Approved by the Board on September 24, 2026 with changes.

F & M Bank Corp.

CODE OF ETHICS AND BUSINESS CONDUCT

The Board of Directors of F & M Bank Corp. (the "Company") and Farmers & Merchants Bank (collectively with their subsidiaries, "we," "our," or the "Company") is committed to conducting business in accordance with applicable laws, rules, and regulations and we expect our officers, directors, and employees to meet the highest standard of business ethics. This Code of Ethics and Business Conduct (the "Code of Ethics") reflects the business practices and principles of behavior that support this commitment.

All officers, directors, and employees of the Company have certain responsibilities that directly and indirectly reflect upon our reputation and successful business operation. The most important personal aspect of the Company is the trust and confidence of our depositors, customers, and shareholders. With this same basic principle in mind, all officers, directors, and employees must ensure that honesty, integrity, and ethical conduct are among the Company's highest priorities.

By this Code of Ethics, it is forbidden for any officer, director, or employee to (i) use corporate property, information, or position for improper personal gain or compete with the Company directly or indirectly, (ii) solicit for themselves or a third party anything of value from anyone in return for any business, service, or confidential information of the Company, or (iii) accept anything of value from anyone in connection with the business of the Company, either before or after a transaction is discussed or consummated. Furthermore, if such person is offered something of value from a customer beyond what is expressly authorized in this Code of Ethics, that individual must disclose the facts of the offer to their immediate supervisor, CEO, President, Chief Human Resources Officer, or the Chairperson of the Board immediately.

If you are involved in any activity that is forbidden under this policy or if you have information concerning inappropriate operations of the Company, discuss your concerns promptly with your immediate supervisor, CEO, President, Chief Human Resources Officer, or the Chairperson of the Board. Retaliation against one who discloses inappropriate operations will not be tolerated.

If anything prescribed herein will cause difficulty, you should discuss the problem promptly with your immediate supervisor, CEO, President, or the Chief Human Resources Officer. Until a written waiver has been granted by the CEO, President, or Chief Human Resources Officer, we expect each of our officers, directors, and employees to comply with this Code of Ethics.

Any waivers of this Code for directors or executive officers must be approved by the Board of Directors and disclosed in a Securities and Exchange Commission Form 8-K within four business days after the occurrence of the event. If the event occurs on a Saturday, Sunday, or holiday on which the Securities and Exchange Commission is not open for business, then the four business day period shall begin to run on, and include, the first business day thereafter.

Set Tone at the Top

All levels of leadership and management have the added responsibility for demonstrating, through their actions, the importance of this Code. In any business, ethical behavior does not simply happen; it is the product of clear and direct communication of behavioral expectations, modeled from the top and demonstrated by example. Again, ultimately, our actions are what matters.

To make this Code of Ethics work, managers must be responsible for promptly addressing ethical questions or concerns raised by employees and for taking the appropriate steps to deal with such issues. Managers should not consider employees' ethics concerns as threats or challenges to their authority, but rather as another encouraged form of business communication. At the Company, we want the ethics dialogue to become a natural part of daily work.

Confidential Information

While performing their duties, employees, officers, and directors acquire confidential information about the Company, present and prospective customers, suppliers, shareholders, and other staff members. This information must be held in the strictest of confidence during the term of the individual's employment and after termination for any reason. Under no circumstances should such information be transmitted to persons outside the Company, including family or associates, or to other individuals in the Company unless they have a specific need to know information to perform their duties. The only exceptions to this policy would be routine credit inquiries, information released in the normal course of business (i.e., for the negotiation of checks), disclosures required by legal process, and information authorized for release by customers. This policy also applies to postings on social media/networking sites. Information about customers can be released only when authorized by the customer or subpoenaed by a court or the Internal Revenue Service (IRS), and then the information released must be accurate and within the confines of the authorizing document.

When customers use the Company as a credit reference, they are giving the Company the authority to release credit information. Banks also share credit information with each other. This sharing is done only to support credit decisions, and the sharing is based on assurances that source confidentiality will be protected and that the information is accurate and not misleading. The inherent conflict between the customer's right to confidence and privacy and the need for creditors to share credit experience should be recognized. This conflict cannot be entirely resolved, but its consequences can be mitigated by exercising extreme care when exchanging credit information.

