



2023 Fourth Quarter Investor Presentation

NASDAQ: FMAO



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.





F&M BANK

VISION

Community vested to help people realize their best lives.

MISSION

We nurture lasting relationships.



About F&M

- Farmers & Merchants Bancorp, Inc. is the holding company of F&M Bank, a local independent community bank that has been serving its communities since 1897
- 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
- Longstanding history of strong asset quality, robust net income growth, and 29 consecutive years of higher annual dividends
- 2018 – 2023 Highlights
 - Total assets grew at a 24.1% CAGR
 - Net income grew at a 8.8% CAGR
 - Five successful acquisitions



★ **F&M is
headquartered in
Archbold, Ohio**

Full service independent community bank, with offices serving customers in Northwest Ohio, Northeast Indiana, and Southern Michigan, along the corridors of Interstates 69, 80/90 and 75

Last year, F&M opened a total of four new bank offices in new markets including Oxford, OH and Birmingham MI, as well as expanding their local presence by adding a new office in Fort Wayne and a new regional office in downtown Toledo.

Compelling Opportunities Across Strong Markets



F&M Market Highlights	Ohio	Indiana
Offices	25	14
Population ⁽¹⁾	778,859	541,877
Total Businesses ⁽²⁾	56,045	41,494
Agricultural Land ⁽²⁾	1.5 mil. acres	1.2 mil. Acres
Farms ⁽²⁾	5,756	5,939
Avg. Median Household Income ⁽¹⁾	\$57,925	\$54,826

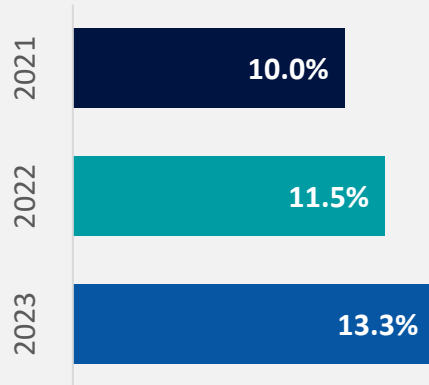
⁽¹⁾ According to U.S. Census Bureau

⁽²⁾ According to USDA

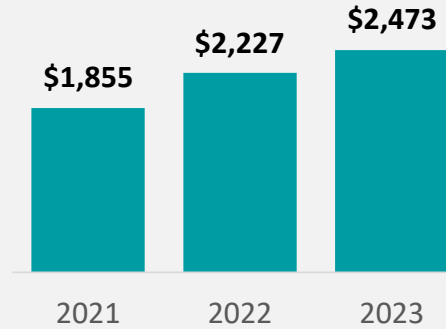


Leading Market Share (data from FDIC June 2023 Market Share Report)

F&M Total Market Share ⁽¹⁾



Total Deposit Growth



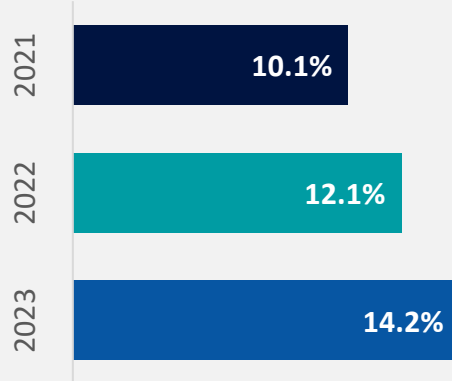
#3

Across F&M's offices, the Bank has a #3 market share out of 48 institutions in its markets

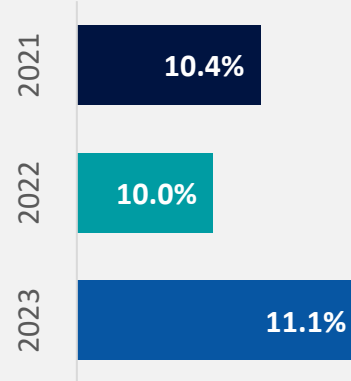
33%

F&M's total deposits have increased 33.3%, or by \$618 million from 2021 to 2023

Ohio Market Share ⁽¹⁾



Indiana Market Share ⁽¹⁾



40%

Deposits within F&M's Ohio markets have increased 40.4%, or by \$536 million from 2021 to 2023

16%

Deposits within F&M's Indiana markets have increased 15.6%, or by \$82 million from 2021 to 2023

