
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

**CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of earliest event reported) July 20, 2016

Farmers & Merchants Bancorp, Inc.
(Exact Name of Registrant as Specified in its Charter)

Ohio
(State or Other Jurisdiction
of Incorporation)

000-14492
(Commission File Number)

34-1469491
(IRS Employer
Identification No.)

**307 North Defiance Street,
Archbold, Ohio**
(Address of Principal Executive Offices)

43502
(Zip Code)

Registrant's Telephone Number, including Area Code (419) 446-2501

N/A
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17-CFR 240.13e-4(c))
-
-

ITEM 2.02. Results of Operation and Financial Condition

On July 20, 2016, Farmers & Merchants Bancorp, Inc. issued a press release announcing its earnings for the first quarter ended June 30, 2016. A copy of the press release is attached hereto as Exhibit 99 and is incorporated herein by reference.

ITEM 9.01. Financial Statements and Exhibits

(d) Exhibits.

The following exhibit is filed with or incorporated by reference into this Current Report on Form 8-K:

| <u>Exhibit Number</u> | <u>Exhibit</u> |
|---------------------------|--|
| 99 | Company Press release dated July 20, 2016. |

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto authorized.

FARMERS & MERCHANTS BANCORP, INC.
(Registrant)

Dated: July 20, 2016

/s/ Paul S. Siebenmorgen

Paul S. Siebenmorgen
President & Chief Executive Officer

/s/ Barbara J. Britenriker

Barbara J. Britenriker
Executive Vice President &
Chief Financial Officer

Exhibit Index

**Exhibit
Number**

Description of Exhibit

99 Company Press Release dated July 20, 2016

Company Press Release dated July 20, 2016

**NEWS RELEASE**

Post Office Box 216
 307 North Defiance Street
 Archbold, Ohio 43502

Company Contact:

Marty Filogamo
 Senior Vice President – Marketing Manager
 Farmers & Merchants Bancorp, Inc.
 (419) 445-3501 ext. 15435
mfilogamo@fm-bank.com

Investor and Media Contact:

Andrew M. Berger
 Managing Director
 SM Berger & Company, Inc.
 (216) 464-6400
andrew@smberger.com

SECTION 1**SECTION 2 FARMERS & MERCHANTS BANCORP, INC. REPORTS****SECTION 3 2016 SECOND-QUARTER AND YEAR-TO-DATE FINANCIAL RESULTS**

ARCHBOLD, OHIO, July 20, 2016, Farmers & Merchants Bancorp, Inc. (OTCQX: FMAO) today reported financial results for the 2016 second quarter and year-to-date ended June 30, 2016.

2016 Second Quarter Financial Highlights Include (on a year-over-year basis unless noted):

- 53 consecutive quarters of profitability
- Total assets up 8.4% to \$1,021,275,000
- Total loans increased 17.9% to \$731,691,000
- Net interest income after provision for loan losses increased 10.6% to \$8,001,000
- Net income increased 14.5% to \$2,974,000
- Earnings per basic and diluted shares increased 16.1% to \$0.65
- Declared quarterly dividend increased 4.5% to \$0.23 per share
- Noninterest income improved 6.9% to \$2,884,000

“Favorable business and financial momentum continued in the 2016 second quarter as we ended the period with record total assets and loans outstanding, while earnings increased 16.1% to \$0.65 per share,” stated Paul S. Siebenmorgen, President and Chief Executive Officer. “Our growing financial results demonstrate the success our strong community banking franchise is having throughout our Northwestern Ohio and Northeastern Indiana markets. In addition, our customer centric approach is helping us grow share within our markets, while our local economies are benefitting from low unemployment rates, and stable manufacturing and agricultural demand.”

Income Statement

Net income for the 2016 second quarter ended June 30, 2016 was \$2,974,000, or \$0.65 per basic and diluted share compared to \$2,597,000, or \$0.56 per basic and diluted share for the same period last year. The 14.5% improvement in net income for the 2016 second quarter was primarily due to a 10.6% increase in net interest income after provision for loan losses, and a 6.9% increase in noninterest income, partially offset by a 4.3% increase in noninterest expense.

Net income for the 2016 first half was \$5,455,000, or \$1.18 per basic and diluted share compared to \$4,948,000, or \$1.07 per basic and diluted share for the period ended June 30, 2015. The 10.2% improvement in net income for the 2016 six-month period was primarily due to an 8.9% increase in net interest income after provision for loan losses, and a 5.7% increase in noninterest income, partially offset by a 5.4% increase in noninterest expense.

