

2019 Annual Report

Chairman's Message to Shareholders:

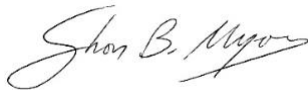
This has been a year of being recognized. Often times I feel we need to do a better job of telling our amazing story of success as a true community bank. On the other hand it is even more rewarding to be recognized by others and for them to tell our story for us. Farmers & Merchants Bank has once again been named a Bauer Financial Five Star Rated bank. Another big award was being named one of the Top 200 Community Banks and Thrifts by American Banker for the second year in a row. We were also recognized locally by the Dayton Business Journal as one of the Dayton Area Fastest Growing Companies. As President and CEO of Farmers & Merchants Bank I was honored to be named a national 2019 top 100 Influencer in Finance. It is such an honor to have received these rewards for our continued excellence in service to our customers and strong returns to our shareholders.

F&M Bancorp and its subsidiary Farmers & Merchants Bank had another year of new records in many categories. The results reflected within this annual report show these accomplishments and they have been highlighted below. We continue to set our goals high and have proven the ability to remain a strong community bank with amazing growth and success.

Earnings were \$2,304,665, as of December 31, 2019 compared to \$1,885,846 at year end 2018 on an after tax basis. Net earnings were up 22.21% for the year. F&M Bancorp grew in 2019 with total assets reaching \$183,156,268 as of December 31, 2019, or a 15.30% increase over the prior year. Deposits grew 15.21% to \$150,587,769 and loans increased 17.24%, to \$134,243,806 for the year.

This year was also a new record in dividend payments to shareholders with total dividends paid of \$1.30 per share for 2019, including the additional one-time special year-end dividend of \$0.30 per share. Shareholders saw an increase of 9.87% in the fair market value of F&M Bancorp stock for the year. The price at year end 2019 was \$75.70 per share, compared to \$68.90 at year-end 2018. If you have an interest in expanding your ownership, or becoming a new shareholder please contact our 'market maker', Mr. Greig McDonald, President of Community Banc Investments, Inc. at 1-800-224-1013 or by email at greig@cbibancstocks.com.

Sincerely,



Shon Myers

Chairman, President and Chief Executive Officer