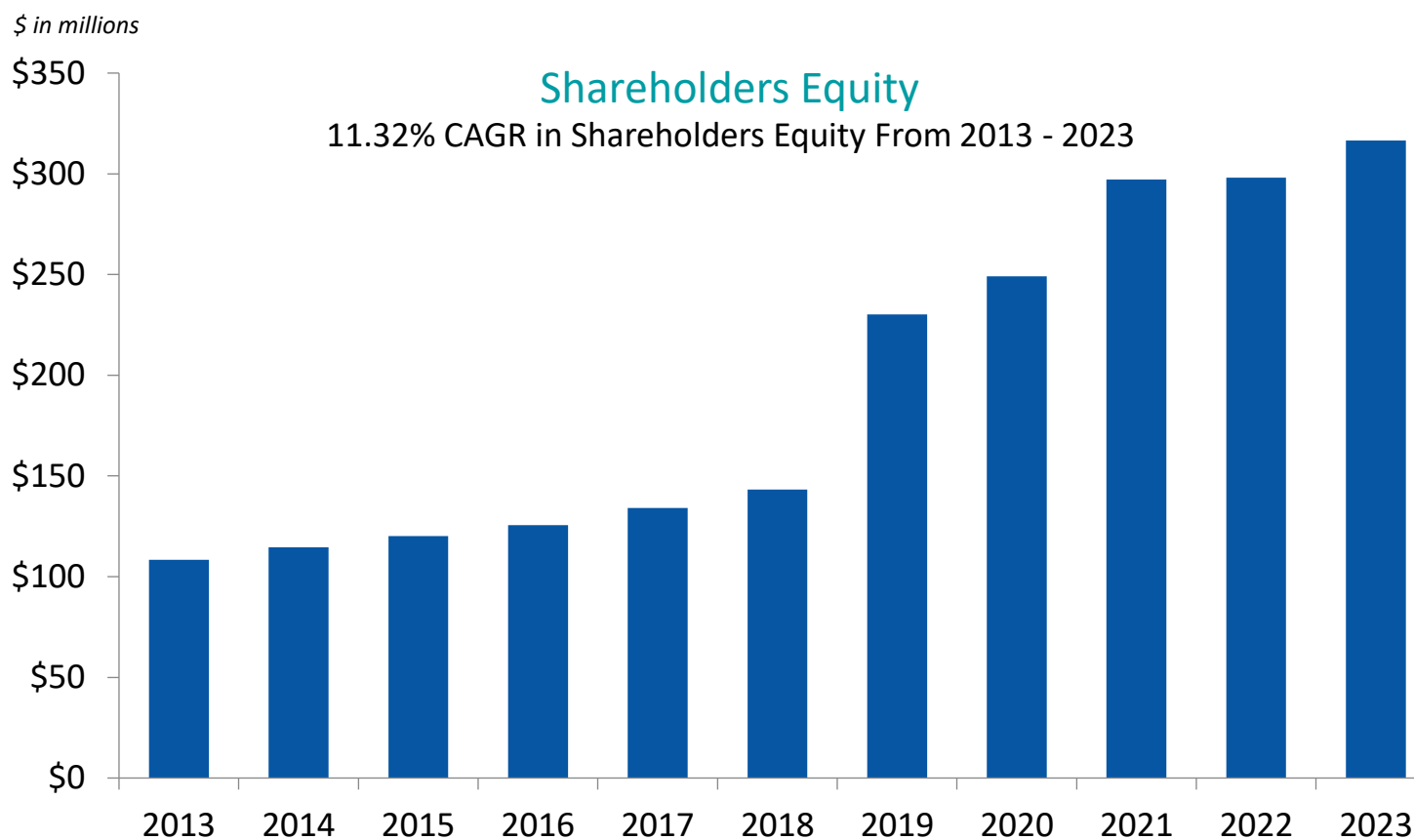
⁽¹⁾ MARKET SHARE DATA BASED ON ZIP CODES OF ALL F&M OFFICES



Proven earnings model supported by geographic expansion, strong loan growth and pricing, controlled operating expenses, accretive acquisitions, and the contribution of noninterest income.

F&M made approximately \$4 million of strategic investments during 2023. These investments, combined with a higher cost of funds, temporarily impacted profitability in 2023.

Profitable Financial Model

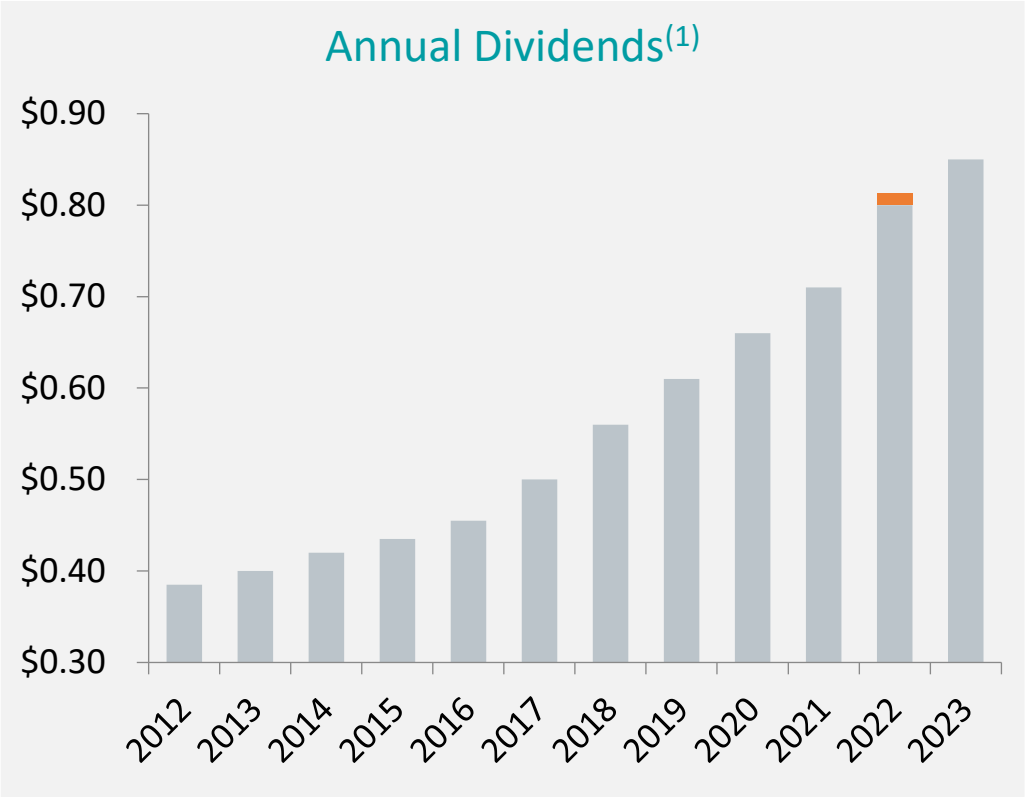


Annual dividend has increased for 29 consecutive years.

