



**FARMERS &  
MERCHANTS**  
BANCORP, INC.



# 2021 ANNUAL REPORT

DELIVERING ON OUR PROMISE

# A LETTER FROM OUR PRESIDENT & CEO



“Throughout the COVID-19 pandemic we have remained steadfast on our commitment to support our customers, communities, and associates.”

## Dear Shareholders,

On behalf of everyone at F&M, I am proud to share the progress we made during 2021 growing our Bank and delivering on our promise to create sustainable value for our customers, associates, communities, and shareholders. For the year ended December 31, 2021, F&M produced record financial results including record net income, earnings per share, total assets, and loans. We also provided a record amount of charitable donations supporting organizations throughout our communities and returned a record amount of capital to shareholders through our growing dividend policy. Our successful track record is a testament to the strength of our Company, the valuable financial services we provide to customers across our local markets, and the dedication and hard work of our team members. We remain focused on becoming a \$3.0+ billion asset bank in the future and I am excited to continue delivering on our promises as we celebrate our 125th year anniversary in 2022.

### Delivering on our Promise to Communities, Customers, and Employees

Throughout the COVID-19 pandemic we have remained steadfast on our commitment to support our customers, communities, and associates. F&M participated in several COVID-19 related relief programs, while also protecting the health and welfare of our customers and team members. We funded a two-year total of \$142.3 million in Payment Protection Program (“PPP”) loans, including \$53.8 million in 2021. During 2021, F&M also processed \$91.4 million of PPP loan forgiveness. As a result of PPP loan forgiveness in 2020 and 2021, a total of \$2.9 million of PPP loans remain within F&M’s loan portfolio at December 31, 2021. We believe our participation in the Payment Protection Program

helped small businesses protect over 18,750 jobs across our local communities.

In addition to the Payment Protection Program, we implemented a COVID-19 deferral program in 2020 to further support our customers. At June 30, 2020, there were \$165 million loans in COVID-19 deferral status. As a result of our conservative approach to risk, and the high quality loans within our portfolio prior to the pandemic, this balance quickly improved, and there were no loans in COVID-19 deferral status at December 31, 2021.

I am also proud that we ended 2021 with a record amount of charitable giving, which was up nearly 24% from the prior year. We provided over \$435,000 of charitable donations to support organizations throughout Indiana and Ohio. Contributions were made to organizations including Connecting Kids to Meals, Community Harvest Food Bank, 50 North Community Center, several local Amish Schools, Archbold Parks and Recreation, Arts Place in Portland, Jumpstart in Toledo, Foundation of Independent Colleges, and the Sauder Museum Farm & Craft Village.

Our success navigating the COVID-19 pandemic is a direct result of the contributions of our associates. Over the past three years we have attracted proven and motivated leaders to our management team and Board of Directors, while focusing on retaining and developing talent across the Bank. Since 2018, we have grown the number of team members by over 30% and ended 2021 with 387 employees across Ohio, Indiana, and Michigan. In addition, I am proud to report that during this timeframe F&M’s average wage has increased 13.6% reflecting our commitment to building a strong and dedicated team.

I believe our consistent track record of producing record financial results is an outcome of our community-oriented values, our commitment to our customers, communities, and associates, and the successful pursuit of our strategic growth plan.

### Strategic Growth Plan

In fact, 2021 was a historic year of growth as we made significant progress across each of the five strategic objectives outlined in our 2019 strategic plan. We ended 2021 with \$2.638 billion of total assets, an increase of 38.2% when compared to \$1.910 billion in 2020. This growth was primarily due to a 15.9% organic increase in total loans; the contribution of recently opened loan production offices (“LPOs”) in Indiana, Ohio, and Michigan; a new full-service office in Fort Wayne, Indiana; the October 1, 2021, acquisition of Perpetual Federal Savings Bank (“PFSB”); and the April 30, 2021, acquisition of Ossian Financial Services, Inc. (“OFSI”). We also completed our office realignment program during 2021 by consolidating three offices in Ohio and one office in Indiana, and successfully integrated the December 2, 2020, asset purchase of Adams County Financial Resources into F&M Investment Services. As a result of these actions, we enter 2022 with 19 full-service offices in Ohio, 11 full-service offices in Indiana, highly productive LPOs in Ohio, Indiana, and Michigan, and a significantly larger investment management platform.

### Digital Banking

We also continue to make progress expanding our digital strategy and offerings. During 2021, we finished the launch and integration of a new bank-wide Teller system. As we implement new

digital tools and resources, we continue to see more customers engage with the Bank through our online portal and mobile banking app. Compared to the prior year, mobile deposits increased 47%, customers enrolled in ACH services increased 61%, and we experienced a 13% increase in retail online banking customers. We believe these trends will become even stronger as more people prefer the convenience of electronic banking, and it is important for F&M to have a comprehensive digital strategy.

### 2021 Financial Recap

As you can see, 2021 was a historic year of transformation across many aspects of our Bank, which helped us achieve the seventh consecutive year of record financial results. Net income for the year ended December 31, 2021, was a record of \$23.5 million, or \$2.01 per diluted share compared to \$20.1 million, or \$1.80 per diluted share for the same period last year. We achieved record net income in 2021, despite one-time costs associated with the PFSB and OFSI acquisitions. Adjusted net income, excluding one-time tax adjusted acquisition expenses, was \$26.6 million, or \$2.28 per diluted share for the year ended December 31, 2021, compared to \$20.1 million, or \$1.80 per diluted share for the year ended December 31, 2020.

The 15.9% year-over-year increase in organic total loans is also encouraging and reflects our strong team of lenders throughout Ohio, Indiana, and Michigan. Our lending culture continues resonating with customers because of our local presence, personalized services, and quick decision making. Our asset quality has also improved over the past 12 months reflecting strengthening economic trends across our markets and our prudent approach to risk. Even as our total loans increased 42.6% year-over-year, our nonperforming loans have declined 14.1% over this period, and we have no loans that are 90 days past due and accruing. As a result, nonperforming loans to total loans was 0.43% at December 31, 2021, compared to 0.72% at December 31, 2020.

At December 31, 2021, total deposits were a record \$2.193 billion. The 37.4% increase from December 31, 2020, was a result of our recent acquisitions and strong organic growth from expanding relationships with new and existing customers. Even as deposits grew, we successfully managed our cost of funds, and interest expense on deposits declined 37.3% year-over-year. In addition, our cost of interest-bearing liabilities improved to 0.48% for the year ended December 31, 2021, compared to 0.87% for the year ended December 31, 2020.

