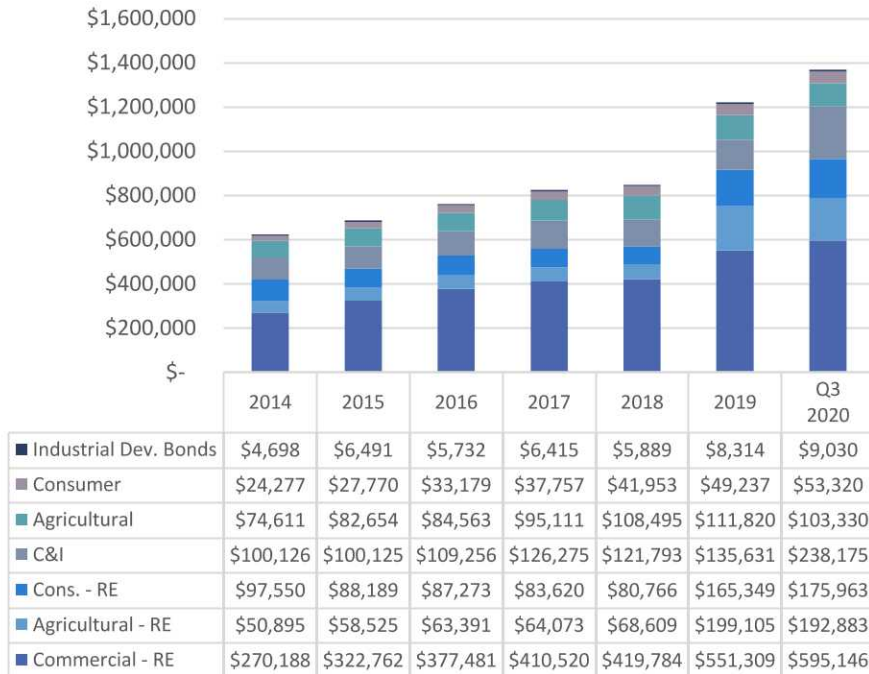
- 2019 earnings per diluted share adjusted for \$0.03 of one-time costs associated with the Bank of Geneva acquisition

Track Record of Loan and Deposit Growth

Robust organic loan and deposit growth supported by new market expansion and F&M's focus on providing customers with community banking values and local service

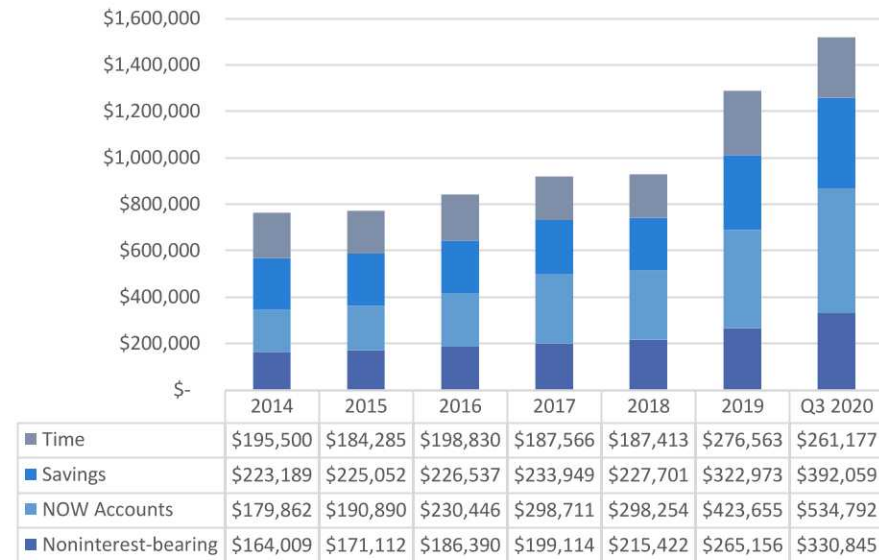
Loans, net (in thousands)

- Loans have increased at a 14.5% CAGR from 2014 to 2019
- Loans at September 30, 2020 have increased 17.7% year-over-year



Total Deposits (in thousands)