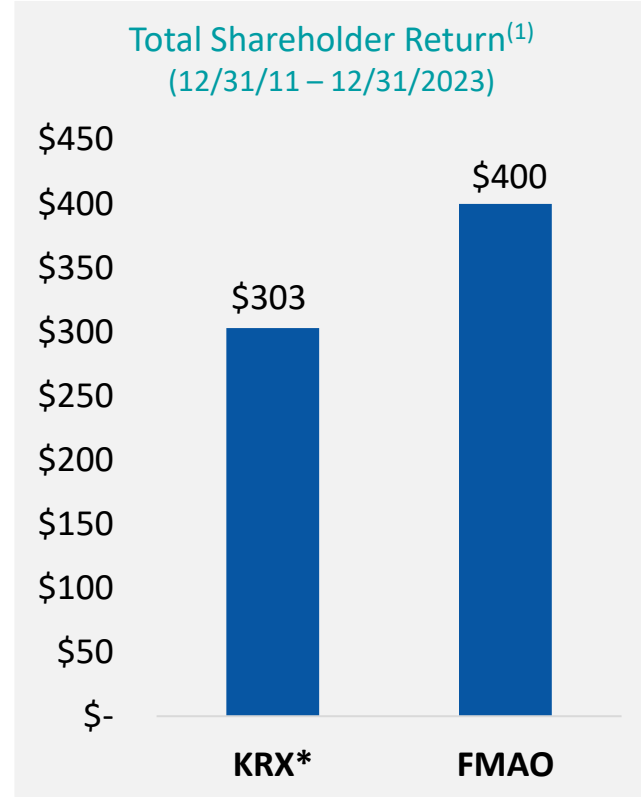
On December 19, 2023, F&M's Board of Directors declared a cash dividend of \$0.22 per share. For the twelve months ended December 31, 2023, F&M has declared cash dividends of of \$0.85, which is a 4.6% increase over the same period last year.

F&M has one of the longest track records of consecutive dividend increases out of all bank stocks.

Legacy of Value Creation



⁽¹⁾ 2022 Included a \$0.0125 special cash dividend

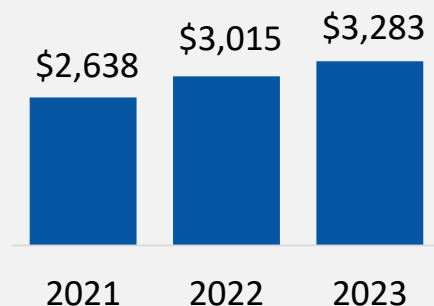


⁽¹⁾ According to Bloomberg
^(*) KBW Nasdaq Regional Banking Index



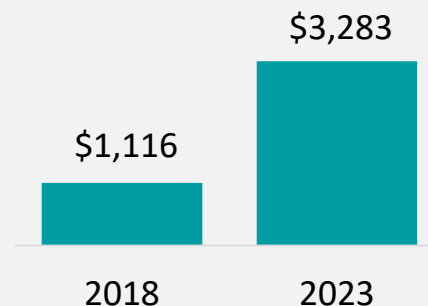
YTD Financial Highlights

Total Assets (\$ in millions)



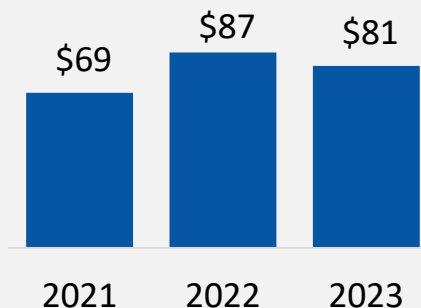
5-Year Growth

CAGR: 24.1%



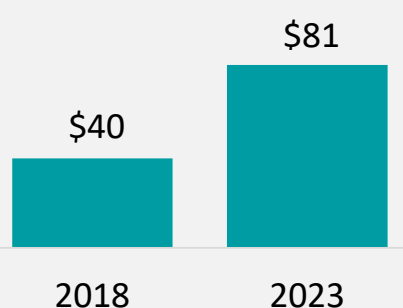
- Asset growth driven by larger loan portfolio.
- Loans, net increased 9.5% year-over-year primarily from the contribution of continued organic loan growth.

Net Interest Income – Before Provision for Credit Losses (\$ in millions)



5-Year Growth

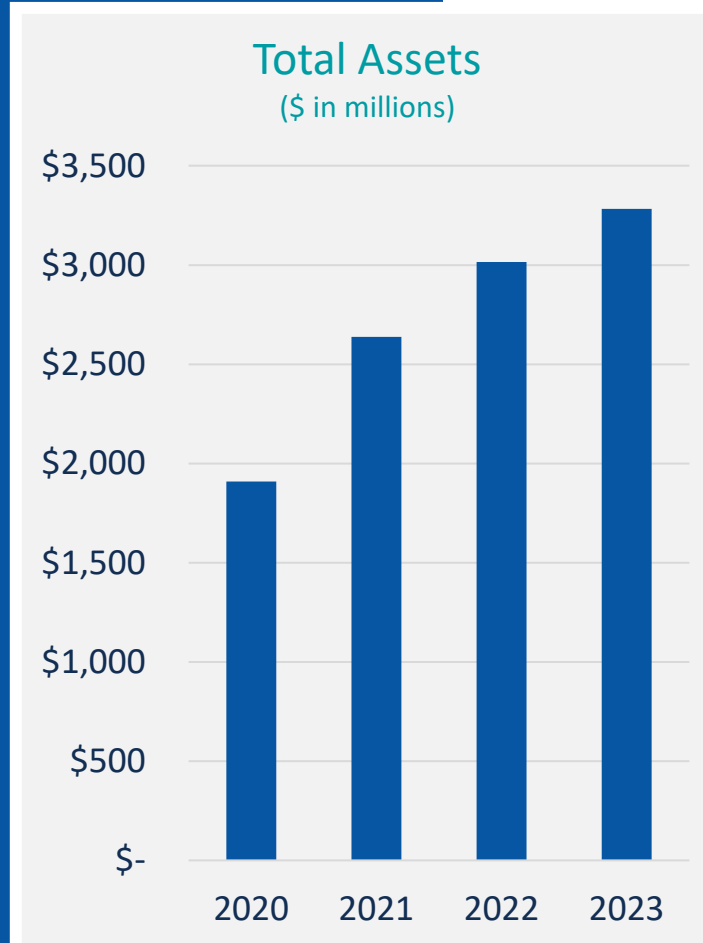
CAGR: 15.4%



- F&M is not immune from the rapid rise in the Federal Funds Rate and the impact this has had on cost of funds and the competition for deposits.
- 2023 profitability has also been impacted by several strategic one-time expenses including the conversion of F&M's credit card platform, an opportunistic sale of investments, and near-term strategic investments.
- Net interest income is expected to re-accelerate in 2024 and beyond, as F&M benefits from continued strong asset quality, and the contribution of its growth initiatives.



