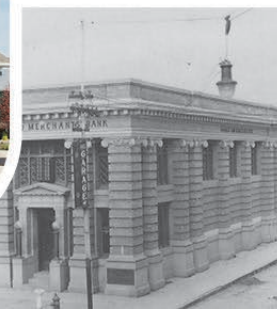




**FARMERS &  
MERCHANTS**  
BANCORP, INC.

# 2024 First 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 an 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 presence by adding a new regional office in downtown Fort Wayne.

## Compelling Opportunities Across Strong Markets



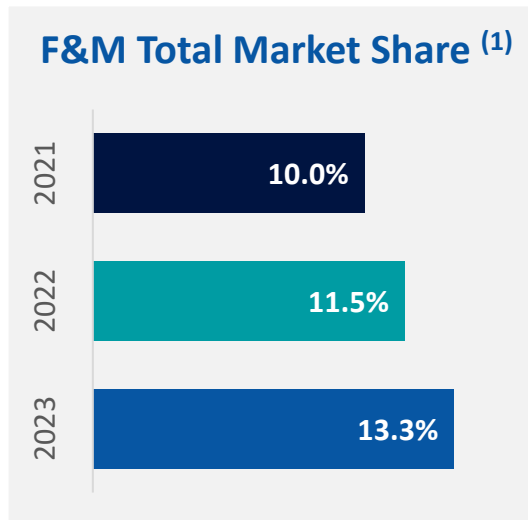
| F&M Market Highlights                       | Ohio           | Indiana        |
|---|----------------|----------------|
| Offices                                     | 25             | 14             |
| Population <sup>(1)</sup>                   | 778,859        | 541,877        |
| Total Businesses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

<sup>(1)</sup> According to U.S. Census Bureau

<sup>(2)</sup> According to USDA



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

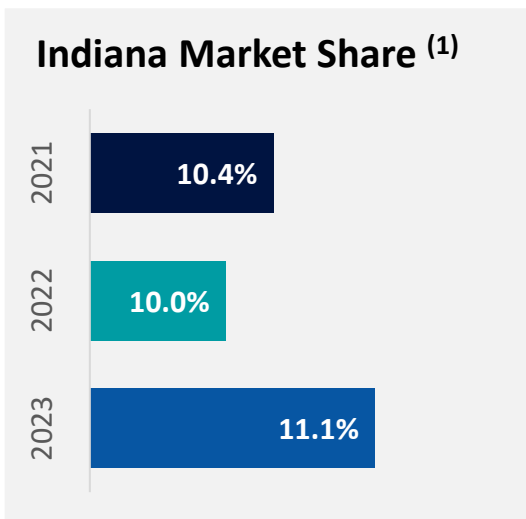
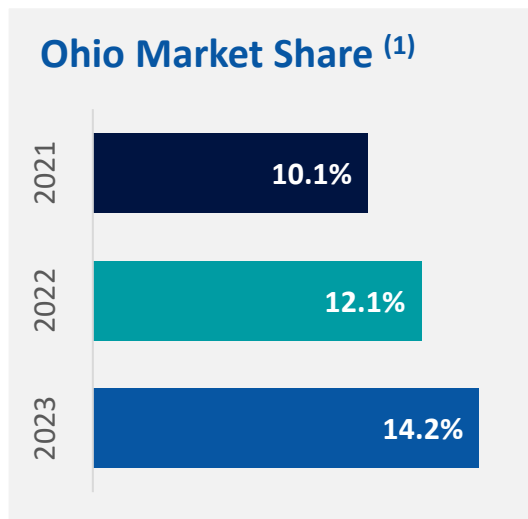