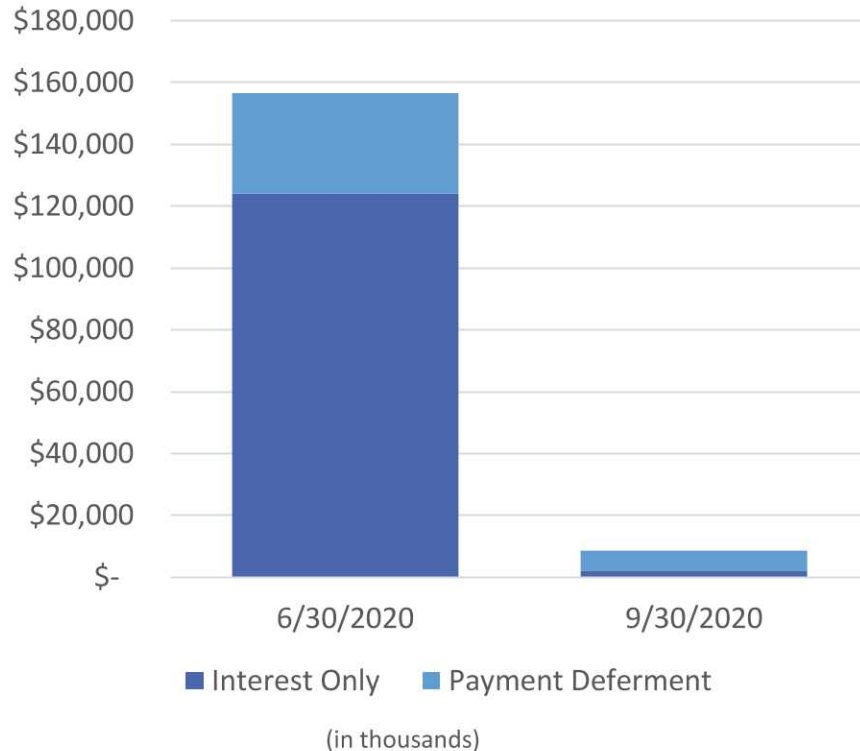
- Deposits have increased at a 11.1% CAGR from 2014 to 2019
- Deposits at September 30, 2020 have increased 18.8% year-over-year



Deferrals and Allowance Update

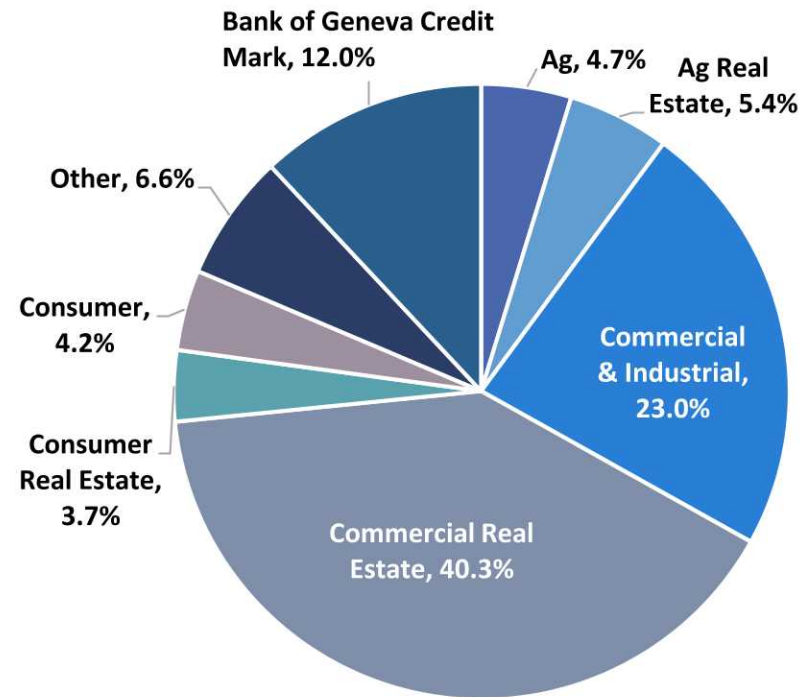
Significant Decline in Deferrals

The balance of interest only and full deferrals was \$8.5 million at September 30, 2020, a 94.6% decline from \$156.6 million at June 30, 2020, and second deferrals were negligible at September 30, 2020.



