

**Farmers & Merchants Bancorp, Inc.**  
**Compensation Committee Charter**

**Statement of Policy**

The Compensation Committee shall provide assistance to the board of directors in fulfilling the board of directors' responsibilities relating to management organization, performance, compensation and succession, and establishing compensation for members of the board of directors.

**Organization**

The members of the Compensation Committee shall be appointed by the board of directors and may be removed by the board of directors. The Compensation Committee shall meet on the call of its chairman. The Compensation Committee has the authority to retain and terminate advisors, including compensation consultants, accountants and legal counsel, to assist in discharging its duties including the authority to approve such advisors' fees and retention terms. There will be at least three members of the Compensation Committee. A majority of the members of the Compensation Committee shall be a quorum to transact business.

**Qualifications**

The Compensation Committee shall be composed of independent directors, determined by the board of directors under the Farmers & Merchants Bancorp, Inc. Corporate Governance Guidelines. The members of the Compensation Committee shall be outside directors within the meaning of Section 162 (m) of the Internal Revenue Code. Each member of the Compensation Committee shall also be a "Non-Employee Director" as the term is defined by Rule 16b-3 of the Securities and Exchange Commission.

**Powers, Duties and Responsibilities**

In discharging its responsibilities for management organization, performance, compensation, and succession, the Compensation Committee shall:

- Consider and authorize the compensation philosophy for Farmers & Merchants Bancorp, Inc.'s personnel.
- Review and evaluate chief executive officer and senior management performance, in light of goals and objectives set by the Compensation Committee that include Farmers & Merchants Bancorp, Inc.'s performance and return to shareholders.

- Set the chief executive officer's and senior management's compensation based upon performance and market data. The chief executive officer will not be present during the Compensation Committee's deliberations about or voting on the chief executive officer's compensation.
- Annually review and approve perquisites for the chief executive officer and senior management.
- Consider and make recommendations to the board of directors on matters relating to organization and succession of senior management.
- Evaluate and establish director compensation.
- Consider and approve the report of the Compensation Committee for inclusion in Farmers & Merchants Bancorp, Inc.'s proxy statement for its annual shareholders' meeting.
- Make recommendations to the board of directors with respect to incentive compensation plans, deferred compensation plans, executive retirement plans, and equity-based plans.
- Administer incentive, deferred compensation, and equity-based plans.
- Review the advisory votes on the Executive Compensation Program and frequency of shareholder voting on the Executive Compensation Program after a vote is held.
- Annually review and if necessary or appropriate, update this charter for consideration by the board of directors.
- Annually evaluate the performance and function of the Compensation Committee.
- Report the matters considered and actions taken by the Compensation Committee to the board of directors.

*Approved by the Compensation Committee on April 5, 2017*