**#3**

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



**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

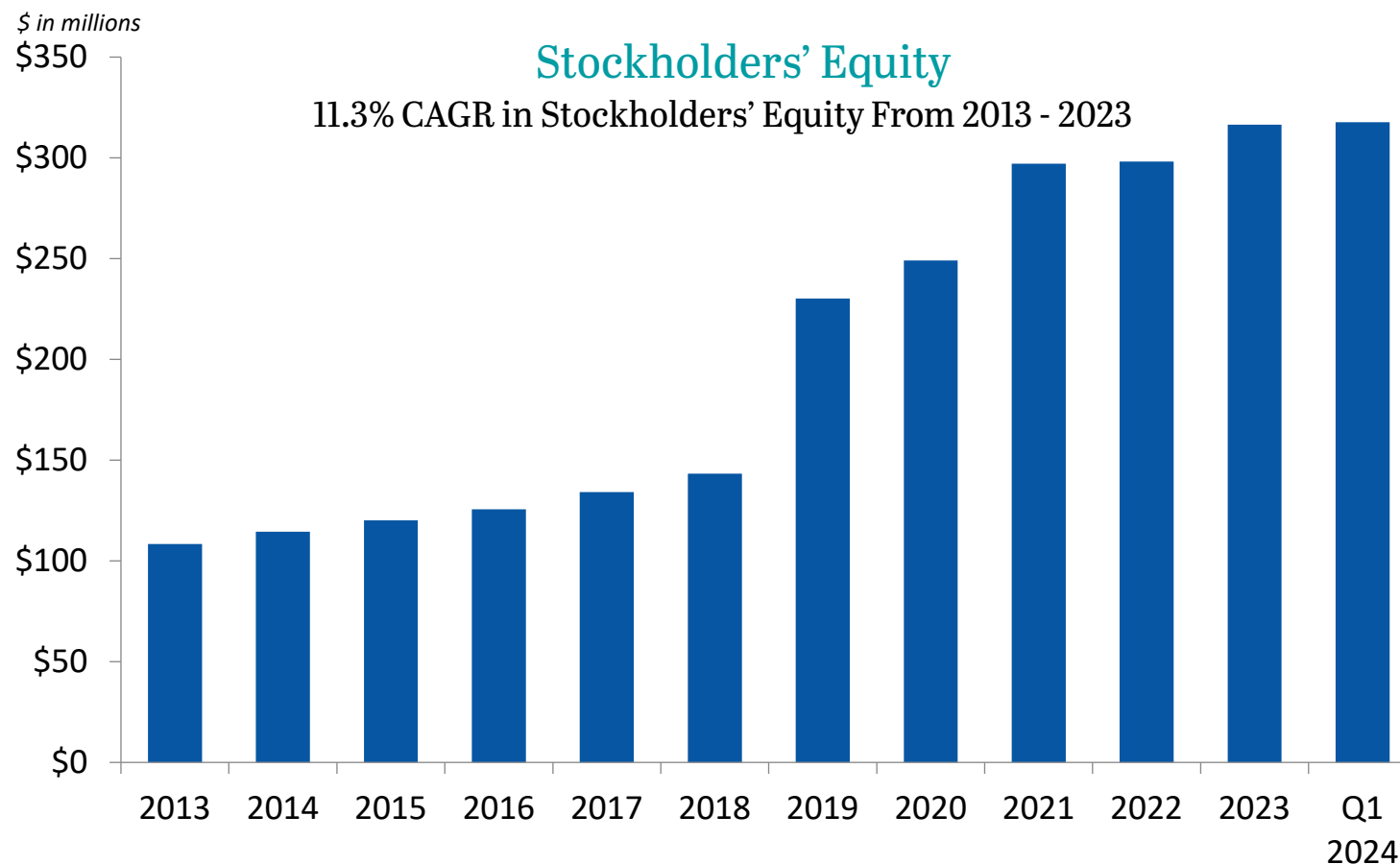
<sup>(1)</sup> MARKET SHARE DATA BASED ON ZIP CODES OF ALL F&M OFFICES



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

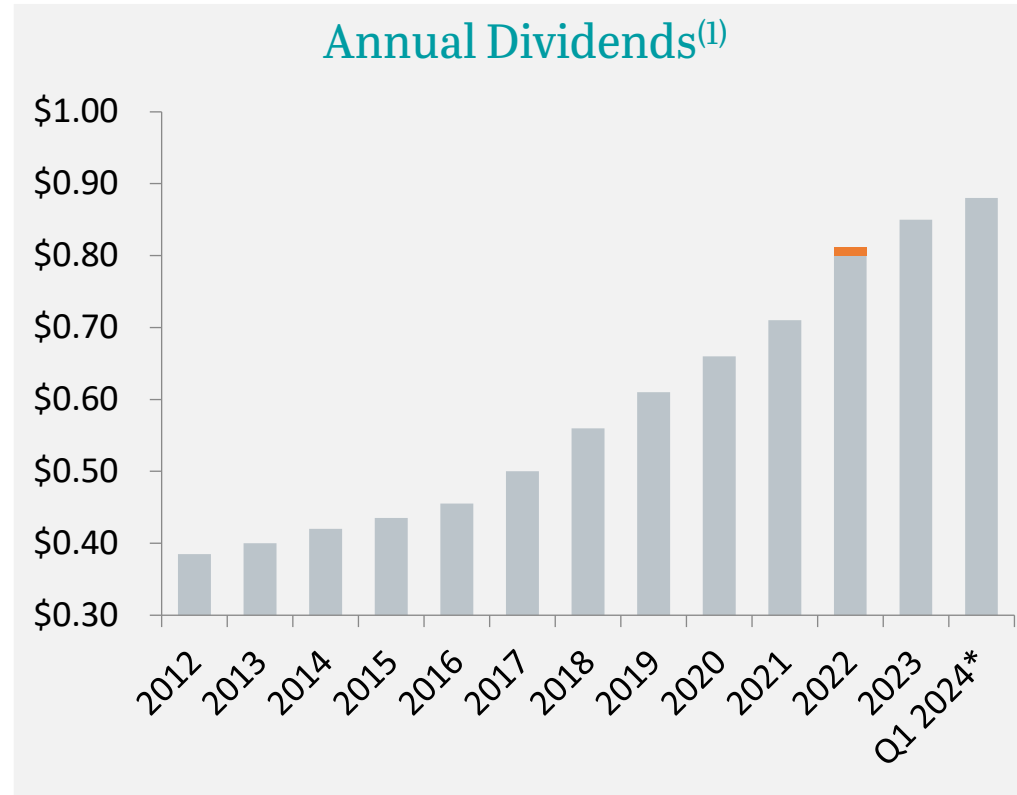


Annual dividend has increased for 29 consecutive years.

On March 19, 2024, F&M's Board of Directors declared a cash dividend of \$0.22 per share, which is a 4.8% increase over the 2023 first-quarter dividend.