Allowance for Loan Losses by Loan Type

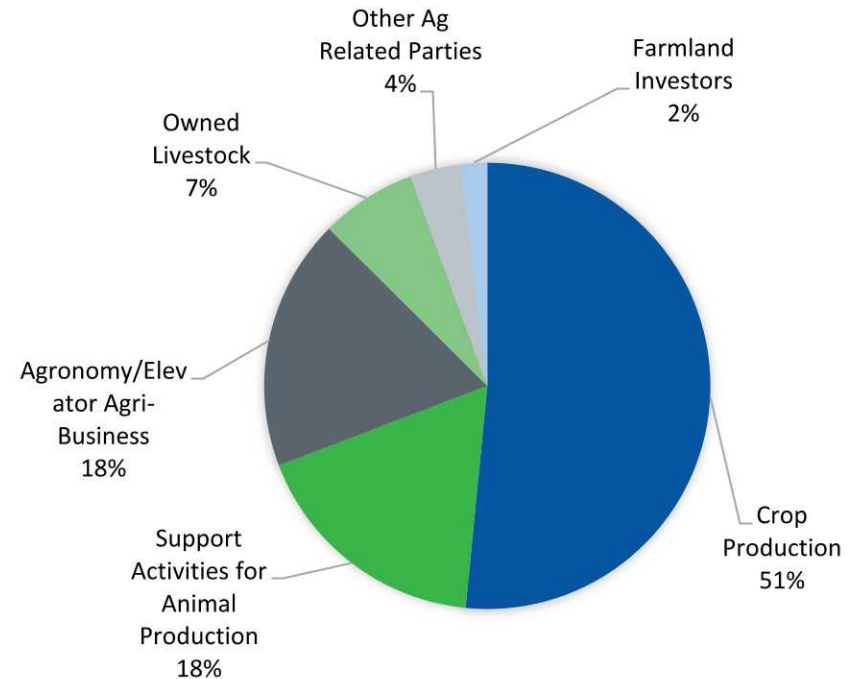
Total Allowance for Credit Losses at September 30, 2020 was \$12.5 million. Including a \$1.7 million credit mark associated with F&M's 2019 acquisition of the Bank of Geneva, the Total Allowance was \$14.2 million, or 1.11% of total loans, adjusted for PPP balance.



- Increases portfolio diversification and historically inverse cycle with commercial loan performance
 - Concentrated in three Midwest states to leverage soil quality
- ~30% of all F&M Ag lending is sold on the secondary market – significant fee income driver
- F&M's Ag lenders average ~30 years in business
 - F&M has focused on Ag lending since 1897
 - Every lender operates their own farm
- Farmers perform well
 - 10-year Ag delinquency = 0.21%
 - 2019 Ag delinquency = 0.37%
- Crop insurance reduces risk
 - +95% of crop production portfolio has insurance
- Majority of Ag portfolio secured by real estate
 - Majority of cash grain borrowers have LTV of 51%
 - Avg. LTV of Support Activities for Animal Production book is 58%
- General Ag diversity
 - Dairy is 0.28% of total loan portfolio
 - Typical Ag customer has diversified business model

