# F & M Bank Corp.
# Compensation Committee Charter

## Membership

The Compensation Committee (the "**Committee**") of the board of directors of F & M Bank Corp. (together with its subsidiary bank, Farmers & Merchants Bank, the "**Company**") shall consist of three or more directors. Each member of the Committee shall be independent in accordance with the rules of the NYSE American and the Company's independence guidelines, if any, and shall qualify as a "non-employee directors" for the purposes of Rule 16b-3 under the Securities Exchange Act of 1934, as amended (the "**Exchange Act**").

The members of the Committee shall be appointed by the board of directors of the Company (the "**Board**") based on recommendations from the Corporate Governance committee of the Board. The members of the Committee shall serve for such term or terms as the Board may determine or until earlier resignation or death. The Board may remove any member from the Committee at any time with or without cause.

## Purpose

The purpose of the Committee is to carry out the responsibilities delegated by the Board relating to the review and determination of executive compensation.

## Duties and Responsibilities

The Committee shall have the following authority and responsibilities:

1. To review and make recommendations to the Board regarding the corporate goals and objectives applicable to the compensation of the chief executive officer ("CEO"), evaluate at least annually the CEO's performance in light of those goals and objectives, and make recommendations to the Board regarding the CEO's compensation.

2. To review and make recommendations to the Board regarding the compensation of all other executive officers. In evaluating and making recommendations regarding CEO and other executive officer compensation, the Committee shall consider the results of the most recent shareholder advisory vote on executive compensation ("Say on Pay Vote") required by Section 14A of the Exchange Act.

3. To make recommendations to the Board regarding incentive compensation plans and equity-based plans for executives. The Board may delegate to the Committee the authority to administer the Company's incentive compensation plans and equity-based plans, including designation of the employees, directors, or other recipients to whom the awards are to be granted, the amount of the award or equity to be granted and the terms and conditions applicable to each award or grant, subject to the provisions of each plan.

4. To review, approve and, when appropriate, recommend to the Board for approval, any employment agreements and any severance arrangements or plans, including any benefits to be provided in connection with a change in control, for the CEO and other executive officers, which includes the ability to adopt, amend and terminate such agreements, arrangements or plans.

5. To review the Company's incentive compensation arrangements to determine whether they encourage excessive risk-taking, to review and discuss at least annually the relationship between risk management policies and practices and compensation, and to evaluate compensation policies and practices that could mitigate any such risk.

6. To review and recommend to the Board for approval the frequency with which the Company will conduct Say on Pay Votes, taking into account the results of the most recent shareholder advisory vote on frequency of Say on Pay Votes required by Section 14A of the Exchange Act, and review and approve the proposals regarding the Say on Pay Vote and the frequency of the Say on Pay Vote to be included in the Company's proxy statement.

7. To review all director compensation and benefits for service on the Board and Board committees at least once a year and to recommend any changes to the Board as necessary.

8. To oversee, in conjunction with the Board, engagement with shareholders and proxy advisory firms on executive compensation matters.

**Outside Advisors**

The Committee shall have the authority, in its sole discretion, to select, retain and obtain the advice of a compensation consultant as necessary to assist with the execution of its duties and responsibilities as set forth in this Charter. The Committee shall set the compensation, and oversee the work, of the compensation consultant. The Committee shall have the authority, in its sole discretion, to retain and obtain the advice and assistance of outside legal counsel and such other advisors as it deems necessary to fulfill its duties and responsibilities under this Charter. The Committee shall set the compensation, and oversee the work, of its outside legal counsel and other advisors. The Committee shall receive appropriate funding from the Company, as determined by the Committee in its capacity as a committee of the Board, for the payment of compensation to its compensation consultants, outside legal counsel and any other advisors.

However, the Committee shall not be required to implement or act consistently with the advice or recommendations of its compensation consultant, legal counsel or other advisor to the compensation committee, and the authority granted in this Charter shall not affect the ability or obligation of the Committee to exercise its own judgment in fulfillment of its duties under this Charter.

In retaining or seeking advice from compensation consultants, outside counsel and other advisors (other than the Company's in-house counsel), the Committee must take into consideration the factors specified in the rules of any stock exchange or market on which the Company's

securities may be traded or listed for quotation. The Committee may retain, or receive advice from, any compensation advisor they prefer, including ones that are not independent, after considering the specified factors. In addition, the Committee shall evaluate whether any compensation consultant retained or to be retained by it has any conflict of interest in accordance with Item 407(e)(3)(iv) of Regulation S-K.

**Structure and Operations**

The Board shall designate a member of the Committee as the chairperson. The Committee shall meet at least annually and otherwise at such times and places as it deems necessary to fulfill its responsibilities. The Committee shall report regularly to the Board regarding its actions and make recommendations to the Board as appropriate. The Committee is governed by the same rules regarding meetings (including meetings in person or by telephone or other similar communications equipment), action without meetings, notice, waiver of notice, and quorum and voting requirements as are applicable to the Board.

The Committee may invite such members of management to its meetings as it deems appropriate. However, the Committee shall meet regularly without such members present, and in all cases the CEO and any other such officers shall not be present at meetings at which their compensation or performance is discussed or determined.

The Committee shall review this Charter at least annually and recommend any proposed changes to the Board for approval.

**Delegation of Authority**

The Committee shall have the authority to delegate any of its responsibilities, along with the authority to take action in relation to such responsibilities, to one or more subcommittees as the Committee may deem appropriate in its sole discretion.