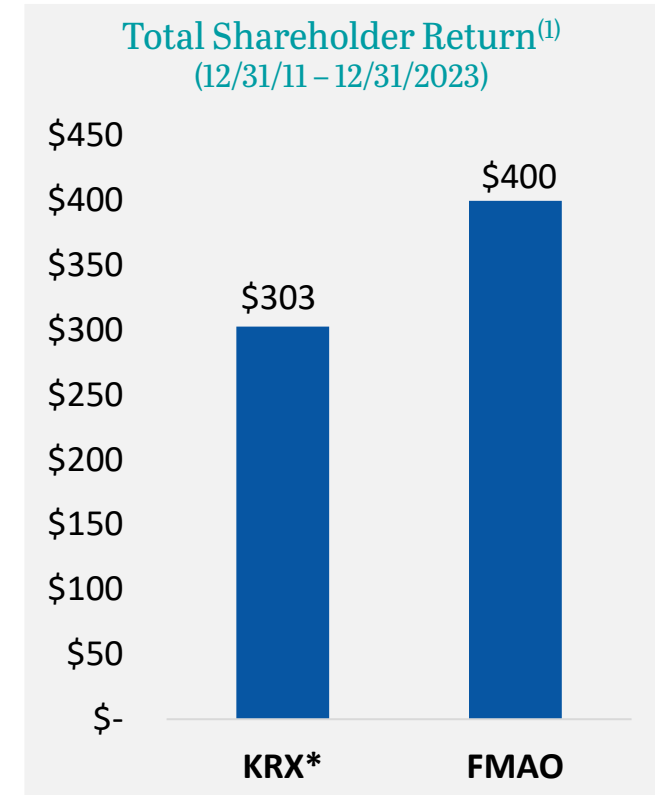
F&M has one of the longest track records of consecutive dividend increases out of all bank stocks.

## Legacy of Value Creation



<sup>(1)</sup> 2022 Included a \$0.0125 special cash dividend

(\*) Annualized



<sup>(1)</sup> According to Bloomberg

(\*) KBW Regional Banking Index

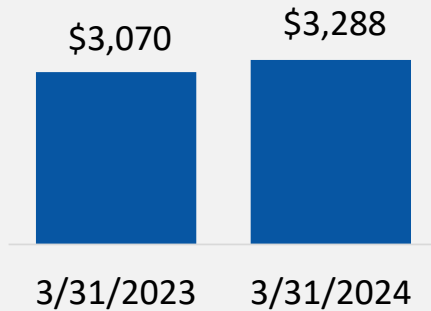




# Financial Highlights

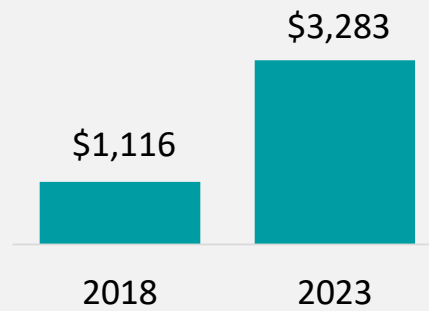
## Total Assets (\$ in millions)

YoY Growth: 7.1%



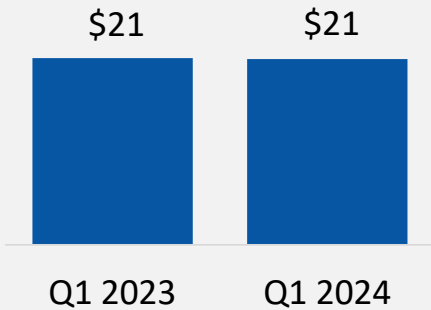
## 5-Year Growth

CAGR: 24.1%



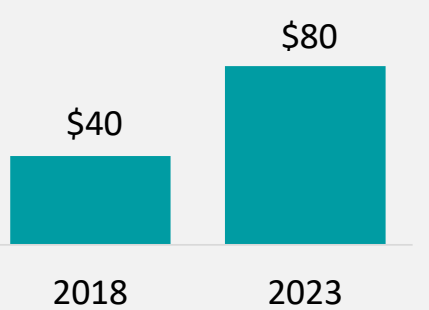
## Net Interest Income –

After Provision for Credit Losses  
(\$ in millions)



## 5-Year Growth

CAGR: 15.0%



- Asset growth driven by increased cash and cash equivalents
- Loans, net increased 3.9% year-over-year primarily from the contribution of continued organic loan growth.

- 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.
- 2024 first quarter net interest income after provision for credit losses increased 6.2% from December 31, 2023, primarily due to a stabilizing net interest margin and solid asset quality



# Executing our Strategic Plan

## Investing in the Future

- Approximately \$4 million of strategic investments occurred during 2023
  - New offices in Ohio, Indiana, and Michigan
  - Investments in IT, HR, loan operations, training and credit and payments group

## Continual Talent Development

- Adding proven bankers from outside of the organization
- Investing in training
- Structured leadership development programs