Documents of a confidential nature are not to be left lying on a desk or work area when not in direct use. If particularly sensitive information is involved, additional precautions should be taken. If possible, avoid using file names that might disclose confidential information. Confidential files should be kept in a locked compartment or other secure place.

Individuals of the Company transporting confidential documents are to keep them in sealed envelopes or folders marked as "confidential." Any envelopes or folders marked as "confidential" or "personal" should only be opened by the addressee. If it is necessary to carry sensitive information off premises, due care should be taken to protect its security. Care also should be taken not to disclose any matter of

a confidential nature on public conveyances, in restaurants, or in other public places where the conversation might be overheard.

Refer to the Company's Information Management Policy.

Protecting Company Information

In accordance with the Gramm-Leach-Bliley Act (GLBA) of 1999, the Company is required to have administrative, technical, and physical safeguards for sensitive customer information against unauthorized access, modification, destruction, or disclosure. Sensitive information collected by the Company must not be used or disclosed for any reason other than the intended purpose and must be protected from misuse that could result in identity theft. Individuals of the Company must follow applicable policies and procedures and safeguard information in whatever form it exists (i.e., electronic or hard copy). Deliberate or willful violations of existing policies for protecting Company information or negligent failure to protect Company information properly may result in disciplinary action up to and including termination of employment.

Refer to the Company's Information Security Program and Information Management Policy.

Conflicts of Interest

All directors, officers, employees, and representatives of the Company must avoid potential conflicts of interest. A potential conflict exists whenever an individual or other representative of the Company has an outside interest, direct or indirect, that conflicts with the individual's duty to the Company or adversely affects the individual's judgment in fulfilling their responsibilities to the Company. The appearance of a conflict of interest may be just as damaging to the Company's reputation as a real conflict of interest and is just as difficult for the individuals involved to discern. All officers, directors, and employees are expected to take an objective look at their actions and inquire whether a reasonable, disinterested observer – a customer, a supplier, a shareholder, an acquaintance, or a government official – would have any grounds to believe:

- A financial benefit (directly or indirectly) by a decision made, a vote cast, or influence on others with decision-making authority.
- The confidential nature of account relationships has been breached.
- Fiduciary responsibilities have been handled in a less than prudent manner.
- Business has been completed with the Company only on the basis of friendships, family ties, gift receiving or giving, or to curry favor with special interest groups.
- The Company's name is used as leverage by individuals of the Company to enhance their own opportunities when dealing with others in their political, investment, or retail purchasing activities.
- The needs of the shareholders and public are not considered in making business decisions.

In the event a potential conflict of interest does arise involving an employee or officer, its nature and extent should be fully disclosed immediately to the immediate supervisor, CEO, President, and the Chief Human Resources Officer who, after making a thorough review of the circumstances, will determine appropriate action to be taken.

In the event a potential conflict of interest does arise involving a member of the Board of Directors, its nature and extent should be fully disclosed immediately to the Chairperson of the Board.

Confidential information about Company customers that reflects favorably or adversely on the investment value of any business enterprise is “insider” information. Insider information should not be used by employees, officers, or directors for personal investment advantage or provided to others for their
investment advantage.

The Company’s officers will fully divulge to the CEO, President, and Chief Human Resources Officer their involvement, directly or indirectly, with any loans made by he Company. This specifically includes, but is not limited to, loans made to business trusts, business associates, or insiders of other banks with whom the officer has any form of business arrangement. If the officer will directly or indirectly benefit from the loan, the specifics of his or her involvement in the loan must be submitted in writing to the
Board.

An employee should not represent The Company in any transaction where he or she has a material connection or a financial interest. Examples of material connections include relatives or close personal friends — whether the transaction involves them as individuals or as principals in a firm doing business with the Company. An example of a financial interest is an employee's involvement as a proprietor, partner, or joint venture in a firm doing business with the Company.

Company employees should avoid taking part in transactions involving any of the above circumstances. Transactions mean not only making loans, but also approving overdrafts, accepting checks on uncollected funds, waiving nonsufficient funds (NSF), overdraft, or late charges, and waiving the requirement for financial statements or collateral documents. When there is a potential conflict of interest, the employee should ask someone else in the Company to conduct the transaction.