Executing our Strategic Plan



Investing in the Future

- Approximately \$4 million of strategic investments occurred during 2023
 - New offices in Ohio, Indiana, and Michigan
 - Additions to F&M's team
 - Investments in IT, loan operations, and credit and payments group

Actively Pursue Accretive Acquisitions

- Four successful bank acquisitions closed since 2019
- Completed an asset purchase of investment advisor in 2020

Improve Market Share, Customer Acquisition and Retention

- Loans in the fourth quarter increased 9.5% YoY organically
- One of the largest banks based on deposits in F&M's Ohio and Indiana markets combined

Accelerate Digital Transformation and Growth

- 2023 growth across multiple KPIs including: a 18% increase in mobile customers, a 20% increase in ACH originators, and a 9% increase in RDC customers

Diversify Revenue by Increasing Noninterest Income Streams

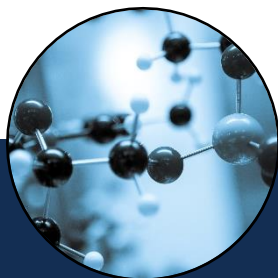
- Pursuing strategies aimed at increasing noninterest income



After successfully completing its prior strategic plan and growing assets to over \$3 billion, in 2022 F&M developed a new three-year plan to guide the next phase of F&M's evolution.

Growth Oriented Strategy

F&M is following a new 3-year strategic plan focused on growing earnings and creating value for its shareholders



**Invest in
Infrastructure
and Capabilities
to Support
Expansion**



**Pursue
Purposeful M&A
Strategy**



**Increase Market
Share and
Improve Core
Funding Strategy**



**Accelerate Digital
Transformation
and Growth**



**Diversify Revenue
by Increasing
Noninterest
Income Streams**



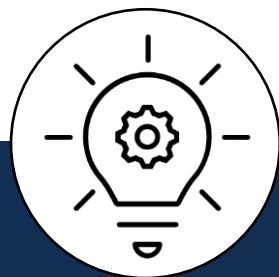
Deploying Digital Strategies for Future Growth



**Improve the
Customer
Experience**



**Leverage
Modern
Technologies**



**Upgrade
Systems and
Processes**

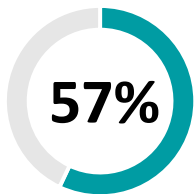


**Reskill
Workforce**

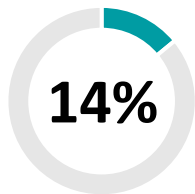


**Align
Leadership and
Culture**

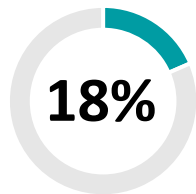
2023 Digital Engagement Growth



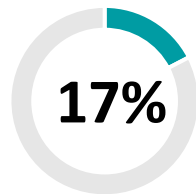
**Increase in
Positive Pay
Customers**



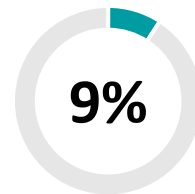
**Increase in
Mobile Deposits**



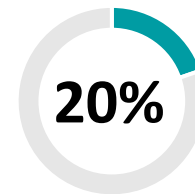
**Increase in
Mobile App
Customers**



**Increase in
Treasury
Customers**



**Increase in
RDC Customers**



**Increase in
ACH Originators**



Committed and Highly Experienced Leadership Team

Lars B. Eller
President, Chief
Executive Officer &
Director



Eller joined F&M in September 2018. He has more than 30 years of banking experience, which includes positions at PNC Bank, Royal Bank of America, and TD Bank.

Benét S. Rupp
EVP & Chief
Administrative Officer



Rupp joined the Bank in 2019 as the Chief People Officer. She has over 32 years of HR experience and most recently served as Senior Vice President, HR at ProMedica.

Shalini Singhal
SVP & Chief
Information Officer



Singhal joined the Bank in 2020 and has over 20 years of information technology and banking experience. Ms. Singhal is also responsible for F&M's M&A integrations.

Amy L. Cover
SVP & Chief
Marketing Officer



Cover joined the Bank in 2009 as the Marketing Assistant and was promoted to Vice President/Marketing Manager and joined the executive team in 2019. Amy was promoted to the bank's CMO in 2022.

Phillip Lucas
SVP & Regional
President



Lucas serves F&M as SVP/Regional President of the East Central Indiana market. He has over 34 years of banking experience and came to F&M in January 2019 through the merger with the Bank of Geneva.

Andy Baker
SVP & Chief Retail
Banking Officer and
Regional President



Baker joined F&M in 2022. He has over 27 years of banking experience and is responsible for F&M's Northern Indiana region.

Doug Shaw
SVP & Regional
President



Shaw joined F&M in 2013 and is responsible for F&M's Southern Ohio region. Prior to his current role, Shaw has held various commercial banking positions during his tenure at F&M.

Barbara J. Britenriker
EVP & Chief Financial
Officer



Britenriker has been with F&M for 40 years, beginning in the new accounts department and progressing through operations to become the Comptroller and then the CFO.