## 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

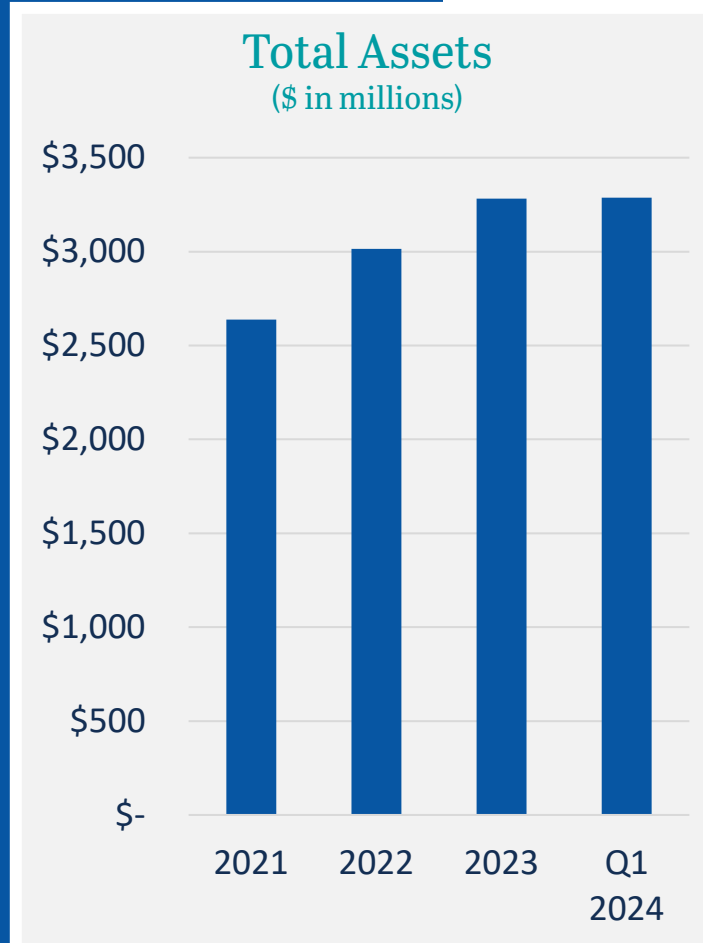
- At March 31, 2024, total loans increased 3.9% YoY to \$2.54 billion and deposits increased 4.3% YoY to a record \$2.62 billion
- One of the largest banks based on deposits in F&M's Ohio and Indiana markets combined

## 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

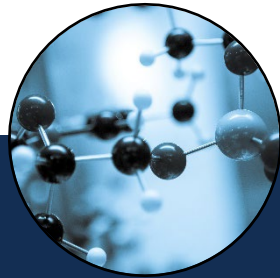
- Pursuing strategies aimed at increasing noninterest income



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**



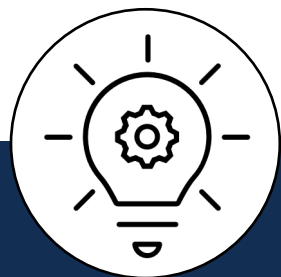
# Deploying Digital Strategies for Future Growth



Improve the  
Customer  
Experience



Leverage  
Modern  
Technologies



Upgrade  
Systems and  
Processes

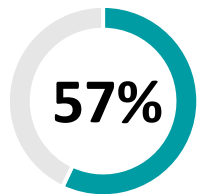


Reskill  
Workforce

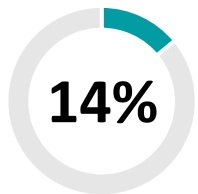


Align  
Leadership and  
Culture

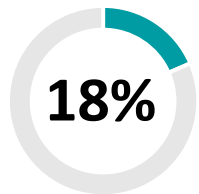
## 2023 Digital Engagement Growth



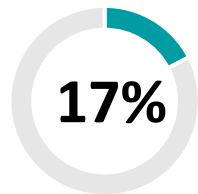
Increase in  
Positive Pay  
Customers



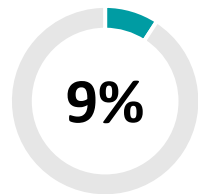
Increase in  
Mobile Deposits



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.

**Timothy Carsey**  
SVP & Chief  
Administrative Officer



Mr. Carsey joined F&M in 2022 as VP Senior Operations Manager and has over 31 years of banking experience.

**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.

**Kevin Becker**  
SVP & Chief  
Credit Officer



Becker joined F&M in 2015 and was promoted to SVP & Chief Credit Officer in 2024.

**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**  
EVP & Chief Lending  
Officer



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



Structured Resources





# Proven Board of Directors

**Andrew J. Briggs**  
Chairman  
Age: 69



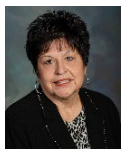
Named Chairman as of April 30, 2024. Former Chairman of Limberlost Bancshares, Inc and President of its wholly-owned subsidiary Bank of Geneva

**Eugene N. Burkholder**  
Director  
Age: 71



Owner and Manager of Falor Farm Center, Inc.

**Jo Ellen Hornish**  
Director  
Age: 70



Previously served as President and CEO of Hornish Bros., Inc., Fountain City Leasing, Inc., and Advantage Powder Coating Inc.

**Dr. Marcia S. Latta**  
Director  
Age: 62



Previously served 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

**Jack C. Johnson**  
Director  
Age: 71



Partner of REJO Partnership and owner and President of Hawk's Clothing, Inc. Hit mandatory retirement age in May 2024.