Loan Portfolio and Asset Quality

Total loans at June 30, 2016 increased 17.9% to a record \$731,691,000, compared to \$620,591,000 at June 30, 2015, and up 6.7% from \$685,878,000 at December 31, 2015. Year-over-year loan growth was strong across the company's lending areas and included a 28.0% increase in commercial real estate loans, a 21.2% increase in consumer loans, a 16.6% increase in agricultural real estate loans, a 12.2% increase in agricultural, a 9.5% increase in commercial and industrial loans, and a 2.6% increase in consumer real estate loans, offset by a 20.1% reduction in industrial development bonds.

The company's provision for loan losses for the 2016 second quarter was \$339,000, compared to \$183,000 for the 2015 second quarter. Year-to-date, the provision for loan losses was \$616,000, compared to \$297,000 for the same period last year. The second quarter and year-to-date increase in provision expense was a result of the significant growth the company has experienced in its loan portfolio.

F&M's loan quality remains strong as the allowance for loan losses to nonperforming loans was 424.9% at June 30, 2016, compared to 193.5% at June 30, 2015. Net charge-offs for the second quarter ended June 30, 2016 were \$131,000, or 0.02% of average loans, compared to \$233,000 or 0.04% of average loans, at June 30, 2015. Year-to-date, net charge-offs were \$180,000, or 0.01% of average loans outstanding, compared to \$275,000, or 0.04% of average loans outstanding for the same period last year.

Stockholders' Equity and Dividends

Tangible stockholders' equity increased to \$119,913,000 at June 30, 2016, compared to \$114,960,000 at December 31, 2015, and \$111,594,000 at June 30, 2015. On a per share basis, tangible stockholders' equity at June 30, 2016 was \$26.04, compared with \$24.92 at December 31, 2015, and \$24.23 at June 30, 2015. The increase in tangible stockholders' equity is the result of growth in retained earnings due to increased profitability. At June 30, 2016, the company had a Tier 1 leverage ratio of 11.74%, compared to 11.90% at June 30, 2015.

For the 2016 second quarter, the company declared cash dividends of \$0.23 per share, which represented a dividend payout ratio of 35.3% compared to 38.8% for the same period last year.

Mr. Siebenmorgen concluded, "We remain committed to conservatively managing risk and I am encouraged by the exceptionally low charge-off rate in the second quarter. In addition, I am pleased with the sequential increase in profitability we achieved during the 2016 second quarter as our return on average assets increased 19 basis points to 1.18% and return on average equity increased 153 basis points to 9.71%. As a result of the second quarter's improvement in profitability, F&M's board of directors approved a 4.5% increase in our quarterly dividend, representing the 17th consecutive year we have increased our dividend payment. Finally, we are investing in growing our branches and in May 2016 announced construction of our 24th branch office in Bowling Green, Ohio, which we anticipate opening in the third quarter. Once completed, this office will represent the second new branch opened this year. While it will take several quarters for each branch to get to scale, we are excited about the long-term potential of our new Ft. Wayne, Indiana, and Bowling Green, Ohio markets."

About Farmer & Merchants State Bank:

The Farmers & Merchants State Bank is a local independent community bank that has been serving Northwest Ohio and Northeast Indiana since 1897. The Farmers & Merchants State Bank provides commercial banking, retail banking and other financial services through its 23 offices. Our locations are in Fulton, Defiance, Henry, Lucas, Williams, and Wood counties in Northwest Ohio. In Northeast Indiana we have offices located in DeKalb, Allen and Steuben counties.

Safe harbor statement

Farmers & Merchants Bancorp, Inc. ("F&M") wishes to take advantage of the Safe Harbor provisions included in the Private Securities Litigation Reform Act of 1995. Statements by F&M, including management's expectations and comments, may not be based on historical facts and are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21B of the Securities Act of 1934, as amended. Actual results could vary materially depending on risks and uncertainties inherent in general and local banking conditions, competitive factors specific to markets in which F&M and its subsidiaries operate, future interest rate levels, legislative and regulatory decisions or capital market conditions. F&M assumes no responsibility to update this information. For more details, please refer to F&M's SEC filing, including its most recent Annual Report on Form 10-K and quarterly reports on Form 10-Q. Such filings can be viewed at the SEC's website, www.sec.gov.

