“THIS TRANSACTION WAS TRANSFORMATIONAL FOR OUR BANK. HARTMAN PLAYED A KEY ROLE IN HELPING US COMPLETE A DEAL OF THIS MAGNITUDE."

JAMES R. BOSLEY JR.,
PRESIDENT/CEO
FARMERS AND MERCHANTS BANK

# CASE STUDY:
# F&M BANK

LEVERAGING IT EXPERTISE AND TOTAL VISIBILITY ACROSS ALL BUSINESS FUNCTIONS TO SOLVE M&A DUE DILIGENCE AND INTEGRATION COMPLEXITIES

HARTMAN
EXECUTIVE ADVISORS

# OVERVIEW

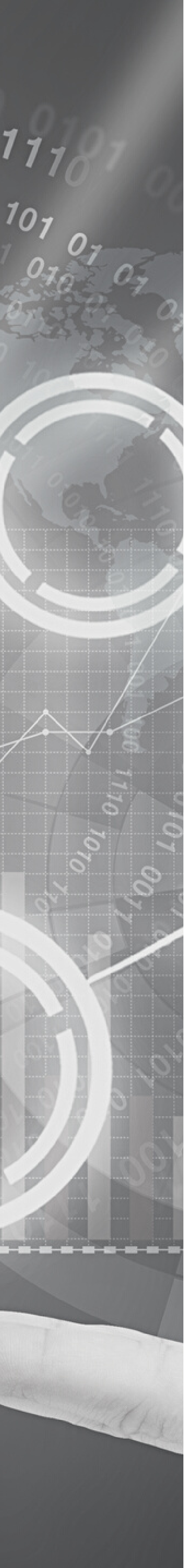
Farmers and Merchants Bancshares, Inc. is a financial holding company and the parent of Farmers and Merchants Bank. The Maryland-based bank was chartered in 1919 and serves the deposit and financing needs of both consumers and businesses.

F&M Bank recognized an opportunity to acquire in-market Carroll Community Bank and partnered with Hartman Executive Advisors to plan and execute the bank's first acquisition. Hartman guided the bank's executive team through the complex integration process using a tried-and-true transaction roadmap to address every detail of the deal and achieve the desired outcome to grow the bank.

# CHALLENGES

F&M Bank needed to partner with a team of experts who understand the M&A transaction process to guide the bank through analyzing the nuance of detail and data involved, with a view of both current and future states, and lead the company through the entire data and systems integration process to complete its first acquisition.

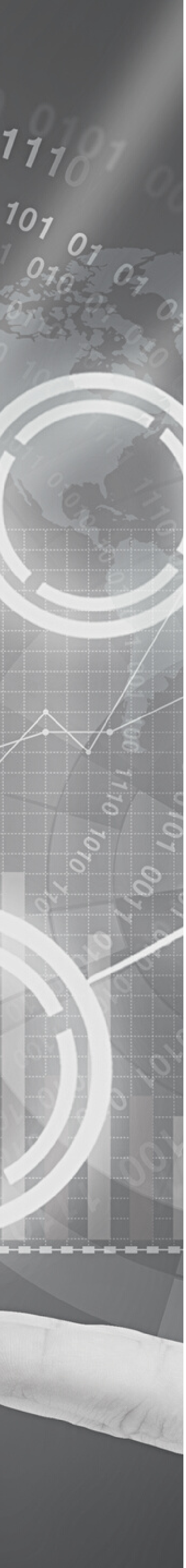
In M&A, ineffective integration leads to not realizing the anticipated value, or even worse, losing value within the combined organization. The potential risk and value destruction is too great to leave in the hands of those who have not completed merger integration work multiple times. F&M engaged Hartman to help realize the value of the deal more quickly and more effectively.



# THE SOLUTION

Hartman Executive Advisors ensures organizations have a roadmap for deal success. Leveraging our IT expertise and knowledge across all business functions, Hartman can support IT diligence and integration, as well as Management Office activities, on acquisitions of entire businesses or selected segments. Our M&A due diligence and integration advisory experts worked alongside F&M Bank's leadership to deliver flawless execution:

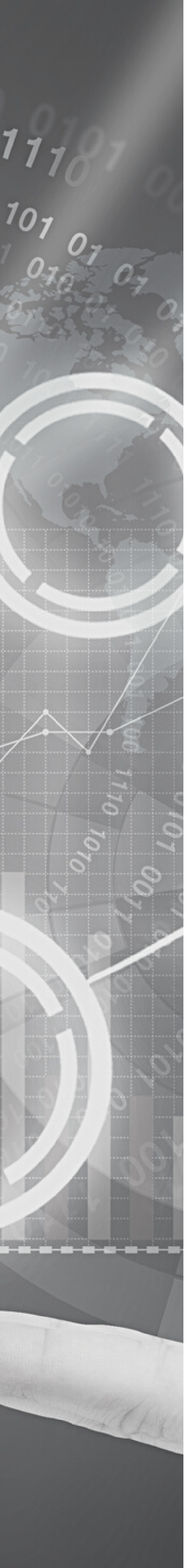
- **Integration Management Office**
    - Developed and took leadership role for the Integration Management Office ("IMO")
    - Created, provided, and applied a comprehensive roadmap to guide F&M through the complex Day One Readiness and merger integration process, capturing all crucial details and early wins
    - Led the integration process for the IMO, converting acquisition goals into integration strategy while aligning people, process, technology, and culture across all functions
        - Developed both executive and functional level reporting package and meeting cadence
        - Clearly communicated and emphasized the deal rationale and anticipated value drivers
        - Developed work plans that drove relentless focus on cross-functional interdependencies
        - Partnered with functional leads to review work plans and dashboards
        - Planned for and executed tactical requirements, ensuring a smooth transaction close and post close transition integration
            - Enabled Day One Readiness and implemented "hypercare" resolutions center and plan
    - Designed and maximized future state operations
        - Leveraged findings and learnings from diligence initiatives
        - Developed and executed business process and systems integration
        - Contributed to and oversaw people and change management planning and execution



# THE SOLUTION

- **IT Integration Services**
  - Completed product cleanup and gap analysis to determine the final combined product set
  - Managed infrastructure integration to bring the new organization onto one network and email system, as well as systems conversion and data mapping by consolidating data to the chosen bank systems
  - Assisted with the migrations of all systems conversions

> **"Hartman was instrumental in supporting and driving the key strategic pillars of this acquisition, which increases the bank's scale and geographic expansion while enriching both organizations' shared values and culture around an extraordinary community bank that puts its customers, employees, and communities first."**
>
> **James R. Bosley Jr.,**
> **President/CEO**



# RESULTS/ROI

- Hartman’s IMO successfully planned and executed the acquisition and achieved the desired outcome of Day One Readiness, integration, and future state plan and activity
- The IMO coordinated and prioritized the efforts of the various integration teams, including:
  - Marketing
    - ·Press releases
    - ·Comprehensive customer communication guide, including regulatory required disclosures
  - Communications
    - Explained the strategic rationale behind integration of these two banks to all stakeholders
    - Educated employees on best practices for communicating to clients
    - Developed and implemented end-user training for the combined and final product set
    - Created, issued, and regularly updated a comprehensive list of FAQs
- Hartman helped F&M Bank identify synergies and realize the deal’s strategic value drivers to make the acquisition accretive to earnings both sooner than expected and greater than the Pro Forma projections
- Flawless execution of data conversion
- Decreased back-office infrastructure and cost
- Ultimately, F&M Bank achieved a larger scale and increased geographic operation, yielding greater access, more services, and more customers