

FARMERS & MERCHANTS BANCORP INC
Form DEF 14A
March 15, 2017

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

SCHEDULE 14A INFORMATION STATEMENT
Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to Section 240.14a-11(c) or Section 240.14a-12

FARMERS & MERCHANTS BANCORP, INC.

(Name of Registrant as Specified In Its Charter)

Payment of Filing Fee (Check the appropriate box):

No fee required.

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(1) Title of each class of securities to which transaction applies:

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Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

March 16, 2017

Dear Fellow Shareholders:

I am pleased to invite you to attend the Annual Meeting of Shareholders of Farmers & Merchants Bancorp, Inc. The meeting will be held at Founders Hall, located at Sauder Village, 22611 State Route 2, Archbold, Ohio 43502 on **Thursday, April 20, 2017 at**

7:00 P.M. (local time). The sit down dinner will begin at 6:00 P.M.

The Board is requesting shareholder approval of five items which includes the election of directors. The Board has proposed to amend the Code of Regulations to increase the Company's general quorum requirement as noted in Proposal Two, an advisory proposal to approve the executive compensation programs of the Company as noted in Proposal Three, an advisory proposal on the frequency to consider the executive compensation programs of the Company as noted in Proposal Four, and an advisory proposal on the ratification of the Company's independent public accounting firm as noted in Proposal Five.

YOUR VOTE IS IMPORTANT NO MATTER HOW MANY SHARES YOU OWN. I encourage you to read the proxy statement carefully and then to vote your shares. If you choose not to attend the Annual Meeting of Shareholders, you may vote by mail by signing, dating and returning the proxy card in the accompanying envelope. If you hold shares of Farmers & Merchants Bancorp, Inc. common stock directly in your name, you may also vote over the internet or by telephone. Internet and telephone voting instructions are printed on the proxy card sent to you.

If you do attend the meeting and desire to vote in person, you may do so even though you have previously submitted your proxy. In that case, your vote at the meeting would supersede your proxy. Please keep in mind that if you vote your shares at the Annual Meeting, you must bring your Proxy Card Control Number and proof of identity.

We look forward to seeing you at the meeting.

Sincerely,

Paul S. Siebenmorgen, President and CEO

Farmers & Merchants Bancorp, Inc.

P.O. Box 216 307 North Defiance St., Archbold, Ohio 43502 Phone (419) 446-2501

FARMERS & MERCHANTS BANCORP, INC.

307 North Defiance St.

Archbold, Ohio 43502

(419) 446-2501

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS TO BE HELD

April 20, 2017

To Our Shareholders:

Notice Is Hereby Given that the Annual Meeting of Shareholders of Farmers & Merchants Bancorp, Inc., an Ohio corporation (the Company), will be held at Founders Hall, located at Sauder Village, 22611 State Route 2, Archbold, Ohio 43502 on **Thursday, April 20, 2017 at 7:00 P.M. (local time)**, for the following purposes:

1. **Election of Directors** - To elect the following eleven nominees to the Board of Directors to serve until the Annual Meeting of Shareholders in 2018:

Eugene N. Burkholder	Jack C. Johnson	Kevin J. Sauder
Steven A. Everhart	Marcia S. Latta	Paul S. Siebenmorgen
Darryl L. Faye	Steven J. Planson	K. Brad Stamm
Jo Ellen Hornish	Anthony J. Rupp	

2. **Amendment to the Code of Regulations.** To amend paragraph (d) of Article II of the Company's Code of Regulations to increase the Company's general quorum requirement for conducting business at meetings of the Company's shareholders.
3. **Nonbinding Say-on-Pay Proposal.** An advisory vote to approve the executive compensation programs of the Company.
4. **Nonbinding Say-on-Frequency Proposal.** An advisory vote on the frequency to consider the executive compensation noted in Proposal Three.
5. **Nonbinding Auditor Ratification.** An advisory vote on the ratification of the Company's appointment of the independent registered public accounting firm, BKD, LLP.
6. **Other Business.** To transact any other business which may properly come before the meeting or any adjournment of it.