The powerful combination of loan growth, lower cost of funds, and favorable asset quality drove a 25.1% year-over-year increase in net interest income after provision for loan losses to a record \$66.1 million. Interest income represents approximately 81% of our total revenue and is the largest component

of profitability. Noninterest income is the other component to revenue, and we ended 2021 with a record \$17.6 million of annual noninterest income. These diverse sources of revenue support a compelling financial model and help us continually produce record earnings. We expect 2022 will demonstrate the full power of our financial model, as we benefit from the full-year contributions of the PFSB and OFSI acquisitions, the Adams County Financial Resources asset purchase, our new Fort Wayne office, our three new LPOs, and our office realignment program.

### Capital Allocation

Reflecting management and the Board’s confidence in the direction we are headed, F&M paid a record \$7.7 million of dividends to our shareholders in 2021, an increase of 6.7% over the prior year. F&M’s Board of Directors approved two increases to our regular quarterly dividend payment during the year, and our regular quarterly dividend payment at December 31, 2021, was \$0.19 per share, an 11.8% over the prior year period. F&M has increased its annual dividend payment for 27 consecutive years reflecting our commitment to returning capital to shareholders. In fact, according to data from S&P Global Market Intelligence, of the nearly 800 publicly traded banks, F&M has the 11th longest track record of consecutive dividend increases.

### Top Talent / Diversity

Our success is fueled by our talented, high performing team members and I am pleased with the progress we continue to make attracting, developing, and retaining highly engaged, top talent in our areas. We are also enhancing the Bank’s diversity to better reflect the makeup of our communities. Of the top 12 executives of the bank, 50% are women, compared to just 30% two years ago.

During the year, we added proven bankers, lenders, and operators to our high performing team primarily through the PFSB and OFSI acquisitions. We continue to align our talent strategy to support an engaged, results-oriented culture rooted in our community oriented values. In addition, we have assembled a deep and well-rounded leadership team that has the skillset to manage a much larger organization, and together we are focused on executing our strategic growth plan.

### Board

During 2021, we also added experienced leaders to our Board of Directors, representing our expansion into the Detroit, Michigan and Urbana, Ohio markets. With the successful completion of the PFSB acquisition in October 2021, David Vernon joined our Board. Dave is a local business owner and active community member in Champaign County, Ohio, as well as a long standing PFSB director. As we expand our franchise in Central and Southwestern Ohio, he brings a significant amount of operational, civic, and board experience to F&M. Frank R. Simon, a resident

of Southwest Michigan, was added to our Board in June. Frank is very well-versed in the financial space and brings a wealth of knowledge to our Board. In addition, as the founding and Managing Member of Simon PLC Attorneys & Counselors, he is the main point of contact for all matters at Simon PLC’s offices in Michigan, Arizona, Illinois, Florida, New York, Ohio, and Texas. I look forward to working with both Dave and Frank, and their contributions to F&M.

I’d also like to recognize the 2021 retirements of Anthony J. Rupp (“Tony”) and Paul S. Siebenmorgen from F&M’s Board of Directors. Tony served F&M as a director for 21 years. During his tenure at F&M, he was Vice Chairman of the Board of Directors and a member of the Corporate Governance and Nominating Committee, Executive Committee, and the Compensation Committee. Paul served as a director for 16 years, and as F&M’s CEO for 14 years. During Paul’s tenure, F&M grew from a bank with 13 offices in two regions and \$700 million in total assets, to a more diverse institution with 30 offices in five regions and \$1.3 billion in total assets. Paul and Tony have been committed members of the Bank, and on behalf of everyone at F&M and my fellow Board members, I want to thank them both for all their contributions over the years.

### Outlook

Looking forward to 2022, we are focused on capitalizing on the full year benefits of the transformative actions we undertook in late-2020 and throughout 2021. We believe the combination of reduced operating expenses and the contribution of additional sources of revenue will have a significant benefit to income in 2022 and beyond. F&M will also benefit from increasing our scale, diversifying our revenues, improving our cost structure, and better serving our customers.

### Conclusion

Overall, 2021 was a transformative year as we delivered on our financial, operational, and community-oriented promises. I am extremely proud of the hard work of our team members, especially during an extremely busy year at F&M. We actively pursued our strategic objectives, while continuing to successfully navigate the COVID-19 pandemic and support our communities. I am proud of our record operating and financial accomplishments, and I am excited about what the future holds for F&M’s communities, customers, associates, and shareholders.

Sincerely,

**LARS B. ELLER**  
President and CEO

## BOARD OF DIRECTORS



<b>Andrew J. Briggs</b> 1st Senior Vice President Business Development/ Indiana Farmers & Merchants State Bank	<b>David P. Vernon</b> Owner, Licensed Funeral Director & Embalmer Vernon Family Funeral Homes	<b>Eugene N. Burkholder</b> President Falor Farm Center, Inc.	<b>Jack C. Johnson</b> Chairman of the Board Farmers & Merchants Bancorp, Inc. President Hawks Clothing, Inc.	<b>Jo Ellen Hornish</b> CEO Hornish Bros, Inc. Fountain City Leasing, Inc. Powder Coating, Inc.	<b>K. Brad Stamm</b> President and Educational Consultant Stamm Management Group
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<b>Kevin J. Sauder</b> President/CEO Sauder Woodworking Co.	<b>Lars B. Eller</b> President/CEO Farmers & Merchants Bancorp, Inc. Farmers & Merchants State Bank	<b>Lori A. Johnston</b> President ProMedica Insurance Corp.	<b>Marcia S. Latta</b> Vice President University of Findlay Division of University Advancement	<b>Frank R. Simon</b> Founding & Managing Member/Attorney Simon PLC Attorneys & Counselors	<b>Steven J. Planson</b> President Planson Farms, Inc.
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## SENIOR MANAGEMENT



Front row, Lars B. Eller, President, Chief Executive Officer; Middle Row, from left: David R. Gerken, Senior Vice President, Commercial Loan Manager; Benét S. Rupp, Senior Vice President, Chief People Officer; Katrina L. DeGroff, Senior Vice President, Chief Financial Officer (Bank); Shalini Singhal, Senior Vice President, Chief Information Officer; Phillip P. Lucas, Senior Vice President, Regional President; Back row, from left: Amy L. Cover, Vice President, Marketing Manager; Rex D. Rice, Executive Vice President, Chief Lending Officer; Edward A. Leining, Executive Vice President, Chief Operating Officer; Alexis E. Smith, Vice President, Talent & Organization Development Manager; Brett Baumeister, Senior Vice President, Regional President; Barbara J. Britenriker, Executive Vice President, Chief Retail Banking Officer, Chief Financial Officer (Bancorp)

## 2021 BY THE NUMBERS

# 74,421

TOTAL CUSTOMERS

# 1,978

TOTAL SHAREHOLDERS

# 387

TOTAL EMPLOYEES

# \$435,000

COMMUNITY INVESTMENT

# DELIVERING ON OUR PROMISE

## TO OUR CUSTOMERS

### RETAIL BANKING

"Our retail banking solutions are just one piece of the full-service relationship we strive to earn with new and existing customers. In early 2021, we rolled out brand new consumer checking accounts, designed with every type of consumer in mind. Recognizing the importance of our area small businesses, we launched a new small business product that meets the needs and time demands of our "Main Street Businesses."