**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

**Lars B. Eller**  
Director  
Age: 57



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

**Lori A. Johnston**  
Director  
Age: 62



Executive Vice President at Medical Mutual

**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

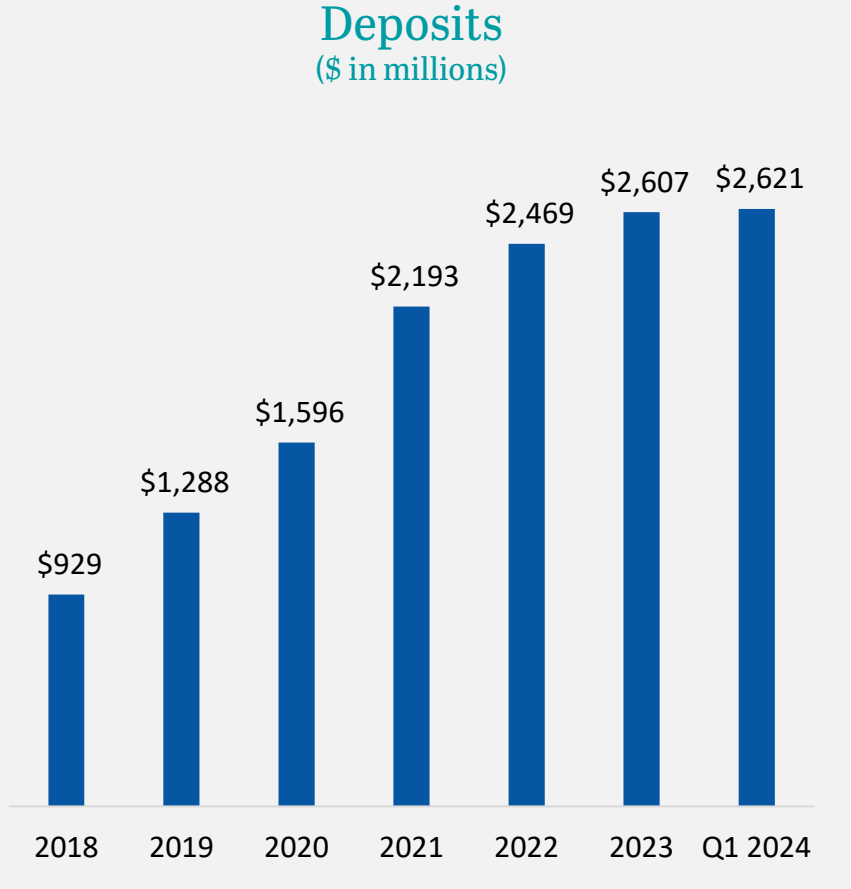
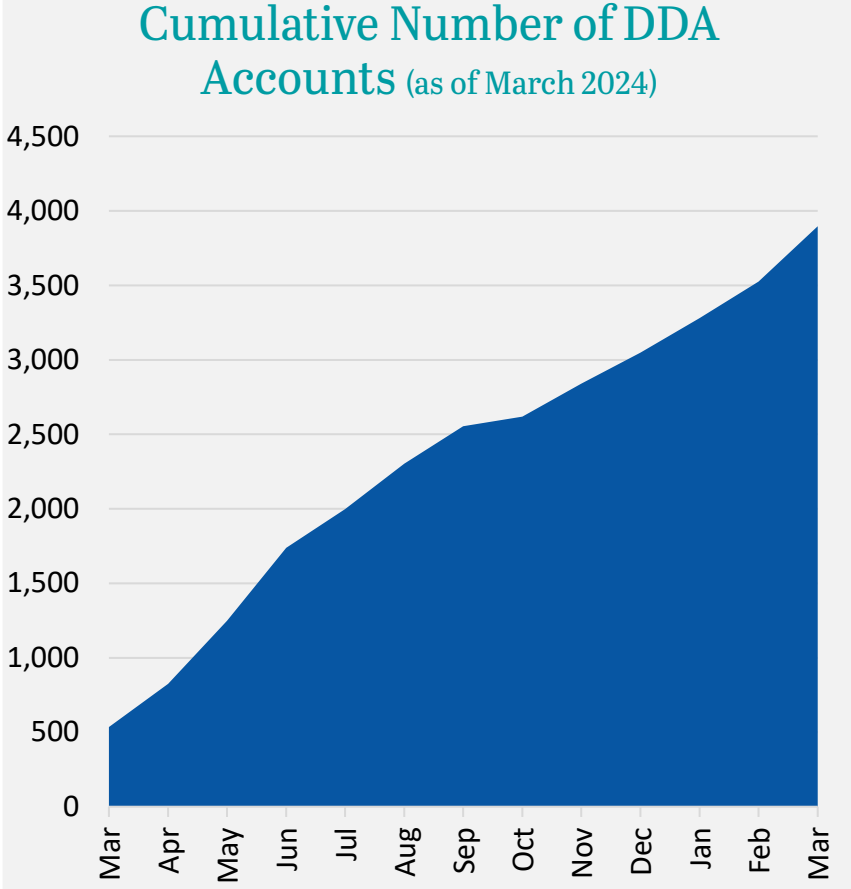


# Track Record of Deposit Growth

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

Growing new demand deposit accounts (“DDA”) is an important near-term initiative

Net new DDA accounts in Q1 2024 were double the amount of the prior year period, demonstrating successful growth initiatives.