Fair Dealing

Each employee should endeavor to respect the rights of and deal fairly with the Company’s customers, suppliers, competitors, and employees. No employee should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other intentional unfair-dealing practice.

Personal Conduct

All employees of the Company should always be mindful of the Company’s position and reputation in the community. The success of any banking/financial institution’s success depends on public trust, it is important that all employees conduct personal affairs in a way that avoids discredit or embarrassment

to themselves or to the Company. All employees are expected to provide complete and truthful information in dealing with the Company.

While conducting the Company business or representing the Company, all employees are expected to conduct themselves in a nondiscriminatory manner with the Company customers, vendors, employees, and the public. the Company's policy prohibits discriminatory conduct due to race, age, color, religion, national origin, sex, veteran status, disability, or any other basis protected by federal, state, or local law. Discriminatory behavior not only is illegal, but it also diminishes good customer, vendor, and employee relations that are all essential to the success of the Company.

Financial Responsibility Policy

All employees are expected to conduct their financial affairs with the highest standard of financial responsibility and integrity. The Company is entrusted with the funds and financial transactions of others, and it is imperative that all Company employees act responsibly in managing their own finances, as failure to do so may reflect poorly on the Company. Employees who are having financial difficulty are encouraged to speak with their supervisor or another member of management for advice. Financial irresponsibility is taken very seriously and may result in disciplinary action up to and including termination of employment.

Civic and Charitable Organizations

the Company encourages employee participation in non-profit organizations and recognizes the benefits of participation. Appointments as a trustee, director, or officer of non-profit religious, charitable, and health and welfare organizations are also recognized as worthwhile community involvement. Annually, the Company conducts a survey to ascertain all individuals of the Company who are actively involved in civic and charitable organizations within the community. Officers and employees that are considering an appointment as trustee, director, or officer of a civic and charitable organization must obtain the prior consent of the individual's immediate supervisor, CEO, President, and Chief Human Resources Officer.

Outside Employment/Activities

The Company does not prohibit outside employment; however, officers and employees are expected to devote full-time attention and energy to their career with the Company. Significant outside employment or employment in positions or establishments that may result in adverse public reaction must be avoided. Company policy requires that officers and employees obtain the prior written consent of their immediate supervisor, CEO, President, and Chief Human Resources Officer prior to accepting any outside employment. No outside employment of any kind will be approved that might subject the Company to criticism or encroach upon working time, interfere with regular duties, or necessitate such long hours as to affect the individual's effectiveness.

Officers and employees must avoid outside employment that involves or may appear to involve a conflict of interest. Examples include:

- Employment by a company in any activity that is competitive with the Company.

- Employment that involves the use of the Company's equipment, supplies, or facilities.
- Employment that involves the preparation, audit or certification of statements, tax returns, or other documents upon which the Company may place reliance for lending or other purposes. Officers and employees who prepare income tax returns for individuals or entities other than themselves must obtain confirmation from their potential client that the client does not intend to use the officer's or employee's work product as part of any transaction with the Company.
- Employment that involves the rendering of investment, legal or other advice, or exercising judgment that is based upon information, reports or analyses that are accessible primarily from or through the individual's employment with the Company.
- Employment that may reflect adversely on the officer, employee, or on the Company.
- Employment under circumstances that may suggest the sponsorship or support of the Company on behalf of the outside employer or an outside organization.
- Employment as an insurance or securities broker, agent or representative.
- Employment as a real estate salesperson, broker, agent, or contractor (except with the prior written approval of the officer's or employee's immediate supervisor with concurrence to Senior Management). Prior written approval is required since there are a number of potential conflicts of interest situations, as well as possible violations of banking laws, which must scrupulously be avoided in this area).

Directors or Officers in Outside Companies

When an employee or officer serves on the board or is an officer of a non-affiliated business corporation, there is a potential for a conflict of interest to arise between the business, its shareholders, and the Company.

Officers and employees may not serve as an officer, director, advisory director, or on any committee of an outside for-profit business organization without the prior written approval from the immediate supervisor, CEO, President, and Chief Human Resources Officer.