The Board of Directors has fixed the close of business on March 1, 2017 as the record date for determination of shareholders who are entitled to notice of and to vote at the meeting.

By Order of the Board of Directors

Lydia A. Huber, Secretary

Archbold, Ohio

March 16, 2017

If the enclosed proxy statement and annual report are being delivered to two or more security holders who share the same address, and the security holders sharing the same address each desires to receive a proxy statement and annual report, or if there is more than one copy of the proxy statement and annual report being delivered to security holders who share the same address, and it is preferred to receive a single copy of such proxy statement and annual report, please notify Ms. Lydia A. Huber, Secretary of Farmers & Merchants Bancorp, Inc. This request should be in writing addressed to Ms. Huber at Farmers & Merchants Bancorp, Inc., 307 North Defiance St., Archbold, Ohio 43502. If you have questions, please contact Ms. Huber by telephone at 419-446-2501.

YOUR VOTE IS IMPORTANT

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE
SHAREHOLDERS MEETING TO BE HELD ON APRIL 20, 2017**

The proxy statement and annual report to security holders are available at:

[http://www.fm-bank.com/proxy\(FMAO\)fm2016/fm_info.cfm](http://www.fm-bank.com/proxy(FMAO)fm2016/fm_info.cfm)

The following items are available at the specified web site:

The proxy statement being issued in connection with the 2017 Annual Meeting of Shareholders;

The Company's 2016 Annual Report to Shareholders;

The form of proxy for use in connection with the 2017 Annual Meeting of Shareholders; and

The Company's 2016 10-K Report.

YOUR VOTE IS IMPORTANT

If you hold stock directly in your own name: Even if you plan to attend the meeting, please complete, date and sign the enclosed proxy and return it promptly in the enclosed envelope or follow the voting instructions for internet or telephone voting enclosed if you are a shareholder of record.

If you hold stock in a brokerage account, IRA, 401(k) plan, or trust account: With respect to a limited number of proposals, your broker or bank is permitted to vote your shares even when you have not provided instructions on how you would like your shares to be voted. The New York Stock Exchange and the rules of the SEC govern how shares held in brokerage or other accounts may be discretionarily voted by brokers and banks in the absence of voting instructions from the actual owner. Under these rules, if you do not direct your broker or bank on how to vote your shares on Proposals One, Two, Three and Four, your shares will remain **un-voted** on such proposals.

Therefore, if you hold shares in one or more accounts, it is very important that you direct your broker or bank on how to vote your shares for all proposals. Most banks and brokerage firms permit shareholders to direct their votes via the internet or by telephone. Your broker or bank will provide you with instructions for how to direct the voting of your shares.

If you would like to vote your shares in person at the meeting: Please contact Ms. Lydia A. Huber, Secretary of the Company at (419) 446-2501 if you would like information on how to obtain directions to be able to attend the meeting, and vote in person or if you have any additional questions.

The Proxy Statement, proxy card and Farmers & Merchants Bancorp, Inc. 2016 Annual Report will be mailed to shareholders commencing on or about March 16, 2017.

FARMERS & MERCHANTS BANCORP, INC.

Proxy Statement

for

Annual Meeting of Shareholders

April 20, 2017

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors of Farmers & Merchants Bancorp, Inc., an Ohio corporation (Company), to be used at the Annual Meeting of Shareholders of the Company, to be held at Founders Hall, located at Sauder Village, 22611 State Route 2, Archbold, Ohio 43502 on Thursday, April 20, 2017 at 7:00 P.M. (local time), and at any adjournments thereof, pursuant to the accompanying Notice of Meeting.

General Information about the Meeting and Voting Securities and Procedures

Who may vote at the meeting?