Our branch network expanded through the acquisitions of Ossian State Bank and Perpetual Federal Savings Bank of Urbana. Our brand new Illinois Road office in Fort Wayne, IN opened in April, further expanding our presence in the greater Fort Wayne area. We also reopened our drive-through at the Operations Center in Archbold.

Operationally, we integrated a new teller system that brings several efficiencies to our front-line staff. Our front-line team is the backbone of our organization. We implemented incentive and reward programs specific to this group, which we feel has helped us to keep our retail turnover ratio well under the national average. We're very proud of our retail teams and their commitment to our organization!"

#### BARBARA BRITENRIKER

EVP | Chief Retail Banking Officer

**TARYN MARINO**  
SVP | Retail Banking Manager

"In the summer of 2021, we introduced our brand new Private Banking division to our markets. F&M's Private Banking offers a more personal level of service with customized, premium banking strategies and products available to high net-worth clients. As we head into 2022, I am looking forward to building this division out even more and helping our clients achieve their financial goals!"

#### MARYBETH SHUNCK

VP | Private Banker

### HOME LOANS

"After a record year of production in 2020, the home loan team had another solid year in 2021. Freddie Mac loans totaled over \$86.5 million, generating \$2 million in secondary market gain on sale. Our in-house residential production resulted in \$26.5 million. HELOC production increased by \$15.3 million from 2020 to 2021, thanks in part to two successful promotions offering introductory rates as low as 2.25% APR. This brought total HELOC production to \$30.2 million. Operationally, a new mortgage origination software was implemented which has created several efficiencies, including a decreased turn-time, ultimately resulting in a better borrow experience. The Home Loan team is very involved in our local communities. We were proud to be a major sponsor and volunteer for the 2021 St. Jude Dream Home Giveaway in the Toledo area, which raised \$1.6 million for St. Jude Children's Research Hospital."

**MARY STEFKO**  
VP | Home Loan Manager

### COMMERCIAL BANKING

"Hats off to our Paycheck Protection Program team! This group helped support 2500 applicants, totaling over \$140 million loaned back out into our communities. An estimated 18,000 jobs were supported through F&M's involvement in the Paycheck Protection Program. On top of PPP loans, the commercial team also handled considerable loan demand for new and existing regions. Organic loan growth totaled approximately \$203 million at the end of 2021. This continued support of the commercial lending team helps support economic development and community improvement in all of the markets we serve in the tri-state area. We're also very proud of the management of our current portfolio. Unbelievable payment effort resulted in past dues at .09% at the end of December 2021 and past dues averaged .19% for the year. Other Real Estate Owned consisted of just two properties at year-end. During 2021, we were also able to decrease Watch List Credits by roughly \$16 million. 2021 was a true team effort by all of our commercial banking team and we're excited to carry that momentum into 2022."

**REX RICE**  
EVP | Chief Lending Officer

**DAVID GERKEN**  
SVP | Commercial Banking Manager

### CONSUMER LENDING

"From credit cards, to auto loans and everything in between, we pride ourselves as one of our area's top consumer lending financial institutions. Despite a tough year in the auto industry in terms of inventory, F&M produced outstanding numbers in our auto loan portfolio. We closed 864 direct loans for over \$15 million and 505 indirect loans for over \$11 million. We've also started the work to strengthen our consumer lending department to provide better customer service to our clients. This includes better training and more efficient processes to improve the turnaround time on loans. As we look to 2022 and beyond, we will continue to pursue projects and technology that will create efficiencies as well as roll-out enhanced product offerings."

**ARTIE SHORT**  
VP | Consumer Lending Manager

### FM INVESTMENTS

"2021 was a transformational year for FM Investments. With the 2020 fourth quarter acquisition of Adams County Financial, the new employee team of R. Lee Flueckiger, Lorie Garwood, Jaime Gerber, and Andrea Schoch was able to add tremendous value to FM Investments during 2021. FM Investments saw the retirement of long-time manager Beth Lienau as Jason Maassel assumed the leadership responsibilities. The group continued its transformation by promoting Jennifer Gilroy from her role as administrative assistant into a production role after successful completion of her required examinations. Replacing Jennie's role as an administrative assistant was Kelly Stahl. Bill Bohney completed his Accredited Investment Fiduciary (AIF) course work while increasing his production by over 15%. Together the group increased assets from \$200 million to over \$300 million while continuing to help deepen client relationships."

**JASON MAASSEL**  
AVP | FM Investments Manager

### AGRI-FINANCE

"Being recognized as one of the Top 100 Farm Lenders in the nation is a testament to our team of 11 dedicated Agri-Finance Lenders who are committed to serving farmers and agri-businesses throughout our market area. Our team of lenders understand the challenges and opportunities in today's agriculture market because many of them are farmers themselves. In 2021, we produced over \$38 million in secondary ag real estate, providing our customers with a long-term fixed rate. We were also able to assist our local farmers and agri-businesses with the Paycheck Protection Program, lending out \$14.5 million to 750 customers in these times of uncertainty. Unique to most banks, we formed an Ag Loan Committee with the sole purpose of working with our ag customers. This allows us to focus the needed attention to detail on our ag loan portfolio.

Supporting our local agriculture communities is very important to our team. In 2021, we supported 4H members at 16 different county livestock auctions in Ohio, Indiana and Michigan. Every year on Farmer Appreciation Day we deliver ham and apples to elevators throughout our market. Last year we delivered over 790 pounds of ham and 47 bushels of apples to 54 different elevators! We were also proud to sponsor an educational farm outlook meeting featuring Dr. David Kohl that more than 100 area farmers attended.