Unless specifically approved by the immediate supervisor, CEO, President, and Chief Human Resources Officer, no employee or officer shall serve as an officer or director for any non-Bank entity that:

- Competes with the Company.
- Is in substantial default to the Company on any loan, contract, or other obligation.
- Is involved in a substantial controversy or litigation with the Company.

All individuals of the Company serving in such capacities at the request of the Company may only be covered to a limited extent by the Company's Director and Officer Liability Insurance Policy. Under these circumstances, any individual of the Company considering such service should confirm that adequate liability insurance is maintained by the business organization for the individual's protection and/or that

the organization has taken appropriate action to indemnify its officers and directors to the extent permitted by law.

If a director or officer of the Company does hold a position, and a loan is presented on behalf of that organization, the loan **MUST** be approved by the Company's Board of Directors. The Board of Directors and Company officers must always comply with Regulation O, "Loans to Executive Officers, Directors, and Principal Shareholders of Member Banks."

The foregoing does not apply to any fiduciary account where the Company finds it necessary or helpful for all individuals of the Company to be appointed as an officer or director of an outside organization (i.e., where the Company holds or controls a substantial interest in the company because of its responsibilities.) Such appointments may, under certain circumstances, require the approval of the Company's Board of Directors, based on the recommendation of Executive Management.

Advice To Customers

Legal Advice

Officers and employees may on occasion be asked by customers to make statements that relate to the legality of particular transactions. The Company cannot practice law or provide legal advice. As such, officers and employees must exercise care in discussions with customers. Nothing must be said that might be interpreted as the giving of legal advice.

Officers or employees with questions as to whether legal advice is being requested should consult with their supervisor or Senior Management.

Tax or Investment Advice

Officers and employees must avoid giving customers advice on tax matters, the preparation of tax returns, or in investment decisions, except as may be appropriate in the performance of a fiduciary responsibility or as otherwise required in the ordinary course of duties.

Recommending Other Firms

During contact with customers and the general public, officers and employees may be asked to recommend others who provide professional services. Typically, such requests involve attorneys, accountants, securities dealers, insurance agents, brokers, and real estate agents. Customers who receive recommendations must be given several qualified sources without indicating any preference or warranty by the Company, excluding only referral arrangements made by the Company.

Lending Relationships and Prohibited Lending Practices

Borrowing

To avoid possible conflicts of interest, loan applications submitted to officers and employees by relatives or close personal friends (or entities controlled by relatives or close personal friends) are to be submitted

to other independent lending officers or employees of equal or higher position for processing and approval. With the same respect, loan applications submitted to directors by relatives or close personal friends (or entities controlled by relatives or close personal friends) are to be submitted to the Chairperson of the Board for consideration and approval. This policy also applies to the processing and approval of overdrafts, waiver of service charges, and other free services.

Lending Relationships

It is the position of the Company that lending services be available to serve the legitimate and deserving credit needs of all customers on an equal basis. Loan terms and conditions shall be based on the borrower's creditworthiness and banking relationships.

Directors and Executive Officers are required to comply with the provisions of Regulation O, "Loans to Executive Officers, Directors, and Principal Shareholders of Member Banks," relative to all Company borrowing.

Prohibited Lending Practices

Any transaction between an employee or officer of the Company and a customer of the Company must be conducted on an "arm's length basis," meaning the employee or officer may not receive any discount or other benefit not normally granted to others. Additionally, no employee or officer shall borrow directly from another employee.

Officers and employees may not borrow money from customers or suppliers (including personal friends) of the Company, except from recognized lending institutions. The term "borrow" does not include a purchase from a customer or supplier resulting in an extension of credit in the normal course of business.

Lending officers are not permitted to process loan applications or to extend credit to members of their immediate family. The immediate family is defined as spouses, parents, children, and/or siblings, grandparents, in-laws, or cousins. Any such loan application must be referred to another lending officer.