The Board of Directors has fixed the close of business on March 1, 2017 as the record date for the determination of shareholders who are entitled to notice of and to vote at the meeting. Subject to your right to vote cumulatively in the election of directors, if properly implemented, you are entitled to one vote for each share of common stock you held on the record date, including shares:

held directly in your name; and

held for you in an account with a broker, bank or other nominee (shares held in street name).

How many shares must be present to hold the meeting?

The Company s Code of Regulations generally provides that shareholders present in person or by proxy at any meeting shall constitute a quorum for purposes of holding the meeting and conducting business. As of January 30, 2017 there were 4,620,875 shares of the Company s common stock, without par value (Common Stock) outstanding, of which 43,150 shares are subject to restricted stock grants, the holders of which shares are entitled to vote such shares. Each of the holders of the outstanding shares and restricted stock grants totaling 4,620,875 shares are entitled to one vote per share, subject to the right to vote cumulatively in the election of directors, if properly implemented. Your shares are counted as present at the meeting if you:

are present and vote in person at the meeting; or

have properly submitted a proxy card or have voted electronically or by telephone prior to the meeting.

Abstentions and broker non-votes are counted for purposes of determining the presence or absence of a quorum for the transaction of business at the meeting.

What proposals will be voted on at the meeting?

There are five proposals scheduled to be voted on at the meeting which include: (i) the election of members to serve on the Company Board of Directors; (ii) a proposed amendment to the Company's Code of Regulations to increase the Company's quorum requirement for conducting business at meetings of the Company's shareholders; (iii) an advisory vote to approve the executive compensation programs of the Company; (iv) an advisory vote on the frequency to consider the executive compensation noted in Proposal Three; (v) an advisory vote on the selection of our independent registered accounting firm, which gives you the opportunity to endorse or not endorse the Company's appointment of the independent registered public accounting firm.

Who is requesting my vote?

The solicitation of proxies on the enclosed form is made on behalf of the Board of Directors of the Company and will be conducted primarily through the mail. Please mail your completed proxy in the envelope included with these proxy materials. In addition to the use of the mail, members of the Board of Directors and certain officers and

employees of the Company or its subsidiary may solicit the return of proxies by telephone, facsimile, and other electronic media or through personal contact. The directors, officers and employees that participate in such solicitation will not receive additional compensation for such efforts, but will be reimbursed for out-of-pocket expenses. The cost of preparing, assembling and mailing this Proxy Statement, the Notice of Meeting and the enclosed proxy will be borne by the Company.

How many votes are required to approve each proposal?

Proposal One:

Directors will be elected by a plurality of the votes cast at the Annual Meeting. This means that the eleven nominees who receive the largest number of FOR votes cast will be elected as directors.

The laws of Ohio, under which the Company is incorporated, and the Company's Articles of Incorporation provide that if notice in writing is given by any shareholder to the President, Vice President or the Secretary of the Company not less than 48 hours before the time fixed for holding a meeting of shareholders for the purpose of electing directors, that he desires that the voting at that election shall be cumulative, and if an announcement of the giving of such notice is made upon the convening of the meeting by the Chairman or Secretary or by or on behalf of the shareholder giving such notice, each shareholder shall have the right to cumulate such voting power as he possesses in voting for directors. Cumulative voting rights allow shareholders to vote the number of shares owned by them times the number of directors to be elected and to cast such votes for one nominee or to allocate such votes among nominees as they deem appropriate. Shareholders will not be entitled to exercise cumulative voting unless at least one shareholder properly notifies the Company of their desire to implement cumulative voting at the Annual Meeting. The Company is soliciting the discretionary authority to cumulate votes represented by proxy, if such cumulative voting rights are exercised.

Proposal Two:

Proposal Two gives you, as a shareholder, the opportunity to vote to approve the Company's proposed amendment to the Code of Regulations to increase the Company's quorum requirement for conducting business at meetings of the Company's shareholders. Under Ohio law and our Code of Regulations, the affirmative vote of the holders of shares entitling them to exercise a majority of the voting power of the Company as of the record date for determination of shareholders who are entitled to notice of and to vote at the meeting is required to approve Proposal Two.