FARMERS & MERCHANTS BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME & COMPREHENSIVE INCOME
(Unaudited; in thousands of dollars, except per share data)

| | Three Months Ended | | Six Months Ended | |
|---|--------------------|-----------------|------------------|-----------------|
| | June 30, 2016 | June 30, 2015 | June 30, 2016 | June 30, 2015 |
| Interest Income | | | | |
| Loans, including fees | \$ 8,362 | \$ 7,163 | \$ 16,368 | \$ 14,257 |
| Debt securities: | | | | |
| U.S. Treasury and government agencies | 595 | 620 | 1,175 | 1,216 |
| Municipalities | 380 | 458 | 749 | 905 |
| Dividends | 37 | 37 | 75 | 74 |
| Federal funds sold | 2 | 3 | 2 | 5 |
| Other | 11 | 8 | 22 | 16 |
| Total interest income | <u>9,387</u> | <u>8,289</u> | <u>18,391</u> | <u>16,473</u> |
| Interest Expense | | | | |
| Deposits | 885 | 808 | 1,739 | 1,605 |
| Federal funds purchased and securities sold under agreements to repurchase | 126 | 63 | 231 | 124 |
| Borrowed funds | 36 | — | 73 | — |
| Total interest expense | <u>1,047</u> | <u>871</u> | <u>2,043</u> | <u>1,729</u> |
| Net Interest Income—Before Provision for Loan Losses | <u>8,340</u> | <u>7,418</u> | <u>16,348</u> | <u>14,744</u> |
| Provision for Loan Losses | <u>339</u> | <u>183</u> | <u>616</u> | <u>297</u> |
| Net Interest Income After Provision | | | | |
| For Loan Losses | 8,001 | 7,235 | 15,732 | 14,447 |
| Noninterest Income | | | | |
| Customer service fees | 1,308 | 1,424 | 2,786 | 2,783 |
| Other service charges and fees | 999 | 965 | 1,909 | 1,879 |
| Net gain on sale of loans | 234 | 173 | 403 | 348 |
| Net gain on sale of available for sale securities | 343 | 137 | 456 | 246 |
| Total noninterest income | <u>2,884</u> | <u>2,699</u> | <u>5,554</u> | <u>5,256</u> |
| Noninterest Expense | | | | |
| Salaries and Wages | 2,840 | 2,714 | 5,680 | 5,369 |
| Employee benefits | 715 | 687 | 1,577 | 1,751 |
| Net occupancy expense | 346 | 368 | 724 | 723 |
| Furniture and equipment | 443 | 427 | 855 | 849 |
| Data processing | 361 | 320 | 772 | 649 |
| Franchise taxes | 225 | 187 | 439 | 374 |
| Net loss on sale of other assets owned | — | 5 | 45 | 11 |
| FDIC Assessment | 121 | 119 | 242 | 238 |
| Mortgage servicing rights amortization | 99 | 103 | 188 | 183 |
| Other general and administrative | 1,507 | 1,451 | 3,121 | 2,799 |
| Total other operating expenses | <u>6,657</u> | <u>6,381</u> | <u>13,643</u> | <u>12,946</u> |
| Income Before Income Taxes | <u>4,228</u> | <u>3,553</u> | <u>7,643</u> | <u>6,757</u> |
| Income Taxes | <u>1,254</u> | <u>956</u> | <u>2,188</u> | <u>1,809</u> |
| Net Income | <u>2,974</u> | <u>2,597</u> | <u>5,455</u> | <u>4,948</u> |
| Other Comprehensive Income (Net of Tax): | | | | |
| Net unrealized gain on available for sale securities | 649 | (1,824) | 2,594 | (94) |
| Reclassification adjustment for gain on sale of available for sale securities | (343) | (137) | (456) | (246) |
| Net unrealized gain on available for sale securities | 306 | (1,961) | 2,138 | (340) |
| Tax expense | 104 | (667) | 727 | (116) |
| Other comprehensive income | <u>202</u> | <u>(1,294)</u> | <u>1,411</u> | <u>(224)</u> |
| Comprehensive Income | <u>\$ 3,176</u> | <u>\$ 1,303</u> | <u>\$ 6,866</u> | <u>\$ 4,724</u> |
| Earnings Per Share—Basic and Diluted | <u>\$ 0.65</u> | <u>\$ 0.56</u> | <u>\$ 1.18</u> | <u>\$ 1.07</u> |
| Dividends Declared | <u>\$ 0.23</u> | <u>\$ 0.22</u> | <u>\$ 0.45</u> | <u>\$ 0.43</u> |