Rex D. Rice
EVP & Chief
Lending Officer



Rice has been with the Bank for over 40 years. He began his career as an Assistant Agricultural Banker serving the Wauseon and Delta areas.

Katrina DeGross
SVP & Chief
Accounting Officer



DeGross joined F&M in 2016 as Comptroller. In 2019, she was promoted to SVP/Chief Financial Officer for the Bank. Katrina has almost 30 years of finance experience.

David Gerken
SVP & Senior
Commercial Banking
Manager



Gerken joined the Bank in 2016 and was promoted in 2020 to his current position. Mr. Gerken has over 27 years of commercial banking experience.

Alexis Smith
SVP & Chief People
Officer



Smith joined F&M in 2020. She has over 25 years of HR, training and development experience across multiple industries.

Eric Faust
SVP & Chief Risk
Officer



Faust joined F&M in 2022 and has held multiple roles within the banking, compliance, and regulatory industries. Mr. Faust was also a former regulatory examiner.



F&M Bank Leadership Development Approach

Aspiring Leader

Focus areas:

- High Performer- HIPO on 9-Box
- Core Competencies
 - Dependability
 - Customer Service
 - Teamwork
 - Integrity

Retail Development Tracks
ABC (Advance by Choice)
Trainings on-demand
Job Shadowing
Predictive Index® team sessions
Mentoring Program – new in 2024!

First Time Supervisor

Focus areas:

- Basic Management Skills
- Core Leadership Competencies
 - Managing Conflict
 - Managing Change
 - Agility
 - Leading People

Supervisory Training Basics Course
Banking Association
Leadership courses/webinars
Internal courses- Leading Org. Change/Forums/Summit

Sr. Manager/Director Level

Focus areas:

- Moving from operational leadership to strategic
- Leadership Success Profile
- Competencies
 - Build trust
 - Develop high-performing teams
 - Coach and support talent potential
 - Model accountability
 - Communicate with impact
- Values & Drivers
- Characteristics
- Experiences & Education

External year-long leadership program
OBL/IBA/MBA- Leadership courses/webinars
Internal courses- LOC/Forums/Summit

Executive Level

Focus areas:

- Company wide leadership
- Executive Success Profile
- Competencies
 - Inspire a vision for transformation
 - Facilitate change
 - Executive Growth strategies
 - Drive results
- Values & Drivers
- Characteristics
- Experience & Education

Executive Coaching Program

Structured Resources



Proven Board of Directors

Jack C. Johnson
Chairman
Age: 71



Partner of REJO Partnership and owner and President of Hawk's Clothing Inc.

Eugene N. Burkholder
Director
Age: 71



Owner and Manager of Falor Farm Center, Inc.

Jo Ellen Hornish
Director
Age: 70



President and CEO of several Defiance area companies

Dr. Marcia S. Latta
Director
Age: 62



Serves as Vice President for Advancement at The University of Findlay

Kevin J. Sauder
Vice Chairman
Age: 63



Chief Executive Officer and President at Sauder Woodworking Company

Dr. K. Brad Stamm
Director
Age: 71



President and Educational Consultant of Stamm Management Group

Ian D. Boyce
Director
Age: 56



Founding member and managing partner of Dickmeyer Boyce Financial Management, a financial planning and wealth management firm based in Fort Wayne

Andrew J. Briggs
Director
Age: 69



Former Chairman of Limberlost Bancshares, Inc and President of its wholly-owned subsidiary Bank of Geneva

Lars B. Eller
Director
Age: 57



President and CEO of the Company and The Farmers & Merchants State Bank

Lori A. Johnston
Director
Age: 62



President of ProMedica Insurance Corporation

Steven J. Planson
Director
Age: 64



President at Planson Farms, Inc.

Frank R. Simon
Director
Age: 54



Founding and Managing Member of Simon PLC Attorneys & Counselors.