Rules on Gifts, Fees, Legacies, Loans, and Investments

The following guidelines apply to the receipt of gifts and other items of material value:

- An employee should not accept a loan from a Company customer or supplier. This prohibition does not apply to loans from banks or other financial institutions on customary terms to finance proper credit needs.
- An employee should not receive anything of value for making a loan.
- An employee should not accept nor solicit a fee for performing any act that the Company could have performed.
- It is improper for an employee to accept a gift from a customer or from any other person seeking a relationship with the Company. This rule does not apply to (a) food, refreshments, or

entertainment at luncheon or business meetings, (b) advertising or promotional material of nominal value, (c) awards from charitable organizations, or (d) gifts of nominal value given on special occasions such as Christmas. "Nominal value" is defined as tangible gifts that have a market value of $100 or greater.

- An employee should not sell anything to a customer at a value more than its worth, nor should he or she purchase anything from a customer at a price below its worth. Acceptance of discounts or rebates on merchandise is permitted if they are also available to other routine customers of the firm.
- An employee should refuse any legacy or bequest from a Company customer unless he/she is a close relative or friend. He or she should also refuse to serve personally as executor, trustee, or guardian of a customer's estate or trust unless the customer is a close relative or friend.
- An employee should not indirectly perform any act that these rules prohibit directly. For example, it is just as wrong to arrange for a member of the family to receive a gift as it is for the employee to accept the gift directly.
- An employee should not invest in a customer's business or subscribe to new issues of stock in a customer's business without prior approval from the immediate supervisor, CEO, President, and Chief Human Resources Officer.

Political Organizations

The Company believes that it is appropriate for every citizen to take an active interest in political and government affairs. Officers and employees are encouraged to keep themselves well informed concerning political issues and candidates and, to the degree practicable, take an active role in fostering better government. Officers and employees should always make it clear that participation in political activities is done as a private citizen and **NOT** as a representative of the Company. Officers or employees may not make any political contributions (in the form of cash, goods, or services) directly or indirectly (i.e., through reimbursement) on behalf of the Company.

Periodically the Company may participate in political activities supporting state and local offices/candidates but is prohibited by law in making contributions for federal offices/candidates. Any activity or contribution supporting state or local offices/candidates on behalf of the Company requires the expressed written approval of the CEO or President of the Company.

Officers or employees who run for political office or are considered a prominent role in a campaign or ballot measure are encouraged to consider the Company's position. If the amount of time required by an officer's or employee's political activities is significant and may have an adverse effect on overall performance of job duties or responsibilities, prior notice to the immediate supervisor, CEO, President, and Chief Human Resources Officer is required. Officers and employees involved in political activities should also seek competent legal advice concerning the laws governing campaign financing and practices.

Under no circumstances may officers or employees make any payment to any government official or other person or organization that might be construed to be improper, illegal, a bribe, a kickback, etc. If any transaction with a government official or other person or organization seems even remotely questionable, it must be referred to the immediate supervisor, CEO, President, and Chief Human Resources Officer as to its propriety.

Although it is the Company's policy not to endorse individual candidates in an election, officers and employees are free to express their opinions, if it is clear they are the opinions of that individual and not the Company. Officers and employees may not write supportive letters for candidates or issues on the Company stationery or act in any way that suggests the Company's support of or opposition to a candidate or issue. When the Company deems it appropriate to take a public position on issues, it will designate specific individuals to speak on its behalf.

The roles of treasurer and assistant treasurer in political campaigns can present unusual problems because of the complex nature of the laws governing campaign contributions. A potential conflict of interest can also arise because of an officer's or employee's access to inside information and customer lists. Accordingly, officers and employees should normally decline to accept such positions if there is any potential for a conflict of interest (or any appearance of a conflict). Officers and employees must never use customer lists or exploit business relationships with customers for the benefit of any campaign.

Uphold the Law

A commitment to integrity begins with complying with laws, rules, and regulations where we do business. Further, each of us must understand the company policies, laws, rules, and regulations that apply to our specific roles. If we are unsure of whether a contemplated action is permitted by law or Company policy, we should seek the advice from the resource expert. We are responsible for preventing violations of law and for speaking up if we see possible violations.