Proposal Three:

Proposal Three, commonly known as a Say-on-Pay proposal, gives you as a shareholder the opportunity to endorse or not endorse our executive compensation programs. The affirmative vote of a majority of the votes cast by the holders of the Company's common stock is required to approve Proposal Three, a non-binding advisory vote on executive compensation.

Proposal Four:

Proposal Four, commonly known as a Say-on-Frequency proposal, gives you as a shareholder, the opportunity to express your opinion about how often the shareholders should vote concerning the Company's executive compensation programs. Proposal Four is a non-binding advisory vote on the frequency of future non-binding advisory votes on executive compensation. The frequency choice which receives the highest number of votes will be deemed the choice

of the stockholders.

Proposal Five:

The affirmative vote of a majority of the votes cast by the holders of the Company's common stock is required to approve Proposal Five, a non-binding advisory vote on the appointment of the independent registered public accounting firm.

What are the effects of abstentions and broker non-votes on each proposal?

If you hold your shares in a trust or brokerage account (sometimes referred to as holding shares in "street name") please note that your bank or brokerage firm has no discretionary voting authority with respect to Proposals One through Four, and therefore cannot vote on any of such proposal in the absence of your instructions. As a result,

unless you direct your broker on how to vote your shares with respect to those proposals, your shares will remain un-voted on Proposals One, Two, Three and Four. Shares held in street name for which no voting instructions have been provided by the beneficial owner (and which are not voted by the broker pursuant to discretionary voting authority) are generally referred to as broker non-votes. Although abstentions and broker non-votes will be counted for purposes of determining the presence of a quorum, they are not considered votes cast.

Proposal One:

Under Proposal One, Directors will be elected by a plurality of the votes cast at the Annual Meeting. This means that the eleven nominees who receive the largest number of FOR votes cast will be elected as directors. Abstentions from voting and broker non-votes, if any on Proposal One will have no effect on outcome of the election of Directors.

Proposal Two:

The approval of Proposal Two requires the affirmative vote of the holders entitling them to exercise a majority of the voting power of the Company. As a consequence, abstentions from voting and broker non-votes, if any, in regard to this proposal will effectively represent a vote against the proposal.

Proposal Three:

The approval of Proposal Three requires only the vote of the majority of the votes cast at the Annual Meeting. Because abstentions from voting and broker non-votes are not treated as votes cast, they will have no effect on the outcome of this proposal.

Proposal Four:

Under Proposal Four, the frequency choice receiving the highest number of votes will be deemed the choice of the stockholders at the Annual Meeting. As a consequence, abstentions from voting and broker non-votes will have no effect on the outcome of this proposal.

Proposal Five:

Proposal Five requires only the vote of the majority of the votes cast at the Annual Meeting. Because abstentions from voting and broker non-votes are not treated as votes cast, they will have no effect on outcome of the passage of the proposal.

How does the Board recommend that I vote?

The Board of Directors urges you to read the Proxy statement carefully and then vote your shares for the Annual Meeting. The Board of Directors recommends that you vote FOR all of the director nominees listed in Proposal One. The Board also recommends that you vote FOR Proposals Two, Three and Five. Concerning Proposal Four, the Board of Directors recommends that you vote to have the shareholders provide an advisory vote on executive compensation every three years.

How are shares voted?

For proposal One, a shareholder may:

Vote FOR each of the nominees for election to the Company's Board of Directors

WITHHOLD AUTHORITY to vote for one or more nominees

Abstain from voting on the proposal

For Proposals Two, Three and Five, a shareholder may:

Vote FOR the proposal

Vote AGAINST the proposal

Abstain from voting on the proposal

For Proposal Four, a shareholder may:

