



CAMELS FINANCIAL OPTICS REPORT

COMPANY OVERVIEW

F & M Bancorp/Farmers and Merchants Bank

Company Description

F&M Bancorp ("FMB")("the Company") is an Ohio financial institution headquartered in Miamisburg, Ohio. The Company is a registered bank holding company under the Bank Holding Company Act of 1956, as amended. The Company is the parent bank holding company for its wholly owned subsidiary, Farmers and Merchants Bank ("FMB")("the Bank"), which was formed in 1923.

The Company is a customer-focused community bank that targets business owners, professionals, and individuals, as well as other segments of the financial market within greater Dayton markets that offer opportunities for growth and profitability.

Business Insights

Special Message from the President/CEO:

The first quarter 2021 financial results noted that the level of deposits and cash equivalents remain significantly elevated, a result of government stimulus programs and payments to both individuals and businesses in response to meeting pandemic challenges. The Bank's credit quality remains strong with loan delinquencies well below sector levels. The single largest challenge is net interest margin, which has eroded due to current interest rate policies of the Federal Reserve Bank. Net interest margin compression effects earnings and impacts banks of all sizes both statewide and nationally.

Shareholder Return: The Company reported income of \$752,235,000/\$2.36 per share, as of 1Q 2021. Shareholders received \$79,396/\$0.25 per share in cash dividends, as of 1Q 2021. The Company's price per share is \$87.35 Fair Market Value ("FMV") having increased 0.63% in value over year-end 2020 and 0.92% when including dividends. FMB Dividend Re-investment Program (DRIP) has grown with increasing number of shareholders reinvesting their dividends.

Investor Information

The Company is privately held and does not actively trade on any electronic exchange. The Company's common stock is traded through the Bank's internal trading desk and is the Company's transfer agent. Community Banc Investments is Company's market maker. Company historically pays quarterly dividends. The Company provides for the purchase of Company stock through Self-Directed IRAs and Dividend Re-Investment Plan. The Company's stock is priced quarterly through an independent third-party firm. Individuals seeking to purchase shares are directed to contact Investor Relations.



Headquarters

41 South First Street
 Miamisburg, OH 45343

Investor Relations Contact

Cindy Spencer
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March 31, 2021

Stock Price (FMV)	\$87.35
Price to Book Value	117%
Book Value Per Share	\$74.39
YE 2019 Stock Price	\$86.80
Income Per Share (YTD)	\$2.36
Shares Outstanding	318,195
Board of Director Ownership	8.0%

Financial Data (000)

Assets	\$255,259
Deposits	\$ 214,794
Equity	\$23,669
Loans	\$173,074
Net Income (YTD)	\$752

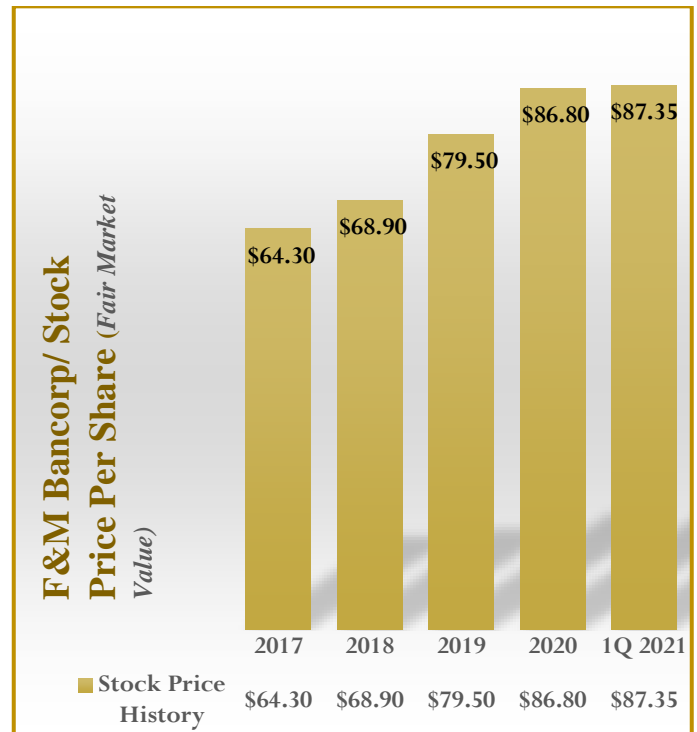
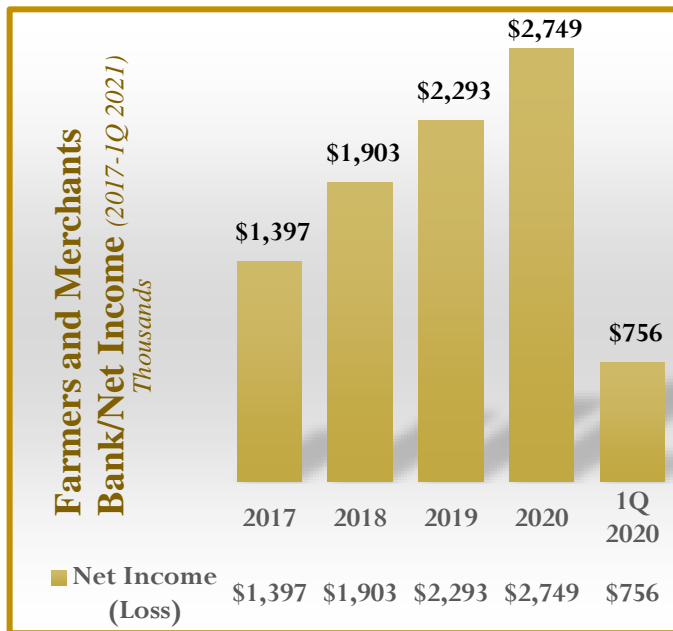
Key Highlights (FMB)

- **Assets:** Bank assets of \$255,442,000, as of 1Q 2021 up from \$185,484,000 for the same period 2020.
- **Deposit:** Bank deposits of \$215,022,000, as of 1Q 2021 compared to \$154,819,000 for the same period 2020.
- **Loans:** Bank loans of \$175,091,000, as of 1Q 2021 compared to \$140,951,000 for the same period 2020.
- **Earnings:** Bank earned \$756,000, as of 1Q 2021 compared to \$592,000 for the same period 2020.
- **Net Interest Margin:** Bank earned 3.77%, as of 1Q 2021 compared to 4.33% for the same period 2020.
- **Efficiency Ratio:** 57.55%, as of 1Q 2021 compared to 62.16% for the same period 2020.

Performance Ratios (FMB)

Return on Average Assets	1.26%
Return on Average Common Equity	13.89%
Yield on Loans	5.09%
Total Loans to Deposits	81.43%
Demand Deposits to Total Deposits	39.16%
Risk Based Capital/Risk Weighted Assets*	11.38%
Non-Performing Loans to Total Loans	0.66%
Allowance for Loan Losses to Total Loans	1.39%
Cost of Funds	0.62%

*Well capitalized 10% Regulatory Benchmark



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"Increasing Shareholder Value"

CAMELS Consulting Group offers a comprehensive suite of proprietary products and services exclusively designed to increase the shareholder value of community banks. Backed by more than three decades of experience in stock and bank valuation analysis, CAMELS Financial Optics Report provides the investment community with an objective overview of financial institutions.

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