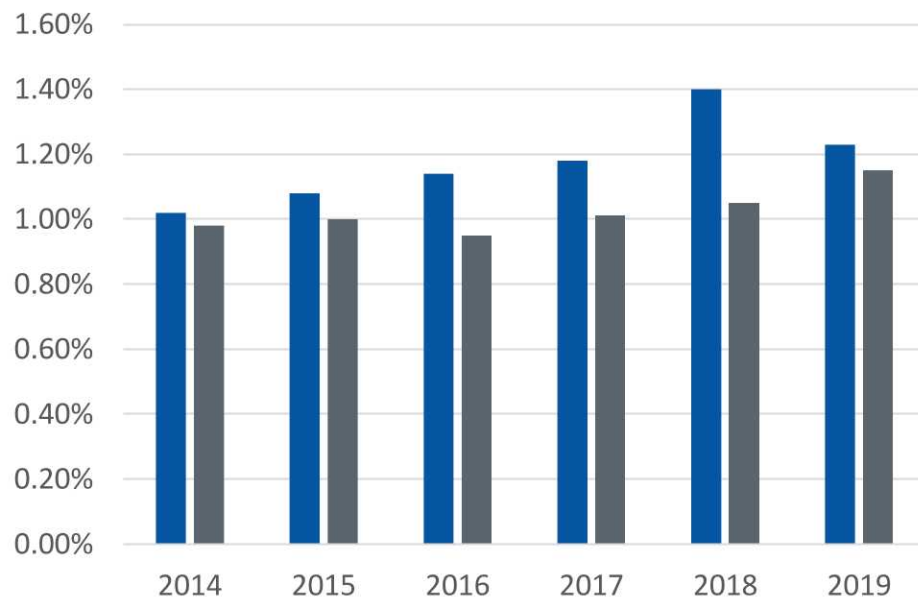
AGRICULTURAL LOAN PORTFOLIO
BROKEN OUT BY SECTOR

AS OF 6/30/2020

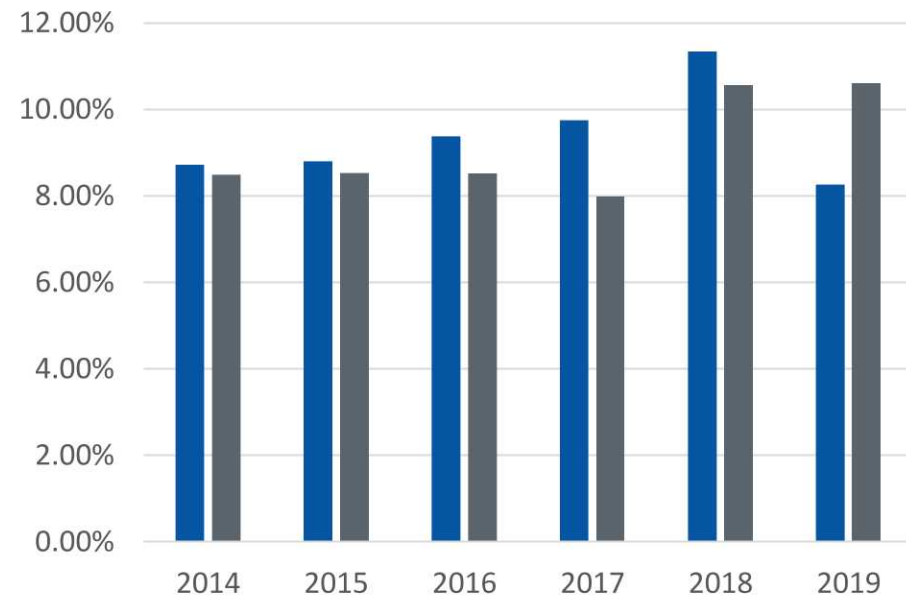


Recent Financial Results Demonstrate a Record of Outperformance

Annual Return on Assets ^{(1) (2)}



Annual Return on Equity ^{(1) (2)}



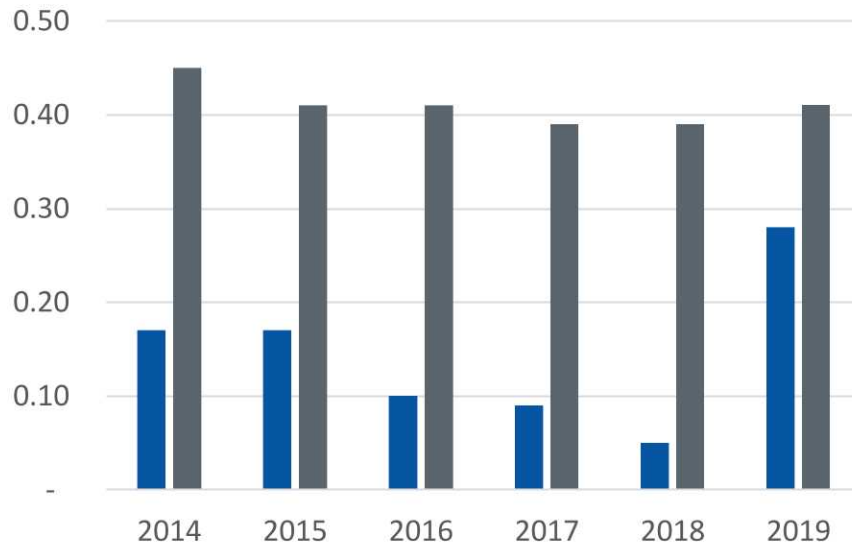
■ Farmers & Merchants ■ Peer Group

(1) 2018 and 2019 earnings includes one-time costs associated with the Bank of Geneva acquisition