Thank you to all of our local farmers and agri-businesses. We are proud to be your Ag Bank."

**MIKE SCHNITKEY**  
SVP | Agri-Finance Manager

## OUR PROMISE TO OUR EMPLOYEES

Fulfilling our promise to our employees and in support of F&M's vision. We provide an environment where employees can bring their best selves to work every day, personally and professionally.

**Committed to our Communities** - Our employees began utilizing the Community Time Off benefit launched in late 2020. This gives every employee the chance to invest time and give to a charity of their choosing. This allows employees to pursue a cause they are passionate about, while encouraging continued involvement in the communities we serve.

**Employees Support Local Charities** - Our Jeans Fund allows employees to make suggestions of where the funds go each month. In 2021, we supported 19 local organizations donating over \$14,000 from the jeans fund.

**Recruitment** - F&M has embraced a flexible work environment to acknowledge the shifting priorities in the workforce. This also allows us to recruit talent from outside of our traditional "footprint" of our brick-and-mortar buildings.

**Total Rewards** - We continue to evaluate our compensation & benefits offerings to remain competitive in the marketplace. All employees (except commission-based) are eligible for an annual incentive tied to Bank performance. In 2021, we amended the Retirement and Profit Sharing Plan, increasing the matching contribution and allowing for immediate vesting of these dollars. Age and hours eligibility requirements were also eliminated to immediately support saving for retirement.

**Digital Strategy** - To support our employees' new workstyles and priorities, we continue to move employee data and company interactions into our Paylocity/FM HUB system. We've improved communication through our Community page, allowing employees to see, post and comment on events happening across all locations, send recognition to coworkers and ask questions in a public forum. Our system improves transparency and allows our employees to manage their own data. And we significantly reduced paper and streamlined HR processing.

**Talent Development** - Investing in our current and future leaders is part of the Bank's overall strategic plan. To provide an opportunity for our leaders to develop professionally and network with each other, we launched our first Leadership Summit in October. This day-long event designed and planned by up-and-coming leaders set the tone for future development and building the next generation of leaders.

We are a community and have recognized the struggles that we faced in 2020 with the safety precautions we had in place to keep employees safe. As the world began to open in 2021, we wanted to thank not only our employees for all they've done to keep this essential business going, but also their families that have supported them throughout the year. Employee zoo days allowed all employees and the families the chance to enjoy a great day at either the Ft. Wayne or Toledo Zoo, with lunch, face painting and a great day for families.

**BENÉT RUPP**  
SVP | Chief People Officer

**ALEXIS SMITH**  
VP | Talent & Organization Development Manager

# DELIVERING ON OUR PROMISE OF GROWTH

"2021 was an extremely exciting and busy year for us in terms of growth. We further expanded our presence in Indiana, adding a new full-service office on Illinois Road in Fort Wayne and completing the Ossian State Bank acquisition, giving us locations in Ossian and Bluffton. We completed our second acquisition of the year in October, welcoming Perpetual Federal Savings Bank of Urbana. Both acquisitions brought us talented teams of bankers, and we are so proud to have them on the F&M team! Asset Growth saw a 38% increase from the start of 2021 to year-end, growing from \$1.9 billion in total assets to \$2.6 billion. It's an exciting time to be at F&M, and we look forward to even bigger opportunities in 2022!"

*Amy L. Cover*

**AMY COVER**  
VP | Marketing Manager



Perpetual Federal Savings Bank Ribbon Cutting  
Urbana, OH



Ossian State Bank Acquisition  
Bluffton, IN | Ossian, IN



New Fort Wayne Office  
7370 Illinois Road



# DELIVERING ON OUR PROMISE

## TO OUR COMMUNITIES



"We designed a space in the renovation plans for seniors to be able to socialize in a warm and inviting environment. The Farmers & Merchants State Bank donation allowed us to create a beautiful coffee bar in that space. We have so many members that come in, get a cup of coffee, sit and read, use a computer, visit with friends, and sometimes just watch television to not be alone. We consistently have seniors comment on how beautiful the coffee bar is and how much they enjoy and appreciate it. Thank you so much for having such a positive impact on 50 North and it's seniors."  
- Beth Wilkins, Community Relations Director

"Connecting Kids To Meals is so grateful to Farmers & Merchants State Bank for its extremely generous donation of \$16,220 from its annual Golf Outing. These funds have helped us to serve over 32,000 nutritious meals to at-risk kids in Northwest Ohio. Thousands of kids struggle with food insecurity each day, but with the help of Farmers & Merchants State Bank, Connecting Kids To Meals has been able to increase access to fight against the impacts of hunger so that kids can learn, focus and live healthier lifestyles." - Wendi Huntley, President



"Without your organization, I don't know if my family could survive." As a representative for Community Harvest Food Bank, this has been said to me so many times by persons from all over our nine county region at different distributions. The look in the eyes of so many as they receive food can be overwhelming and makes me grateful for being able to share in those moments. Those moments are not possible without the support of organizations such as the Farmers and Merchants State Bank. Thank you for thinking of Community Harvest Food Bank as a "charity of choice" that day. I only wish you could share in some of those moments that I described! All of us here at CHFB thank your organization for your kind consideration of our mission."  
- Roy Nevil, Community Engagement Coordinator



"For over thirty years, Farmers & Merchants State Bank has played an important role in enabling Arts Place to meet its mission to nurture the creative spirit in our community. Major sponsorship of our performance series has made it possible to bring artists of national and international stature to our community. As well, Farmers and Merchants Bank's assistance has helped us to provide private music lessons and ensembles for children, adolescents, and adults through our MusicWorks program. But, the Bank's support for Arts Place goes well beyond our annual programming. F&M's major sponsorship of our Legacy Capital Campaign played a big part in realizing our \$2.4 million project to expand and enhance our Jay County Campus. Farmers & Merchants State Bank is truly nurturing the creative spirit here in our community!"  
- Eric R. Rogers, Executive Director/CEO

"On behalf of the Champaign Family YMCA's Board of Trustees, our members, and the hundreds of youth we serve each year I offer heartfelt appreciation for Farmers & Merchants State Bank's contribution of \$5,000 to our Y's 2021 Invest in Youth Campaign". stated, "trusted partners like Farmers & Merchants enable our nonprofit to ensure that no area youth are denied access to the Y's programs and facilities because of financial limitations".  
- Paul Waldsmith, CEO