David P. Vernon
Director
Age: 57



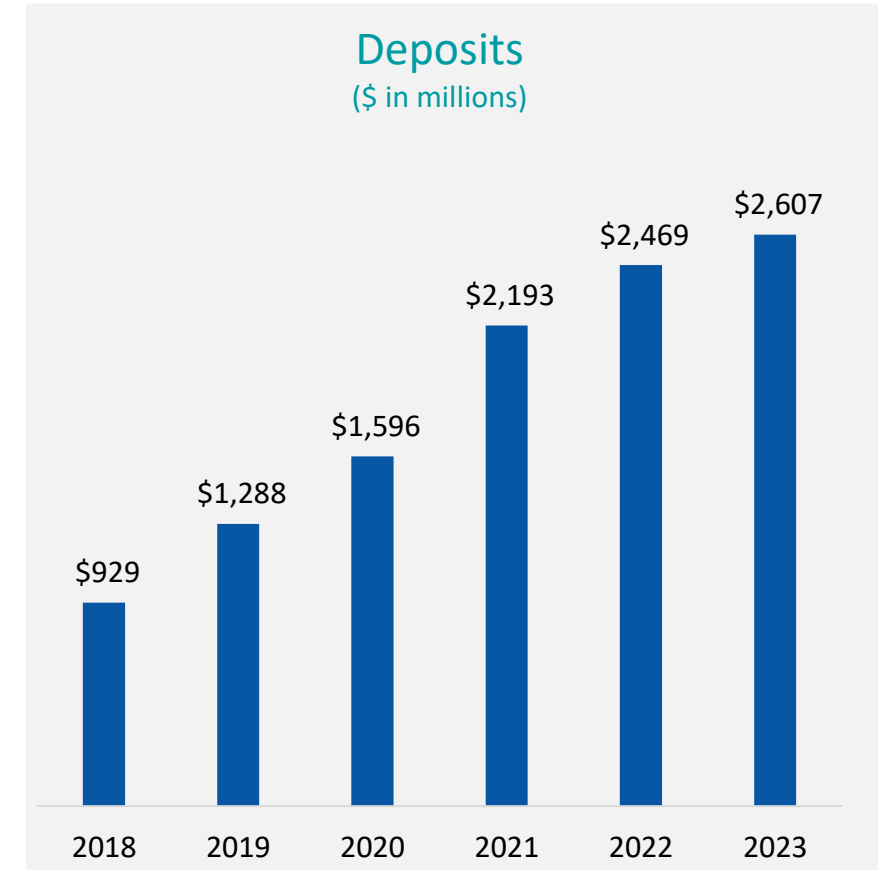
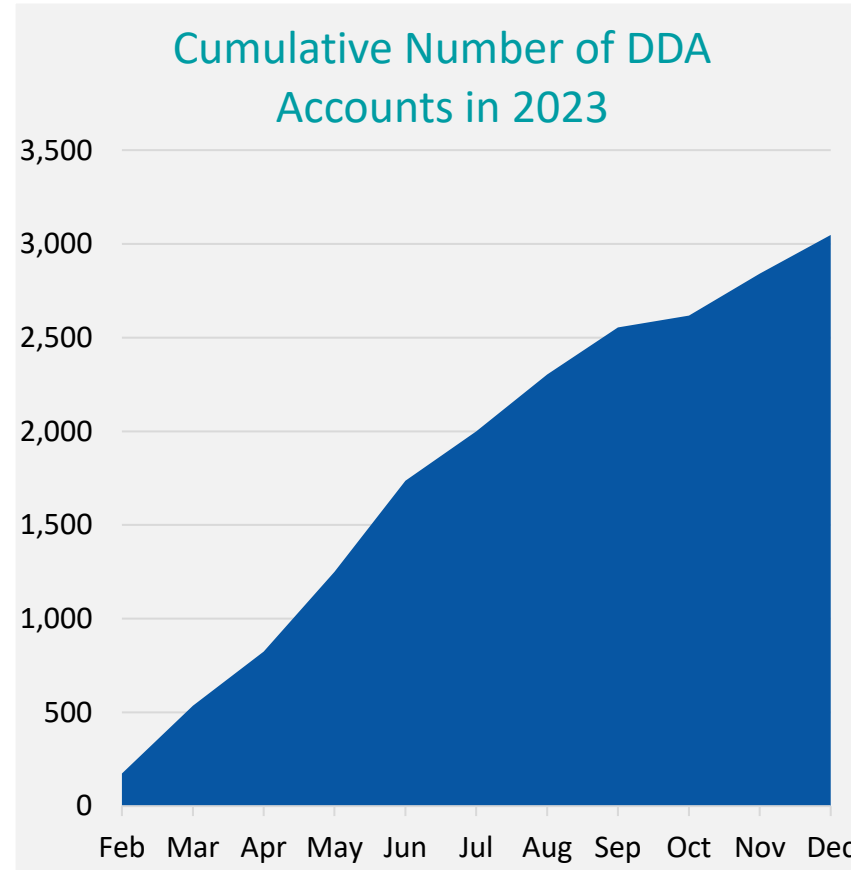
Owner, Licensed Funeral Director & Embalmer Vernon Family Funeral Homes



From 2018 – 2023, total deposits increased at a 22.9% CAGR

Since January 1, 2023, F&M has opened 5,826 new demand deposit accounts (“DDA”)

Track Record of Deposit Growth



Liquidity and Capital Position at December 31, 2023

\$480.3 million

Contingent Liability
Availability

\$500.7 million

Total Cash, Cash
Equivalents and
Securities Available
for Sale

11.51%

Total Risk-Based
Capital

\$25,774

Average Deposit
Balance

~10.9%

Uninsured Deposits /
Total Deposits

8.2%

Tier 1 leverage
Ratio

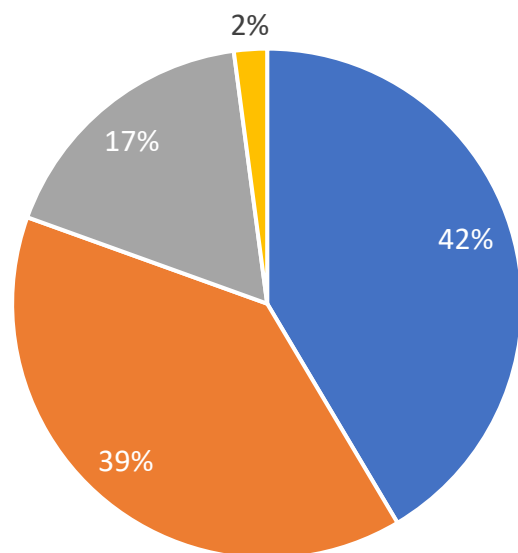


CRE Overview at December 31, 2023

- CRE was 52% of total loan portfolio
- 5.3% office credit exposure to total loans with an average loan to value (LTV) of 63%
- Zero non-recourse office CRE
- 90% of office CRE is in suburbs
- 58% average hotel LTV
- 100% of hotel loans have full recourse guarantees
- 1.44% allowance for credit losses (ACL) on CRE alone
- Classified CRE loans of 0.1% at 12/31/23 (2.1% at 12/31/22)