Vote for nonbinding advisory votes every year

Vote for nonbinding advisory votes every other year

Not for nonbinding advisory votes every third year

Abstain from voting on the proposal

If the accompanying proxy is properly signed and returned and is not withdrawn or revoked, the shares represented thereby will be voted in accordance with the specifications thereon. If the manner of voting such shares is not indicated on the Proxy, the shares will be voted **FOR** the election of each of the nominees for directors named in Proposal One, **FOR** the approval of each of Proposals Two, Three and Five, and for an advisory vote on executive compensation every three years. Your shares will also be voted in the discretion of the proxy committee on any other business properly brought forth at the Annual Meeting

If your shares are held by a broker, your broker is not permitted to discretionarily vote on your behalf in the absence of voting instructions from you for either Proposals One through Four. For your vote to be counted on such proposals you must communicate your voting decisions to your bank, broker or other holder of record before the date of the Annual Meeting.

How do I vote my shares without attending the meeting?

Whether you hold shares directly or in street name, you may direct your vote without attending the Annual Meeting.

If you are a shareholder of record, you may vote by granting a proxy as follows:

By Mail You may vote by mail by signing and dating your proxy card and mailing it in the envelope provided. You should sign your name exactly as it appears on the proxy card. If you are signing in a representative capacity (for example as guardian, trustee, custodian, attorney or officer of a corporation), you should indicate your name and title or capacity.

By Phone You may vote by phone by calling 1-800-652-VOTE (8683) and following the instructions given.

By Internet You may vote by internet by going to the following web site, following the instructions given and entering the requested information on your computer screen:

<https://www.investorvote.com/FMAO>

Your vote by phone or internet is valid as authorized by the Ohio General Corporation Law.

For shares held in street name, you should follow the voting instructions provided by your broker or nominee. You may complete and mail a voting instruction card to your broker or nominee or, in some cases, submit voting instructions by telephone or the internet. If you provide specific voting instructions by mail, telephone, or internet, your broker or nominee will vote your shares as you have directed. Under NYSE Rule 452, brokers will no longer be allowed to vote uninstructed shares in regard to the election of directors.

How do I vote my shares in person at the meeting?

Even if you plan to attend the meeting, we encourage you to vote by mail, phone or internet so your vote will be counted if you later decide not to attend the meeting.

If you choose to vote at the Annual Meeting:

If you are a shareholder of record, to vote your shares at the meeting you should bring the enclosed proxy card and proof of identity.

If you hold your shares in street name, you must obtain a proxy in your name from your bank, broker or other holder of record in order to vote at the meeting and bring proof of beneficial ownership, such as a recent brokerage statement or a letter from your bank or broker, and proof of identity.

What does it mean if I receive more than one proxy?

It likely means you hold shares registered in more than one account. To ensure that all of your shares are voted, sign and return each proxy.

May I change my vote?

Yes. The presence of a shareholder at the Annual Meeting will not automatically revoke such shareholder's previously submitted proxy. However, shareholders may revoke a proxy at any time prior to its exercise by filing with the Secretary of the Company a written notice of revocation, by delivering to the Company a duly executed proxy bearing a later date than a previously submitted proxy, or by attending the Annual Meeting and notifying the Inspector of Elections of his or her intention to vote in person. Written notices of revoked proxies may be directed to Ms. Norma J. Kauffman, Inspector of Elections of Farmers & Merchants Bancorp, Inc., 307 North Defiance Street, Archbold, Ohio 43502.

When will the proxy and annual report be mailed to shareholders?

This Proxy Statement and the accompanying Notice of Annual Meeting of Shareholders and Proxy are being mailed to the Company's shareholders on or about March 16, 2017.

How may I view the proxy and annual report electronically?

You may access the reports by going to our website at the following address:

[http://www.fm-bank.com/proxy\(FMAO\)fm2016/fm_info.cfm](http://www.fm-bank.com/proxy(FMAO)fm2016/fm_info.cfm)

How many shares are owned by Directors and Executive Officers?

All directors and executive officers of the Company as a group (comprised of 15 individuals), beneficially held 232,316 shares of the Company's common stock as of January 25, 2017, representing 5.03% of the outstanding common stock of the Company.