"Grateful cannot even begin to express what our community partnership with F&M State Bank truly means. When partnerships work, we build better communities and F&M has been instrumental in helping to make Archbold a better community. Support of the programs and special events we offer, as well as financial backing in the development of our new splash pad proves that F&M is passionate about Archbold and shares the same goals as the Parks & Recreation Department: to provide opportunities to the residents and visitors." - Jen Kidder, Director of Parks & Recreation

## SENIOR MANAGEMENT

**Lars B. Eller**  
President  
Chief Executive Officer

**Barbara J. Britenriker**  
Executive Vice President  
Chief Retail Banking Officer  
Chief Financial Officer (Bancorp)

**Edward A. Leininger**  
Executive Vice President  
Chief Operating Officer

**Rex D. Rice**  
Executive Vice President  
Chief Lending Officer

**Benét S. Rupp**  
Senior Vice President  
Chief People Officer

**Brett Baumeister**  
Senior Vice President  
Regional President

**David R. Gerken**  
Senior Vice President  
Commercial Banking Manager

**Katrina L. DeGross**  
Senior Vice President  
Chief Financial Officer (Bank)

**Phillip P. Lucas**  
Senior Vice President  
Regional President

**Shalini Singhal**  
Senior Vice President  
Chief Information Officer

**Amy L. Cover**  
Vice President  
Marketing Manager

**Alexis E. Smith**  
Vice President  
Talent & Organization  
Development Manager

## AGRICULTURE & COMMERCIAL BANKING

**Andrew J. Briggs**  
1st Senior Vice President  
Business Development/Indiana

**Michael F. Schnitkey**  
Senior Vice President  
Agri Finance Manager

**Robert D. Graham**  
Senior Vice President  
Commercial Banker

**Adam Bennett**  
Vice President  
Commercial/Agri Finance Banker

**Amy J. Hammons**  
Vice President  
Commercial/Agri Finance Banker

**Blake H. Fox**  
Vice President  
Commercial/Agri Finance Banker

**Bradford G. Stanfield**  
Vice President  
Commercial Banker

**Chad M. Harris**  
Vice President  
Commercial/Agri Finance Banker

**Curtis M. Metz**  
Vice President  
Commercial Banker

**Dan R. Clark**  
Vice President  
Commercial Banker

**Derek P. Loeffler**  
Vice President  
Agri Finance Banker

**Douglas W. Shaw, Jr.**  
Vice President  
Commercial Banker

**James E. Collins**  
Vice President  
Commercial/Agri Finance Banker

**J. Scott Miller**  
Vice President  
Agri Finance Banker

**Jeffery C. Shrader**  
Vice President  
Commercial Banker

**John D. Kantner**  
Vice President  
Commercial Banker

**Joshua M. Fern**  
Vice President  
Commercial Banker

**Julie B. Steiner**  
Assistant Vice President  
Credit Analyst

**Kelby J. Schmucker**  
Vice President  
Credit Decisioning Manager

**Kenneth J. Schoen**  
Vice President  
Commercial/Agri Finance Banker

**Kevin E. Sills**  
Vice President  
Commercial/Agri Finance Banker

**Kevin J. Becker**  
Vice President  
Credit Manager

**Lesley R. Shirkey**  
Vice President  
Asset Recovery Manager

**Logan A. Frey**  
Vice President  
Commercial Banker

**Micah W. Hefty**  
Vice President  
Commercial/Agri Finance Banker

**Michael J. Rywalski**  
Vice President  
Commercial Banker

**Robert E. Rhoades**  
Vice President  
Commercial/Agri Finance Banker

**Robert K. Weaver**  
Vice President  
Commercial Banker

**Ruth A. Kauffman**  
Vice President  
Credit Manager

**Steven R. Habig**  
Vice President  
Commercial Banker

**Thomas W. Lueck**  
Vice President  
Commercial Banker

**Tim Porter**  
Vice President  
Commercial/Agri Finance Banker

**William A. Millice**  
Vice President  
Commercial/Ag Banker II

**Allan J. Kinsman**  
Assistant Vice President  
Commercial Banker

**Eric T. Warrick**  
Assistant Vice President  
Commercial/Ag Portfolio Manager

**Jacob T. Willey**  
Assistant Vice President  
Commercial Banker

**Jared M. Heyerly**  
Assistant Vice President  
Senior Credit Analyst

**John M. Hulyk**  
Assistant Vice President  
Commercial Portfolio Manager

**Kirk R. Keiser**  
Assistant Vice President  
Agri Finance Banker

**Kirk T. Wensink**  
Assistant Vice President  
Agri Finance Banker

**Sharon D. Blair**  
Assistant Vice President  
Asset Recovery Manager

**Timothy A. DeCant**  
Assistant Vice President  
Commercial Banker

## RETAIL BANKING

**Taryn L. Marino**  
Senior Vice President  
Retail Banking Manager