## Liquidity and Capital Position at March 31, 2024

**\$496.4 million**  
Contingent Liability  
Availability

**\$535.3 million**  
Total Cash, Cash  
Equivalents and  
Securities Available  
for Sale

**12.22%**  
Total Risk-Based  
Capital

**\$25,859**  
Average Deposit  
Balance

**~11.8%**  
Uninsured Deposits /  
Total Deposits

**8.4%**  
Tier 1 leverage  
Ratio

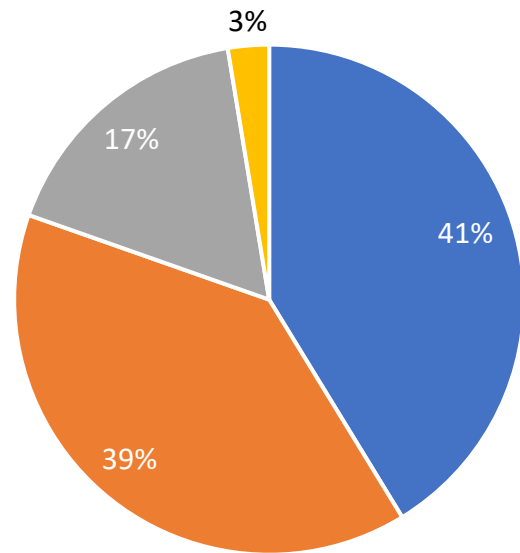


# CRE Overview at March 31, 2024

- CRE was 51.3% of total loan portfolio
- 5.5% 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
- 1.22% allowance for credit losses (ACL) on CRE alone
- Classified CRE loans of 0.1% as of 3/31/24

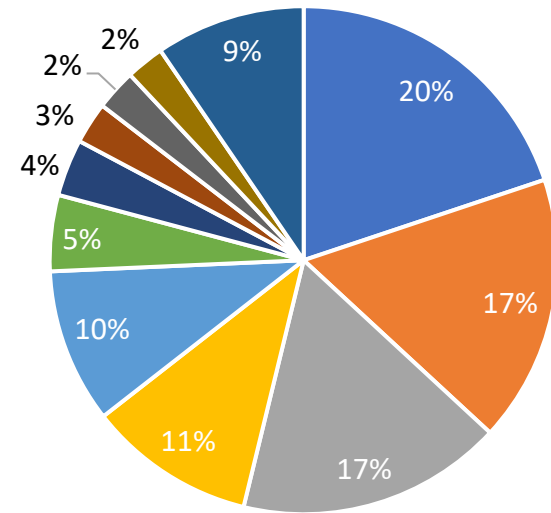
# CRE Dashboard at March 31, 2024

### CRE Breakdown



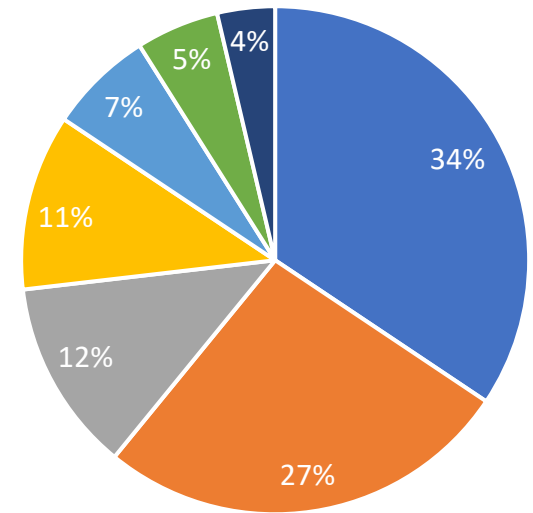
- Non-owner
- Owner
- Multi-family
- Land & Development

### CRE Categories



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

### CRE Locations



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

\* Numbers have been rounded



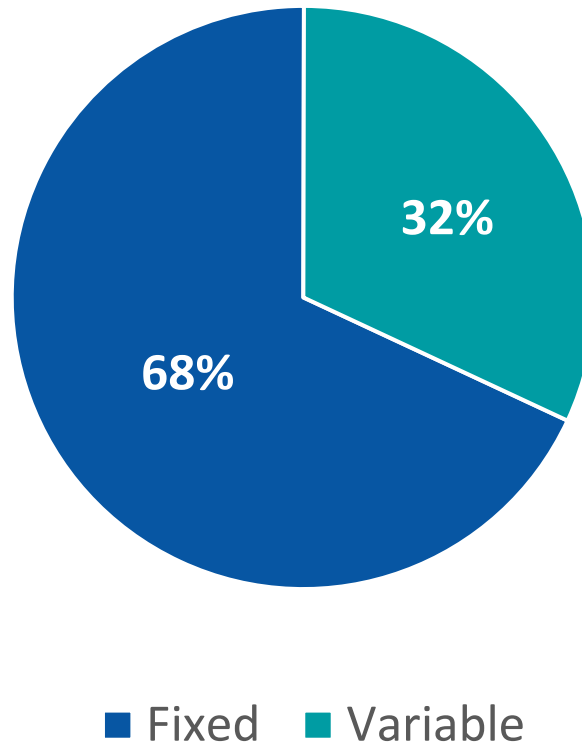
## Compelling Variable Loan Mix

F&M has proactively balanced the amount of fixed vs. variable loans on its balance sheet.