FARMERS & MERCHANTS BANCORP, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

| | (in thousands of dollars) | |
|--|------------------------------|-------------------|
| | June 30, 2016 (Unaudited) | December 31, 2015 |
| Assets | | |
| Cash and due from banks | \$ 22,895 | \$ 21,333 |
| Federal funds sold | 484 | 685 |
| Total cash and cash equivalents | 23,379 | 22,018 |
| Interest-bearing time deposits | 1,960 | — |
| Securities—available-for-sale | 217,063 | 235,115 |
| Other securities, at cost | 3,717 | 3,717 |
| Loans, net | 725,198 | 679,821 |
| Premises and equipment | 21,295 | 20,587 |
| Goodwill | 4,074 | 4,074 |
| Mortgage servicing rights | 2,143 | 2,056 |
| Other real estate owned | 1,252 | 1,175 |
| Other assets | 21,194 | 20,505 |
| Total Assets | \$1,021,275 | \$ 989,068 |
| Liabilities and Stockholders' Equity | | |
| Liabilities | | |
| Deposits | | |
| Noninterest-bearing | \$ 170,126 | \$ 171,112 |
| Interest-bearing | | |
| NOW accounts | 204,924 | 190,890 |
| Savings | 236,546 | 225,052 |
| Time | 191,250 | 184,285 |
| Total deposits | 802,846 | 771,339 |
| Federal Funds purchased and securities sold under agreements to repurchase | 75,942 | 78,815 |
| Federal Home Loan Bank (FHLB) advances | 10,000 | 10,000 |
| Dividend payable | 1,051 | 1,007 |
| Accrued expenses and other liabilities | 6,548 | 7,810 |
| Total liabilities | 896,387 | 868,971 |
| Commitments and Contingencies | | |
| Stockholders' Equity | | |
| Common stock—No par value—10,000,000 shares authorized 5,200,000 shares issued and outstanding | 12,260 | 12,086 |
| Treasury Stock—594,466 shares 2016, 587,466 shares 2015 | (12,583) | (12,389) |
| Retained earnings | 123,587 | 120,188 |
| Accumulated other comprehensive income | 1,624 | 212 |
| Total stockholders' equity | 124,888 | 120,097 |
| Total Liabilities and Stockholders' Equity | \$1,021,275 | \$ 989,068 |

| Selected financial data | For the Three Months Ended | | For the Six Months Ended | |
|--------------------------------------|-----------------------------------|-------------|---------------------------------|-------------|
| | June 30 | | June 30 | |
| | 2016 | 2015 | 2016 | 2015 |
| Return on average assets | 1.17% | 1.10% | 1.08% | 1.05% |
| Return on average equity | 9.61% | 8.90% | 8.90% | 8.52% |
| Yield on earning assets | 3.99% | 3.85% | 3.98% | 3.85% |
| Cost of interest bearing liabilities | 0.58% | 0.53% | 0.58% | 0.53% |
| Net interest spread | 3.41% | 3.32% | 3.40% | 3.32% |
| Net interest margin | 3.56% | 3.45% | 3.55% | 3.45% |
| Efficiency | 60.15% | 62.59% | 62.56% | 64.18% |
| Dividend payout ratio | 35.34% | 38.78% | 37.69% | 39.81% |
| Tangible book value per share | \$ 26.04 | \$ 24.23 | | |
| Tier 1 capital to average assets | 11.74% | 11.90% | | |

| Loans | June 30 | |
|--|-------------------|-------------------|
| | 2016 | 2015 |
| <i>(Dollar amounts in thousands)</i> | | |
| Commerical real estate | \$ 357,838 | \$ 279,489 |
| Agricultural real estate | 61,403 | 52,682 |
| Consumer real estate | 89,090 | 86,796 |
| Commercial and industrial | 104,336 | 95,275 |
| Agricultural | 83,287 | 74,229 |
| Consumer | 30,458 | 25,140 |
| Industrial development bonds | 5,952 | 7,452 |
| Less: Net deferred loan fees and costs | (673) | (472) |
| Total loans | \$ 731,691 | \$ 620,591 |

| Asset quality data | June 30 | |
|--|----------------|----------------|
| | 2016 | 2015 |
| <i>(Dollar amounts in thousands)</i> | | |
| Nonaccrual loans | \$ 1,528 | \$ 3,063 |
| Troubled debt restructuring | \$ 815 | \$ 1,255 |
| 90 day past due and accruing | \$ — | \$ — |
| Nonperforming loans | \$ 1,528 | \$ 3,063 |
| Other real estate owned | \$ 1,252 | \$ 1,098 |
| Non-performing assets | \$ 2,780 | \$ 4,161 |
| <i>(Dollar amounts in thousands)</i> | | |
| Allowance for loan and lease losses | \$ 6,493 | \$ 5,927 |
| Allowance for loan and lease losses/total loans | 0.89% | 0.96% |
| Net charge-offs: | | |
| Quarter-to-date | \$ 131 | \$ 233 |
| Year-to-date | \$ 180 | \$ 275 |
| Net charge-offs to average loans | | |
| Quarter-to-date | 0.02% | 0.04% |
| Year-to-date | 0.01% | 0.04% |
| Non-performing loans/total loans | 0.21% | 0.49% |
| Allowance for loan and lease losses/nonperforming loans | 424.86% | 193.50% |