The Company considers the following list (including but not limited to) of laws and regulations that all individuals of the Company must comply with:

- Section 18(k) of the Federal Deposit Insurance Act (FDI Act) - "Authority to Regulate or Prohibit Certain Forms of Benefits to Institution-Affiliated Parties"
- Part 359 of the FDIC Rules and Regulations – "Golden Parachutes and Indemnification Payments"
- Section 39(c) of the FDI Act – "Compensation Standards"
- Section 32 of the FDI Act – "Agency Disapproval of Directors and Senior Executive Officers of Insured Depository Institutions or Depository Institution Holding Companies"
- Section 19 of the FDI Act – "Penalty for Unauthorized Participation by Convicted Individual"

- Part 349 of the FDIC Rules and Regulations – "Reports and Public Disclosure of Indebtedness of Executive Officers and Principal Shareholders to a State Nonmember Bank and its Correspondent Banks"
- Sections 22(g) and 22(h) of the Federal Reserve Act – "Loans to Executive Officers of Banks and Extensions of Credit to Executive Officers, Directors, and Principal Shareholders of Member Banks"
- The Federal Reserve Board's Regulation O – "Loans to Executive Officers, Directors, and Principal Shareholders of Member Banks"
- Section 337.3 of the FDIC Rules and Regulations – "Limits on Extensions of Credit to Executive Officers, Directors, and Principal Shareholders of Insured Nonmember Banks"
- Part 348 of the FDIC Rules and Regulations – "Management Official Interlocks"
- Section 7(j) of the FDI Act and the Change in Bank Control Act of 1978
- Section 737 of the Gramm-Leach-Bliley Act – "Bank Officers and Directors as Officers and Director of Public Utilities"
- Section 8(e) of the FDI Act – "Removal and Prohibition Authority"
- Section 8(g) of the FDI Act – "Felony Charge Involving Dishonesty or Breach or Trust as Cause for Suspension, Removal or Prohibition"

Employee and Contractor Background Checks

The Company has a criminal pre-employment background check program to provide the Company with a degree of certainty that the information provided by job applicants is true and correct and that potential employees do not have a criminal record.

Additionally independent contractors will be subject to screening procedures like those for potential employees.

Competition

We are dedicated to ethical, fair, and vigorous competition. We will sell products and services based on their merit, superior quality, functionality, and competitive pricing. We will make independent pricing and marketing decisions and will not improperly cooperate or coordinate our activities with our competitors. We will not offer or solicit improper payments or gratuities in connection with the purchase of goods or services for or the sales of its products or services, nor will we engage or assist in unlawful boycotts of particular customers.

Proprietary Information

It is important that we respect the property rights of others. We will not acquire or seek to acquire improper means of a competitor's trade secrets or other proprietary or confidential information. We will

not engage in unauthorized use, copying, distribution or alteration of software or other intellectual property.

Selective Disclosure

We will not selectively disclose (whether in one-on-one or small discussions, meetings, presentations, proposals or otherwise) any material nonpublic information with respect to the Company, its securities, business operations, plans, financial condition, results of operations or any development plan. We should be particularly vigilant when making presentations or proposals to customers to ensure that our presentations do not contain material nonpublic information.

Accurate Public Disclosures

We will make certain that all disclosures made in financial reports and public documents, including, without limitation, disclosures we make in the reports and documents that we file with the U.S. Securities and Exchange Commission, are full, fair, accurate, timely and understandable. This obligation applies to all employees, including all financial executives, with any responsibility for the preparation for such reports, including drafting, reviewing and signing or certifying the information contained therein. No business goal of any kind is ever an excuse for misrepresenting facts or falsifying records.

Employees should promptly inform Executive Management if they learn that information in any filing or public communication was untrue or misleading at the time it was made or if subsequent information would affect a similar future filing or public communication.

All employees, officers, and directors must comply with all internal control procedures established by the Company for the safeguarding of assets and proper reporting and disclosure of financial information.

All employees, officers, and directors are required to fully cooperate with and respond honestly to questions from the Company's independent and internal auditors, regulators, and attorneys.

Corporate Recordkeeping

We create, retain, and dispose of our company records as part of our normal course of business in compliance with all policies and guidelines of the Company, as well as all regulatory and legal requirements.

All corporate records must be true, accurate, and complete, and company data must be promptly and accurately entered in our books in accordance with the Company's accounting principles and other applicable accounting principles.