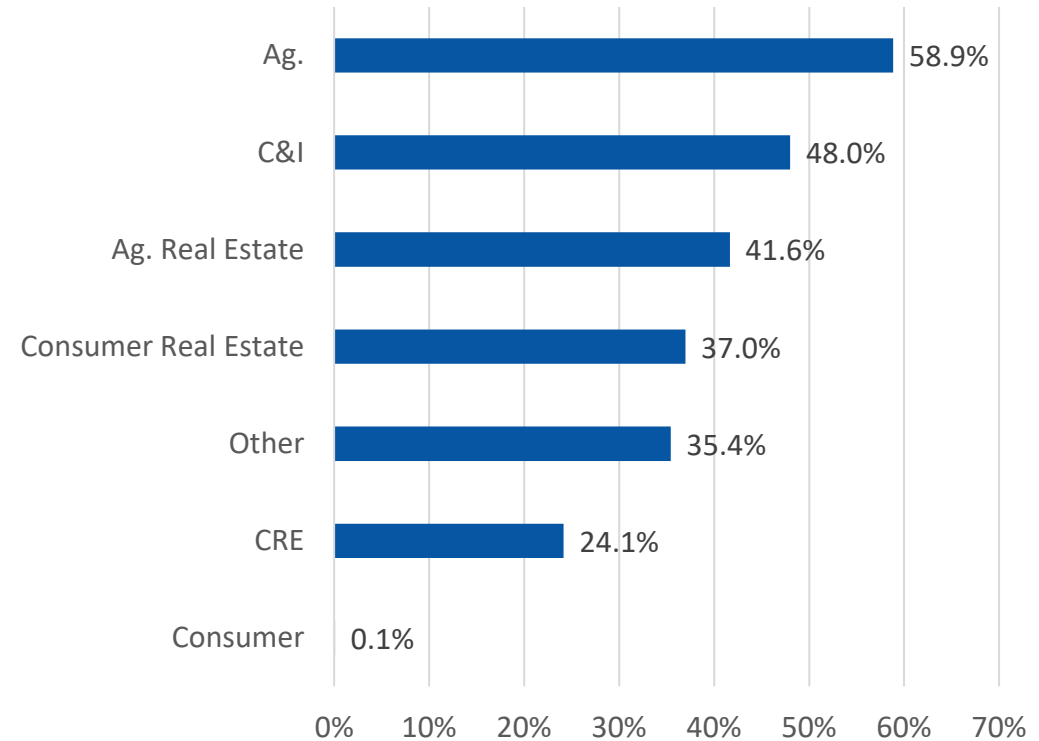
F&M continues to believe that approximately 25% of its loan portfolio will be subject to repricing in 2024, which is expected to benefit the yield on earnings assets, profitability, and liquidity in the coming quarters.

## Fixed vs. Variable Loan Mix at March 31, 2024

Fixed vs Variable as a % of Total Loans



Variable Loans as a % of Total Product Category Loans



# Strong Allowance Combined with Robust Asset Quality

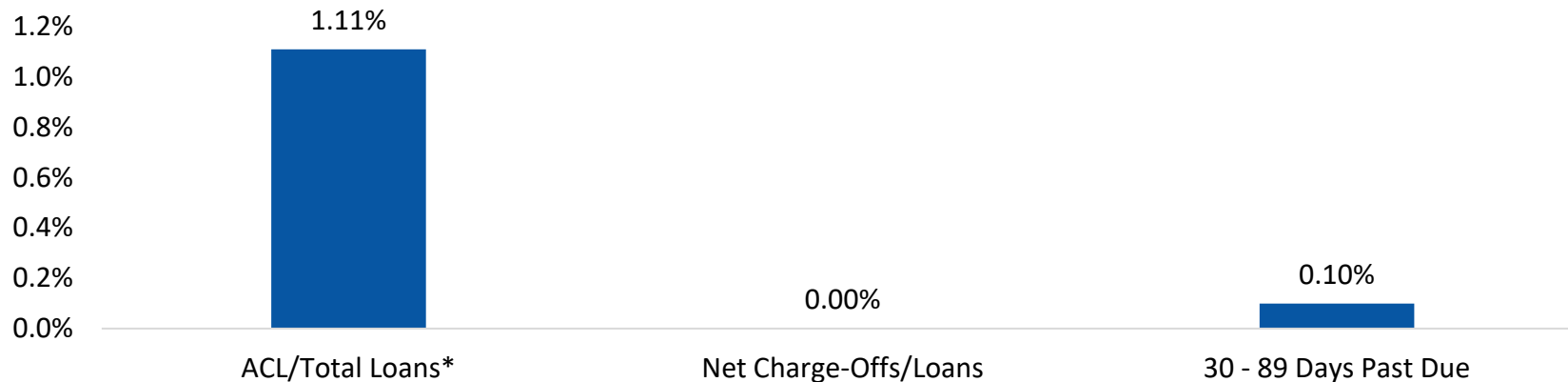
## Credit Quality Highlights

- 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 March 31, 2024)



\* 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, Indiana and Michigan in 2023.
- 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