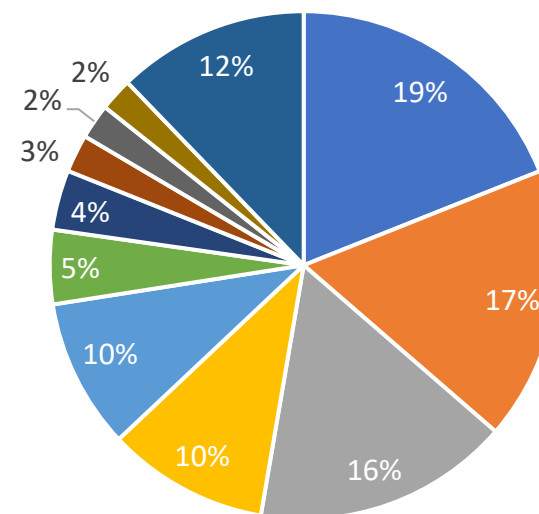
CRE Dashboard at December 31, 2023

CRE Breakdown



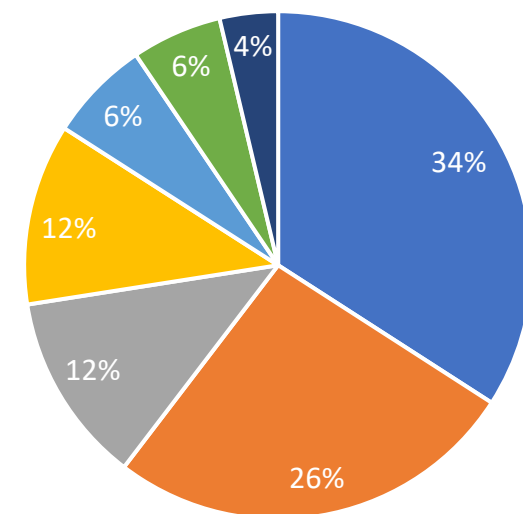
■ Non-owner
■ Multi-family
■ Owner
■ Land & Development

CRE Categories



■ Industrial
■ Office
■ Food Service
■ Development
■ Multi-family
■ Hotels
■ Senior Living
■ Other
■ Retail
■ Gas Stations
■ Auto Dealers

CRE Locations



■ Southeast Michigan
■ Columbus, OH
■ Fort Wayne, IN
■ Dayton/Cincinnati, OH
■ Northwest Ohio
■ Other
■ Greater Indianapolis, IN

* Numbers have been rounded



Strong Allowance Combined with Robust Asset Quality

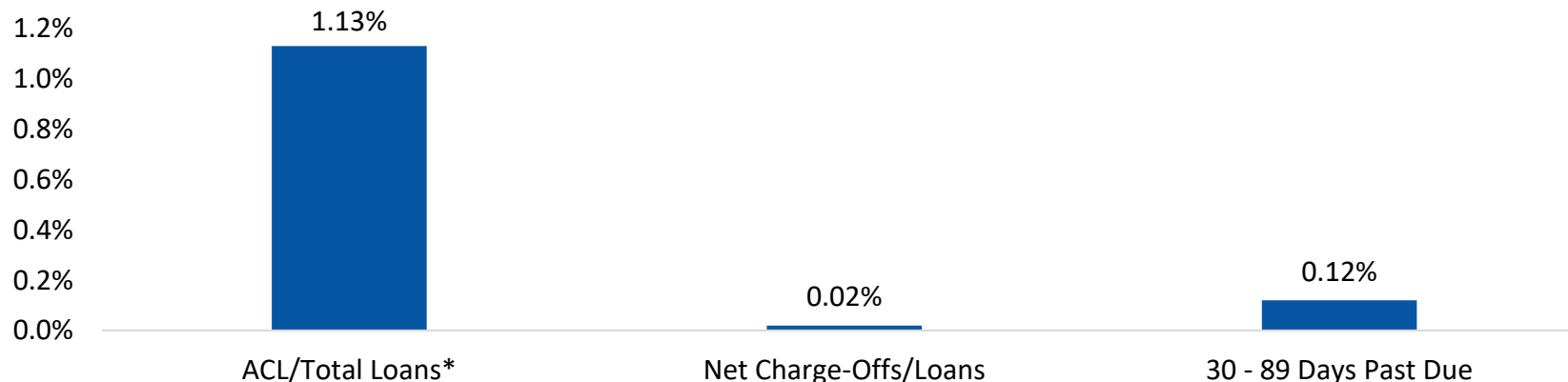
Credit Quality Highlights

- Portfolio risk mitigated through diversification and standardization of lending policies and procedures
- The Bank does not have a program to fund sub-prime loans
- F&M's practice has been to avoid unproven credit products
- Secured loans are subject to loan-to-value requirements based on collateral types

Great Financial Crisis and Pandemic

- During the pandemic, F&M did not grant any full payment deferrals, and only granted interest deferrals within its hotel portfolio
- During the Great Financial Crisis, F&M did not accept TARP despite multiple offers
- After the Great Financial Crisis, annual net charge-offs peaked at 1.02% in 2010

F&M has Excellent Credit Quality (at December 31, 2023)



* Allowance for credit losses includes accretable yield adjustment



Supporting Our Communities

PPP Lending

- F&M funded in a two-year period \$142.3 million in PPP loans, including \$53.8 million in 2021
- PPP Lending by F&M is estimated to have impacted more than 18,000 jobs in our communities

Community Involvement

- Provided a record \$802,000 of charitable donations to support organizations throughout Ohio and Indiana.
- F&M's annual golf outing has raised more than \$185,000 over the last six years, and about \$53,000 in 2023 for The Defiance Dream Center, Bittersweet Farms, The Carriage House and Neighborhood Health Clinic.