**Christine A. Phelps**  
Senior Vice President  
Community President

**Amanda L. Brandenburg**  
Vice President  
Regional Community  
Relationship Banker

**Arthur J. Short**  
Vice President  
Consumer Lending Manager

**Curtis H. Rash**  
Vice President  
Regional Community  
Relationship Banker

**Jennifer A. Knapp**  
Vice President  
Regional Community  
Relationship Banker

**Jonathan S. Kundo**  
Vice President  
Regional Community  
Relationship Banker

**Lisa M. Swogger**  
Vice President  
Community Relationship Banker

## RETAIL BANKING

**Mary E. Stefko**  
Vice President  
Home Loan Manager

**Marybeth Shunck**  
Vice President  
Senior Consumer Lender  
Private Banker

**Michael T. Smith**  
Vice President  
Regional Community  
Relationship Banker

**Amber D. Gillengerten**  
Assistant Vice President  
Retail Administrator

**April M. Witte**  
Assistant Vice President  
Deposit Accounts Supervisor

**Brenda L. Mossing**  
Assistant Vice President  
Community Relationship Banker

**Brent A. Gibson**  
Assistant Vice President  
Community Relationship Banker

**Casey Robbins**  
Assistant Vice President  
Home Loan Originator

**Christopher Coy**  
Assistant Vice President  
Home Loan Originator

**Connie S. Nickells**  
Assistant Vice President  
Community Relationship Banker

**Crystal M. Jordan**  
Assistant Vice President  
Community Relationship Banker

**Debra L. Cochran**  
Assistant Vice President  
Home Loan Originator

**Jeremy Davis**  
Assistant Vice President  
Home Loan Originator

**Joey C. Sherwood**  
Assistant Vice President  
Community Relationship Banker

**Jonathan Mock**  
Assistant Vice President  
Home Loan Originator

**Judith G. Pusateri**  
Assistant Vice President  
Senior Home Loan Originator

**Judy L. Heflin**  
Assistant Vice President  
Home Loan Originator

**Katherine S. Thorpe**  
Assistant Vice President  
Home Loan Originator

**Leigh M. Boothman**  
Assistant Vice President  
Senior Home Loan Originator

**Margaret L. Carico**  
Assistant Vice President  
Home Loan Originator

**Michael E. Nitchman**  
Assistant Vice President  
Home Loan Originator

**Michael L. Straley**  
Assistant Vice President  
Home Loan Originator

**Patricia R. Burkholder**  
Assistant Vice President  
Home Loan Originator

**Philip A. Constien**  
Assistant Vice President  
Community Relationship Banker

**Sara A. Jones**  
Assistant Vice President  
Community Relationship Banker

**Shauna L. Cotter**  
Assistant Vice President  
Community Relationship Banker

**Susan K. Dieringer**  
Assistant Vice President  
Home Loan Originator

**Travis G. Hunt**  
Assistant Vice President  
Senior Home Loan Originator

**Vandee Salay**  
Assistant Vice President  
Home Loan Originator

## AUDIT, COMPLIANCE & RISK

**Kent E. Roth**  
Vice President  
Risk Manager/Security Officer

**Marilyn K. Johnson**  
Vice President  
Compliance & CRA Manager

**Jacqueline K. Wells**  
Assistant Vice President  
Bank Secrecy Officer

**R. Jeffrey Justus**  
Assistant Vice President  
Senior Auditor

**Daniel T. Kiscoe**  
Assistant Vice President  
Assistant Compliance & CRA  
Manager

## OPERATIONS

**Jane C. Bruner**  
Vice President  
Operations Services Manager

**Molly A. Miller**  
Vice President  
Deposit Services Manager

**Randal H. Schroeder**  
Vice President  
Senior Operations Manager

**Timothy W. Dubach**  
Vice President  
Vendor/BCP Project Manager

**Benjamin T. Curry**  
Assistant Vice President  
Network Security Administrator

**Michael S. Hess**  
Assistant Vice President  
Systems Engineer

**D. Robin Timbrook**  
Assistant Vice President  
Deposit Operations/Branch  
Support Manager

**Traci D. Tucker**  
Assistant Vice President  
Loan Operations Manager

## SUPPORT

**Jared E. Riblet**  
Assistant Vice President  
Financial Reporting Manager

**Kevin L. Schaffner**  
Assistant Vice President  
Facility Manager

**Lisa M. Beverly**  
Comptroller

**Lydia A. Huber**  
Corporate Secretary

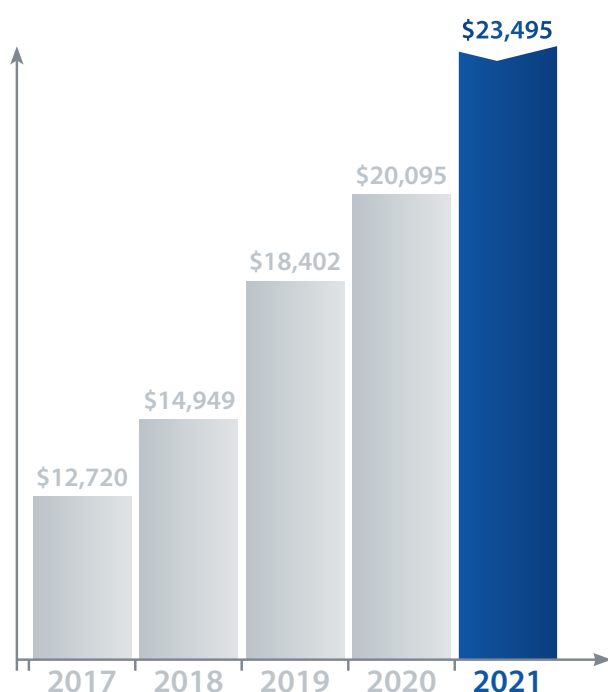
**J. Marty Filogamo**  
Project Manager

## INVESTMENT SERVICES

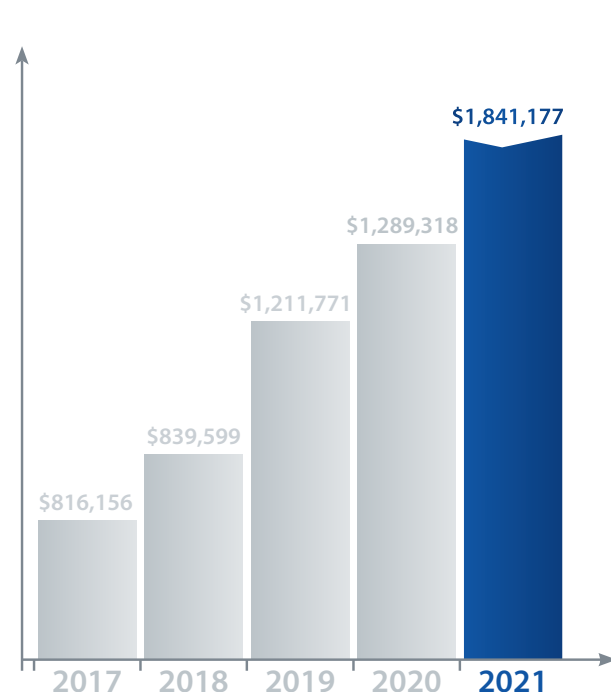
**Jason P. Maassel**  
Vice President  
FM Investment Manager

**Lorie A. Garwood**  
Vice President  
Financial Advisor

**NET INCOME**  
IN THOUSANDS (\$)



**TOTAL LOANS**  
IN THOUSANDS (\$)



**SUMMARY OF CONSOLIDATED STATEMENT OF INCOME**

(In Thousands, except share Data)