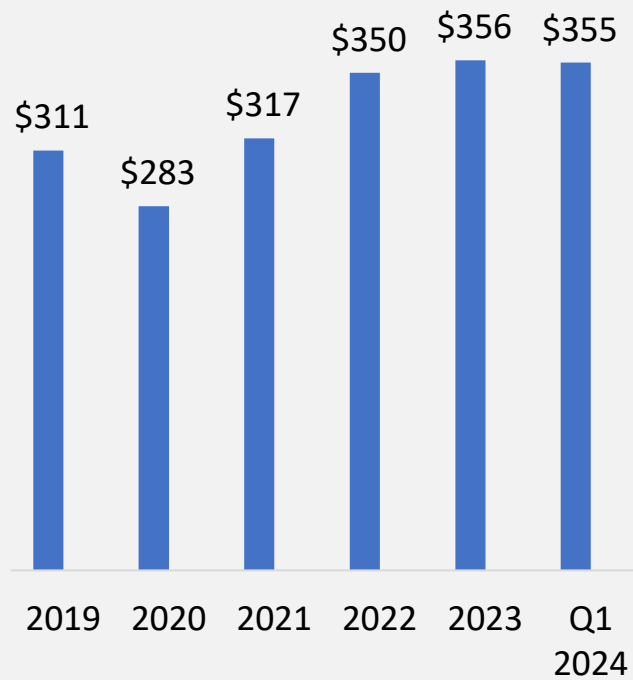
- Each year, F&M provides lunches to more than 50 grain elevators in our communities during Fall Harvest season



# 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

**~40% of all F&M Ag real estate 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 has Ag background or 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**

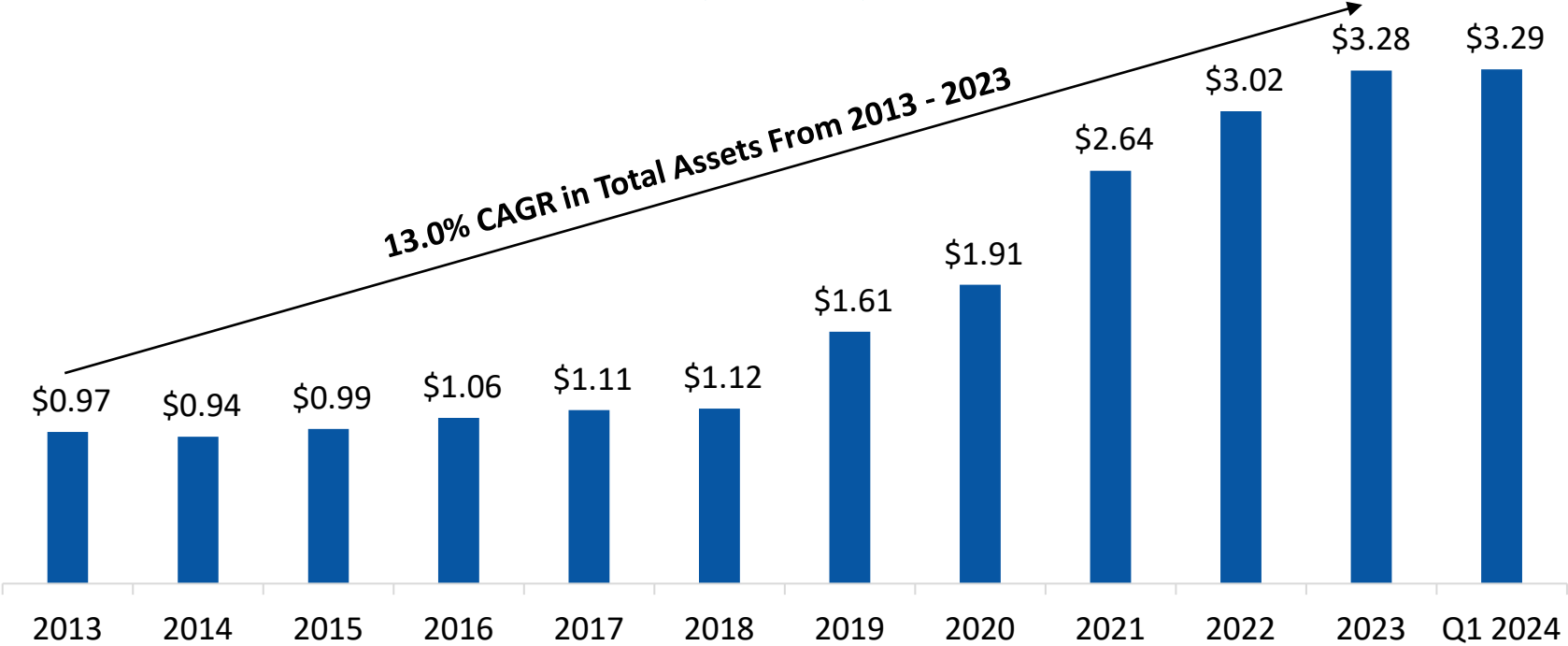
- Ag portfolio diversified between producers and Agri businesses
- Typical Ag customer has diversified business model



# Consistent M&A Strategy Paired with Organic Growth

|  |   |
|--|---|
| <p><u>Acquisition</u></p>  <p><b>June 2022</b><br/>\$133 Million in Assets</p>       | <p><u>Acquisition</u></p>  <p><b>October 2021</b><br/>\$395 Million in Assets</p>    |
| <p><u>Acquisition</u></p>  <p><b>April 2021</b><br/>\$130 Million in Assets</p>     | <p><u>Asset Purchase</u></p>  <p><b>December 2020</b><br/>\$83 Million in Assets</p> |
| <p><u>Acquisition</u></p>  <p><b>January 2019</b><br/>\$290 Million in Assets</p> |   |

**Total Asset Growth**  
(\$ in Billions)



**Notes:**  
Total assets according to S&P Capital IQ Pro