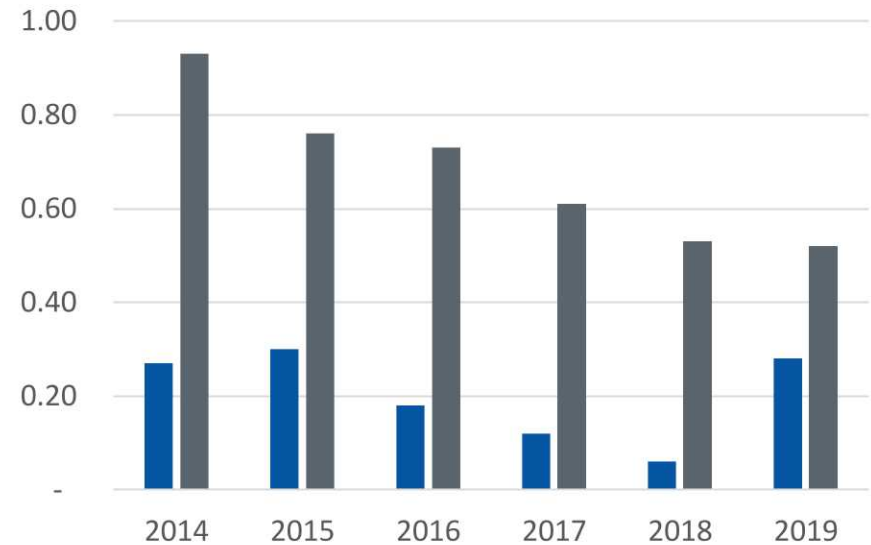
(2) FDIC UBPR report of holding companies with \$1.0 billion - \$3.0 billion in assets

F&M's past due and nonaccrual loans have remained consistently below its peers. In fact, F&M ranks in the top sixth percentile in its peer group for nonperforming loans.

Loans 30 - 89 Days Past Due



Nonaccrual as a Percent of Loans



■ Farmers & Merchants ■ Peer Group

Strong Liquidity and Capital Position

Strong Liquidity (at September 30, 2020)

- Loan growth funded through core deposits
- Access to \$292 million of liquidity available from FHLB of Cincinnati, Fed Funds Lines, and unencumbered securities
- Total loans, net / Total deposit ratio of 89.8%
- Total cash and cash equivalents of \$88 million
- Securities available for sale of \$259 million

(at September 30, 2020, \$ in millions)

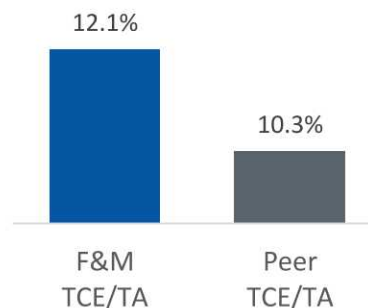
Unused FHLB Borrowings	\$51
Available Unsecured Correspondence Lines	\$69
Access to Promontory One Way	\$181
Unpledged Securities	\$172
Total Available Funding	\$473

Compelling Capital Position

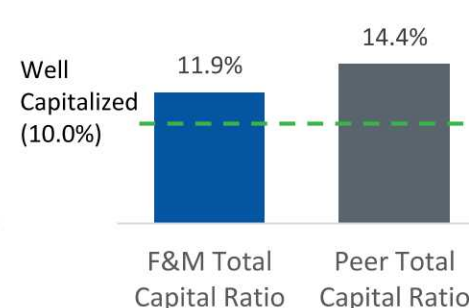
- \$243.4 million total stockholders' equity
- Tangible book value per share increased 7.0% from Q319 to \$16.78
- Modest capital deployment
 - Last 12 months common dividend declared of \$0.65
 - YTD dividend payout ratio was 40.68% at September 30, 2020
 - Annualized yield at September 30, 2020 was 3.4%

Bank Capital vs. Peers

TCE / TA



Total Risk-Based Capital



At June 30, 2020 and according to FDIC UBPR Peer Group \$1-3 Billion