	2021	2020	2019	2018	2017
<b>SUMMARY OF INCOME</b>					
Interest income	\$ 76,840	\$ 70,169	\$ 68,306	\$ 46,429	\$ 41,248
Interest expense	7,342	10,393	14,759	6,572	5,127
Net Interest Income	69,498	59,776	53,547	39,857	36,121
Provision for loan losses	3,444	6,981	1,138	324	222
Net interest income after provision for loan losses	66,054	52,795	52,409	39,533	35,899
Other income (expense), net	(36,557)	(27,589)	(29,647)	(21,283)	(17,937)
Net income before income taxes	29,497	25,206	22,762	18,250	17,962
Income Taxes	6,002	5,111	4,360	3,301	5,242
Net income	<u>\$ 23,495</u>	<u>\$ 20,095</u>	<u>\$ 18,402</u>	<u>\$ 14,949</u>	<u>\$ 12,720</u>
<b>PER SHARE OF COMMON STOCK</b>					
Earnings per common share outstanding *					
Net income <sup>(1)</sup>	<u>\$ 2.01</u>	<u>\$ 1.80</u>	<u>\$ 1.66</u>	<u>\$ 1.61</u>	<u>\$ 1.38</u>
Dividends <sup>(1)</sup>	<u>\$ 0.71</u>	<u>\$ 0.66</u>	<u>\$ 0.61</u>	<u>\$ 0.56</u>	<u>\$ 0.50</u>
Weighted average number of shares outstanding, including participating securities <sup>(1)</sup>	<u>11,664,852</u>	<u>11,146,270</u>	<u>11,113,810</u>	<u>9,272,964</u>	<u>9,250,825</u>

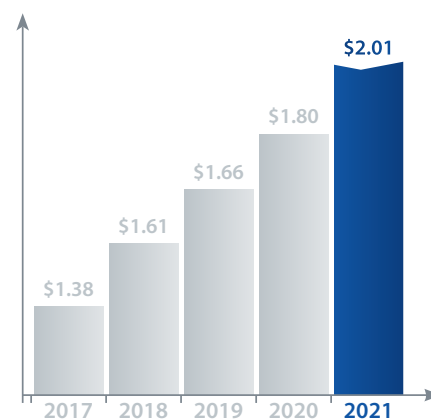
\*Based on weighted average number of shares outstanding

<sup>(1)</sup> Share data has been adjusted to reflect a 2-for-1 stock split on September 20, 2017

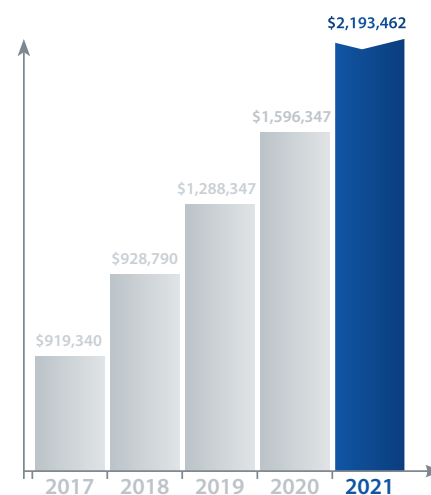
**DIVIDENDS DECLARED**  
PER SHARE\*



**EARNINGS**  
PER SHARE\*



**TOTAL DEPOSITS**  
IN THOUSANDS (\$)



\*Share data has been adjusted to reflect a 2-for-one stock split on September 20, 2017

**SUMMARY OF CONSOLIDATED BALANCE SHEET**

(In Thousands)

	2021	2020	2019	2018	2017
<b>SUMMARY OF INCOME</b>					
Total Assets	\$ 2,638,300	\$ 1,909,544	\$ 1,607,330	\$ 1,116,163	\$ 1,107,009
Loans, net	1,841,177	1,289,318	1,211,771	839,599	816,156
Total deposits	2,193,462	1,596,162	1,288,347	928,790	919,340
Stockholders' equity	297,167	249,160	230,258	143,287	134,137
<b>KEY RATIOS</b>					
Return on average equity	9.09%	8.38%	8.26%	10.86%	9.75%
Return on average assets	1.05%	1.14%	1.23%	1.34%	1.18%
Loans to deposits	83.94%	80.78%	94.06%	90.40%	88.78%
Capital to assets	11.26%	13.05%	14.33%	12.84%	12.12%
Dividend payout	35.08%	36.36%	36.59%	34.40%	36.02%

## OHIO

**Archbold** ..... 307 N Defiance St  
**\*Archbold** ..... 620 S Clyde's Way  
**Bowling Green** ..... 1072 N Main St  
**Bryan** ..... 1000 S Main St  
**Custar** ..... 22973 Defiance Pike  
**Defiance** ..... 1175 Hotel Dr  
**Delta** ..... 101 Main St  
**Findlay** ..... 1660 Tiffin Ave  
**Hicksville** ..... 100 N Main St  
**Montpelier** ..... 1150 E Main St  
**Napoleon** ..... 2255 Scott St  
**Perrysburg** ..... 7001 Lighthouse Way  
**Stryker** ..... 300 S Defiance St  
**Swanton** ..... 7 Turtle Creek Cir  
**Sylvania** ..... 5830 Monroe St  
**Urbana** ..... 120 N Main St  
**Waterville** ..... 58720 Waterville Swanton Rd  
**Oxford** ..... 29 N Beech St  
**Wauseon** ..... 1130 N Shoop Ave  
**West Unity** ..... 200 W Jackson St