We must not improperly influence, manipulate, or mislead any unauthorized audit, nor interfere with any auditor engaged to perform an internal independent audit of the Company's books, records, processes, or internal controls.

Use of Company Resources

Company resources, including time, material, equipment, and information, are provided for company business use.

Employees and those who represent the Company are trusted to behave responsibly and use good judgment to conserve company resources. Managers are responsible for the resources assigned to their departments and are empowered to resolve issues concerning their proper use.

Refer to the Company's Acceptable Use Program.

Media Inquiries

The Company is a high-profile company in our community, and from time to time, employees may be approached by reporters and other members of the media. To ensure that we speak with one voice and provide accurate information about the company, we should direct all media inquiries to the CEO or President. No one may issue a press release without first consulting with the CEO or President.

Special Rules That Apply to Investment Officers

Anyone making investments on behalf of the Company (CEO, President, CFO) are prohibited from taking advantage of the special circumstances associated with this duty. Specifically, an investment officer is prohibited from buying securities for his or her own account through dealers from which he or she buys securities for the Company's account. The investment officer is also prohibited from accepting gifts, entertainment, free travel, and so forth from a securities dealer or from employees who work for a securities firm. If the investment officer is ever approached with a deal that would benefit him or her personally, he or she must immediately report the circumstances to the President and the chairperson of the board and stop placing investment orders through that firm. (Exhibit 1.6 following this policy contains a statement that the Company requires its investment officers to sign).

Non-retaliation

Retaliation against anyone who reports another's activities that may violate this policy or cooperates in an investigation of such conduct will not be tolerated.

Whistleblower Policy

It is the policy of the Company to establish a "Whistleblower Policy" to protect such conduct by officers and employees and to provide such remedies for alleged improper actions against the Company.

It is the policy of the Company:

- To encourage the reporting by its officers and employees of improper action taken by the Company's officers, directors, or employees.

- To protect the Company officers and employees who have reported improper actions in accordance with this policy.

- To provide a voluntary, secure, and confidential method of reporting improper actions against the Company.

The Company encourages the reporting of improper action (incorrect financial reporting, unlawful activity, activities not in line with the Code of Conduct policy, etc.) taken by any Company employee or officer and the reporting of retaliatory actions for such reporting. The Company encourages initial reporting to an employee's immediate supervisor, CEO, President, Chief Human Resources Officer and the Audit Committee chairperson of the Board of Directors, and/or the chairman of the Board of Directors to allow for expeditious resolution of all such matters and to minimize any adverse impacts of the improper action. This policy states the Company's procedures for reporting improper action and for protecting employees against retaliatory actions.

Improper Action Reporting Procedures

If warranted, appropriate agencies responsible for the enforcement of federal, state, and local law are to be contacted to investigate improper action. Employees having questions about these agencies or other procedures for reporting improper action are encouraged to contact their immediate supervisor or the Company's compliance officer.

Company employees who obtain knowledge of facts demonstrating improper actions should raise the issue first with their immediate supervisor, or the chain of command of Company management, or the Audit Committee chairperson of the Board of Directors, and/or the chairperson of the Board of Directors. An employee reporting an improper action is to submit a written report to the appropriate level of authority and the Chief Human Resources Officer stating in detail the basis for his or her belief that an improper action has occurred. In the case of an emergency or to maintain a high level of secure confidentiality, an employee may report the improper action directly to a person or entity who is not the person's supervisor, Company management, or Audit Committee chairperson of the Board of Directors, and/or the chairman of the Board of Directors. In this case employees may report this action to the Company's legal counsel (Jacob Penrod, Hoover/Penrod, phone: 540-433-2444 email: jpenrod@hooverpenrod.com In all other cases, an employee must first follow the reporting procedure outlined above.

The Company's employees who fail to make a good faith attempt to follow this policy in reporting improper action shall not receive the protections provided under this policy. Employees who make false reports may be subject to disciplinary action up to and including termination of employment.