Supporting Agricultural Customers

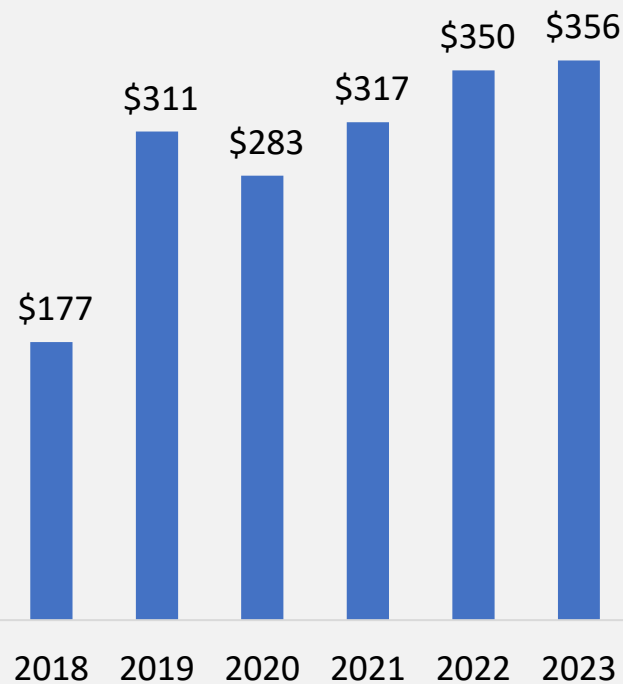
- Each year, F&M provides lunches to more than 50 grain elevators in our communities during Fall Harvest season



Agriculture Supports Business and Market Diversity

Total Agriculture Loans

Includes both agricultural and agricultural real estate loans
(\$ in millions)



Diversifies portfolio and historically inverse cycle with commercial loan performance

- Concentrated in three Midwest states to leverage soil quality

~45% of all F&M Ag lending is sold on the secondary market

- Significant fee income driver
- Provides long term fixed interest rate options for Ag customer with minimal interest rate risk to F&M

F&M's Ag lenders average ~20 years in business

- F&M has focused on Ag lending since 1897
- Every lender operates their own farm

Farmers perform well with low delinquencies

- Minimal historical net charge offs

Crop insurance reduces risk

- +95% of crop production portfolio has insurance

Majority of Ag portfolio secured by real estate

- ~50% average LTV on real estate loans to cash grain / row crop borrowers
- ~60% average LTV of support activities for animal production

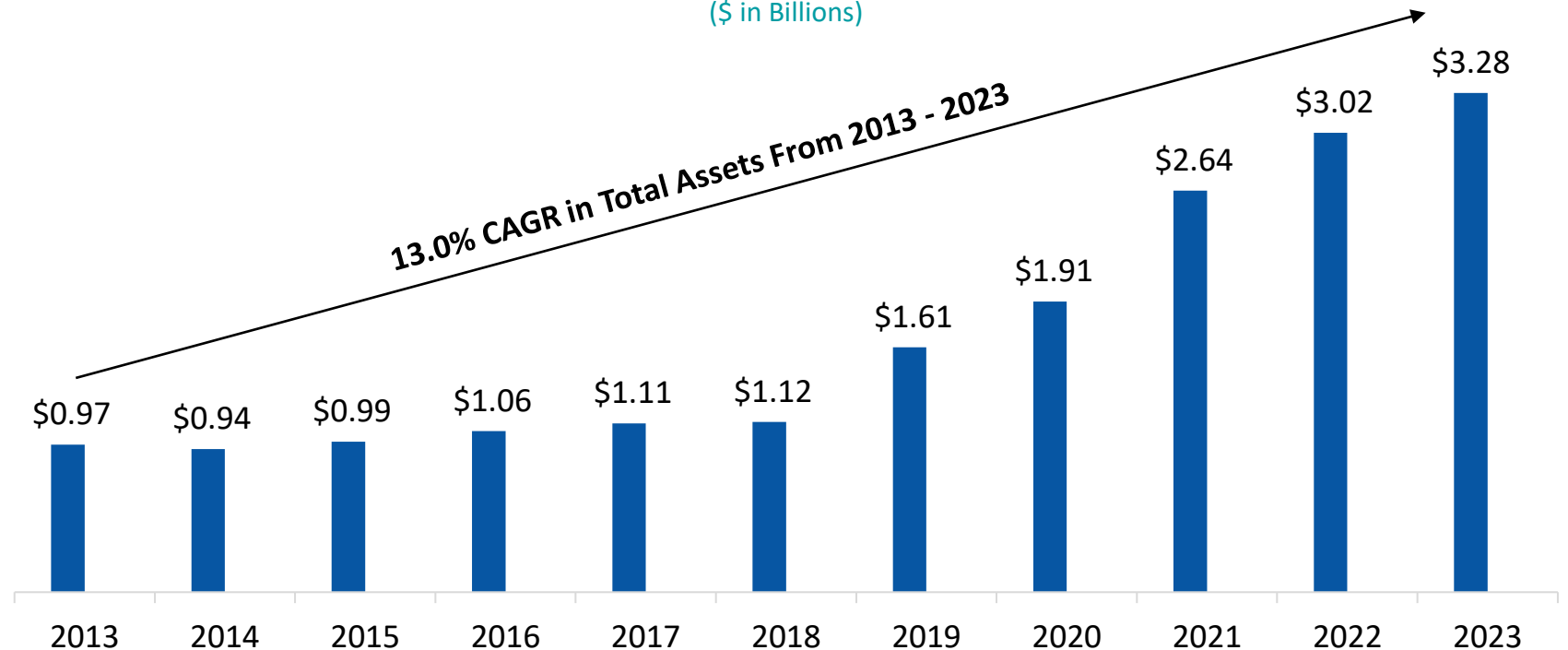
General Ag diversity

- Ag portfolio diversified between producers and Agri businesses
- Typical Ag customer has diversified business model



Consistent M&A Strategy Paired with Organic Growth

Total Asset Growth
(\$ in Billions)



Notes:

Total assets according to S&P Capital IQ Pro

Acquisition



June 2022
\$133 Million in Assets

Acquisition

PERPETUAL FEDERAL
SAVINGS BANK OF URBANA

October 2021
\$395 Million in Assets

Acquisition



April 2021
\$130 Million in Assets

Asset Purchase



December 2020
\$83 Million in Assets

Acquisition



Bank of Geneva
January 2019
\$290 Million in Assets