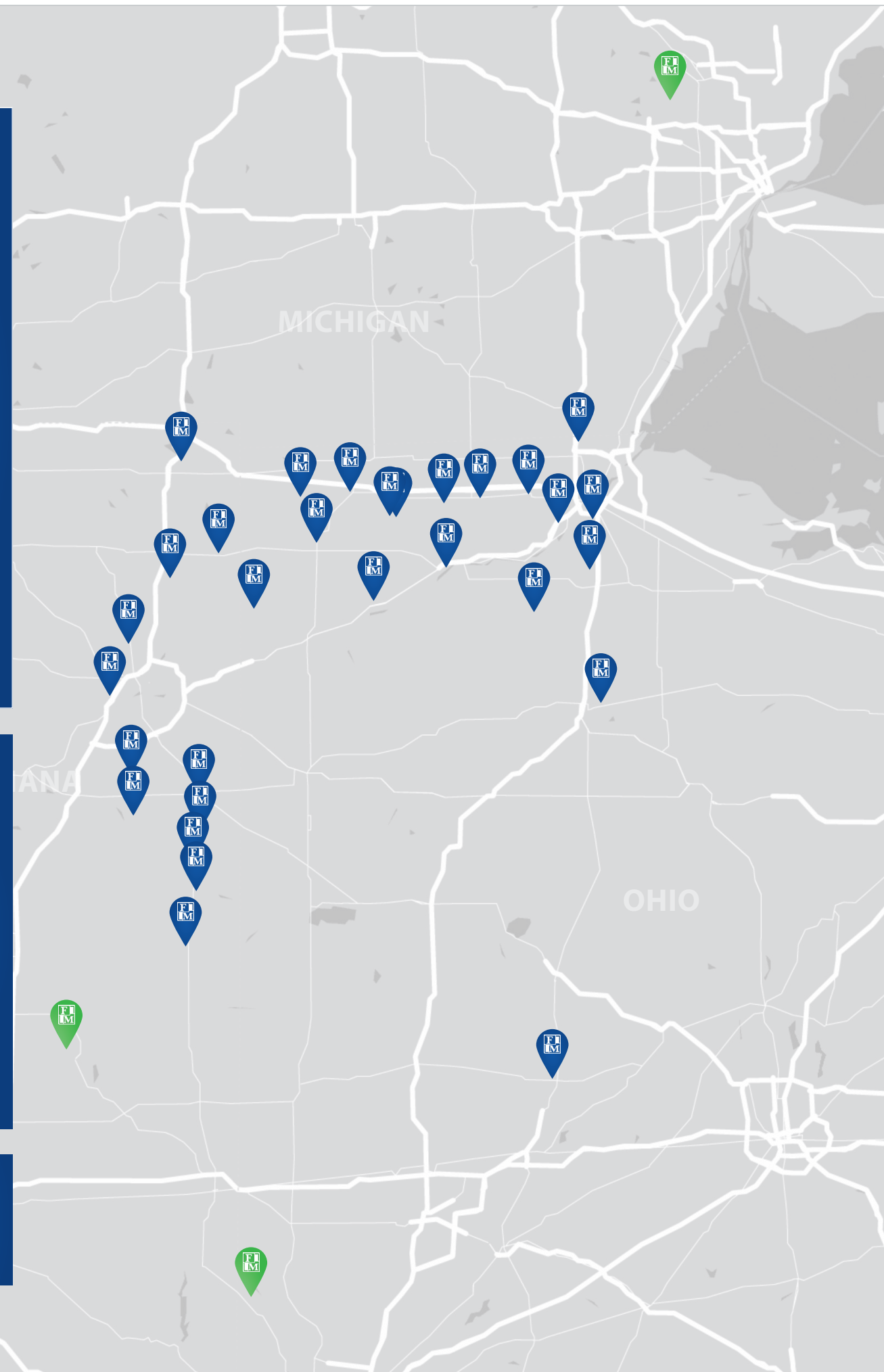
\*Drive-Thru/ATM Only  
**Loan Production Office**

## INDIANA

**Angola** ..... 2310 N Wayne St  
**Auburn** ..... 403 Erie Pass  
**Berne** ..... 718 US Highway 27N  
**Bluffton** ..... 111 East Oak Forest Dr  
**Butler** ..... 200 S Broadway St  
**Decatur** ..... 1118 S 13th St  
**Fort Wayne** ..... 7370 Illinois Road  
**Geneva** ..... 215 E Line St  
**Huntertown** ..... 12106 Lima Rd  
**Monroe** ..... 150 W Washington St  
**Muncie** ..... 420 S High St  
**Ossian** ..... 102 North Jefferson  
**Portland** ..... 1451 N Meridian St

## MICHIGAN

**West Bloomfield**  
 7031 Orchard Lake Rd, Suite 102



## NATURE OF BUSINESS

Farmers & Merchants Bancorp, Inc. is a \$2.6 billion bank holding company headquartered in Archbold, Ohio. Farmers & Merchants State Bank services 30 full-service offices located in Champaign, Defiance, Fulton, Hancock, Henry, Lucas, Williams and Wood counties in Ohio and Adams, Allen, DeKalb, Jay, Steuben, and Wells Counties in Indiana.

## HEADQUARTERS

**Farmers & Merchants Bancorp, Inc.**  
 307 North Defiance Street  
 Archbold, Ohio 43502  
 Ph: 419.446.2501  
 Toll-free: 800.451.7843  
 www.fm.bank  
 Lydia Huber, Corporate Secretary

## ANNUAL MEETING

April 12, 2022  
 1:30 p.m.  
**Virtual Event**

## COMMON STOCK LISTING

Farmers & Merchants Bancorp, Inc. common stock is traded on the Nasdaq stock market under the symbol "FMAO."

## STOCK TRANSFER AGENT

Computershare  
 150 Royall Street  
 Canton, MA 02021

## INDEPENDENT ACCOUNTANTS

**BKD, LLP**  
 200 E. Main Street, Suite 700  
 Fort Wayne, IN 46802-1900

## DIVIDENDS

Common stock dividends are payable quarterly upon authorization of the Board of Directors.

## DIVIDEND REINVESTMENT

Farmers & Merchants Bancorp, Inc. has a Dividend Reinvestment Plan administered by Computershare. Shareholders of record have cash payments applied toward the purchase of additional shares at no additional cost. Shareholders desiring information about this plan may contact Lydia Huber, Corporate Secretary at 419.446.2501 or toll-free 800.451.7843.

## DIRECT DEPOSIT OF DIVIDENDS

Automatic direct deposit of quarterly dividends into a deposit account is offered to our shareholders and provides secure and timely access to their funds. For further information, please contact Lydia Huber, Corporate Secretary at 419.446.2501 or toll-free 800.451.7843.

## CORPORATE COUNSEL

Mr. Mark D. Hagans  
 Mr. Robert W. Bohmer  
*Rupp, Hagans & Bohmer, LLP*  
 302 North Defiance St.  
 Archbold, OH 43502

Mr. Thomas Blank  
 Mr. David J. Mack  
 Mr. Martin Werner  
*Shumaker, Loop & Kendrick, LLP*  
 1000 Jackson St.  
 Toledo, OH 43624

## MARKET MAKERS

**Boening & Scattergood**  
 400 Lydia Street, Suite 100  
 Carnegie, PA 15106  
 Ph: 800.889.6440

**D. A. Davidson**  
 3773 Attucks Drive  
 Powell, OH 43065  
 Ph: 800.394.9230

**Keefe, Bruyette & Woods (KBW)**  
 787 7th Avenue, 4th Floor  
 New York, NY 10019  
 Ph: 212.887.8901

**Raymond James Financial, Inc.**  
 222 S. Riverside Plaza, 7th Floor  
 Chicago, IL 60606  
 Ph: 800.800.4693





**FARMERS &  
MERCHANTS**  
BANCORP, INC.

(800) 451.7843 | 307 N DEFIANCE ST, ARCHBOLD, OH 43502

FM.BANK | MEMBER FDIC

WE NURTURE LASTING RELATIONSHIPS