A supervisor or other member of Company management along with the Chief Human Resources Officer is to take prompt action in properly investigating the report of improper action. The Company's officers and employees involved in the investigation are to keep the identity of a reporting employee confidential to the extent possible unless the employee authorizes the disclosure of his or her identity in writing. An employee reporting the improper action is to be advised of the summary of the results of the investigation with the exception of any personnel actions taken as a result of the investigation that must be kept confidential.

A person with a complaint should promptly report it in writing to the chairperson of the Audit Committee of the Board of Directors and/or chairperson of the Board of Directors by submitting the complaint by one of the methods below:

Name/Title	Telephone	Email	Address
John Willingham Audit Committee Chairperson	540.931.4655	jwillingham@fmbankva.com	F&M Bank Corporate Office P.O. Box 1111 Timberville, VA 22853
Dean Withers Board Chair	540.246.8702	dwithers@fmbankva.com	F&M Bank Corporate Office P.O. Box 1111 Timberville, VA 22853

Retaliatory Action Procedures

The Company's officers and employees are prohibited from taking retaliatory action against a Company employee because he or she has in good faith reported an improper action in accordance with this policy. Specifically, an employee or officer shall not directly or indirectly use or attempt to use his or her official authority to harass, threaten, coerce, command, influence, intimidate, or threaten another employee or officer to interfere or prevent the disclosure of information concerning improper action.
For purposes of this section of the policy, use of "official authority or influence" includes taking, directing others to take, recommending, processing, or approving any personnel action, such as an appointment, promotion, transfer, assignment, reassignment, reinstatement, restoration, reemployment, evaluation, or other disciplinary action.

NOTE: Nothing in this policy prohibits an employee or officer from initiating proper disciplinary procedures up to and including termination of employment against another employee or officer, as applicable, who discloses untruthful information concerning improper action.

An employee who believes they have been retaliated against for reporting an improper action should advise his or her immediate supervisor, other member of Company management (using the chain of command), and the Chief Human Resources Officer. Company management, in conjunction with the Chief Human Resources Officer, is required to take appropriate action to investigate and address complaints of retaliation. If a supervisor or other member of Company management does not satisfactorily resolve an employee's complaint that he or she has been retaliated against is a violation of this policy. The employee may obtain protection under this policy by providing a written notice to the Board of Directors specifying the alleged retaliatory action and the relief requested.

Company employees shall provide written notice to the Chief Human Resources Officer after the occurrence of the alleged retaliatory action. The Chief Human Resources Officer shall respond to the charge of retaliatory action.

An employee may request a hearing before Executive Management to establish that a retaliatory action occurred and to obtain appropriate relief provided by this policy after receiving a response to the written

notice submitted to the Chief Human Resources Officer. An employee seeking a hearing must deliver his or her request for hearing to the Chief Human Resources Officer. Executive Management along with the Chief Human Resources Officer shall conduct a hearing with the employee. The employee complaining of retaliation must prove his or her claim by a preponderance of the evidence in the hearing. Executive Management is to issue a final decision after the hearing unless an extension of time is granted. Executive Management has the authority to grant an employee reinstatement to his or her job position, with or without back pay, if administrative leave was granted. Executive Management may issue such injunctive relief as may be found necessary to return an employee to the position he or she held before the retaliatory action and to prevent any recurrence of retaliatory action. Executive Management will consider a recommendation from the Chief Human Resources Officer that the retaliator be suspended with or without pay or terminated.

Compliance Certification

Annually all employees, officers, and directors will complete and sign a certificate attesting to compliance with this policy statement acknowledging review.

Enforcement

This policy will be reviewed and approved by the Company's Board of Director's annually.

Authority and Responsibility

The Board of Directors has designated Executive Management of the Company to implement and oversee this policy for:

- Reporting improper actions; and
- Protecting employees against retaliatory actions.

The Human Resources Department is responsible for providing training and education to all Company officers and employees annually. Each supervisor is responsible for ensuring this policy is fully implemented within his or her areas of responsibility. Violations of this policy may result in disciplinary action up to and including termination of employment.

This policy is reviewed and approved by the Company's Board of Directors on an annual basis. Any modifications will be subject to approval at that time.

The Human Resources department has the primary responsibility of implementing and administering this policy. Modifications to go before the Board of Directors will be reviewed and assessed by the Chief Human Resources Officer and the Director of Risk Management.