PROPOSAL ONE

Election of Directors and Information Concerning Directors and Officers

Pursuant to the Code of Regulations of Farmers & Merchants Bancorp, Inc. the number of directors is currently set at eleven. Set forth below, as of the record date, is information concerning the nominees for the election to the Board of Directors. The following persons have been nominated as directors by the Board of Directors upon the recommendation of the Company's Corporate Governance and Nominating Committee to serve until the Annual Meeting of shareholders in 2018:

Name	Age	Principal Occupation or Employment for Past Five Years	Year First Became Director
Eugene N. Burkholder	64	President, Falor Farm Center, Inc.	2012
Steven A. Everhart	62	Self Employed	2003
Darryl L. Faye	71	Retired CFO in Healthcare Industry	2012
Jo Ellen Hornish	63	CEO, Hornish Bros, Inc. / Fountain City Leasing, Inc. / Advantage Powder Coating, Inc.	2013
Jack C. Johnson	64	President, Hawk's Clothing, Inc.	1991
Dr. Marcia S. Latta	55	Vice President of University Advancement, The University of Findlay	2009
Steven J. Planson	57	President, Planson Farms, Inc.	2008
Anthony J. Rupp	67	President, Rupp Furniture Co.	2000
Kevin J. Sauder	56	President, Chief Executive Officer, Sauder Woodworking Co.	2004
Paul S. Siebenmorgen	67	President and CEO of the Corporation and The Farmers & Merchants State Bank	2005
Dr. K. Brad Stamm	64	Professor of Economics, Chairman of Division of Business at Cornerstone University	2016

There are no family relationships among any of the directors, nominees for election as directors and executive officers of the Company.

While it is contemplated that all nominees will stand for election, and the nominees have confirmed this with the Company, if one or more of the nominees at the time of the Annual Meeting should be unavailable or unable to serve as a candidate for election as a director of the Company, the proxies reserve full discretion to vote the common shares represented by the proxies for the election of the remaining nominees and any substitute nominee(s) designated by the Board of Directors. The Board of Directors knows of no reason why any of the above -mentioned persons will be unavailable or unable to serve if elected to the Board. The attached form of proxy grants to the persons listed in such proxy the right to vote shares cumulatively in the election of directors if a shareholder properly implements cumulative voting.

Proxies in the form solicited hereby which are properly executed and returned to the Company will be voted in favor of each

nominee for election to the Board of Directors unless otherwise instructed by the shareholder. Directors will be elected by a plurality of the votes cast at the Annual Meeting. This means that the eleven nominees the largest number of FOR votes cast will be elected as directors. The attached form of proxy grants to the persons listed in such proxy the right to vote shares cumulatively in the election of directors if a shareholder properly implements cumulative voting. Abstentions from voting and broker non-votes, if any, on Proposal One will have no effect on outcome of the election of Directors.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS TO SHAREHOLDERS THE ELECTION OF THE ABOVE-LISTED PERSONS AS DIRECTORS FOR THE COMPANY.

The following table sets forth certain information with respect to the executive officers of the Company and the Bank:

Name	Officer		Positions and Offices Held With Company and the
	Age	Since	Bank & Principal Occupation Held Past Five Years
Paul S. Siebenmorgen	67	2004	President and CEO (PEO ⁽¹⁾)
Barbara J. Britenriker	55	1992	Executive Vice President and Chief Financial Officer (PFO ⁽¹⁾)
Todd A. Graham	66	2008	Executive Vice President & Chief Lending Officer
Edward A. Leininger	60	1981	Executive Vice President and Chief Operating Officer
Rex D. Rice	58	1984	Executive Vice President and Senior Commercial Banking Director

⁽¹⁾ The designation PEO means principal executive officer and PFO means principal financial officer under the rules of the SEC.

Security Ownership of Certain Beneficial Owners and Management

The following table sets forth the number of shares of common stock beneficially owned at January 25, 2017 by each director and nominee, and all directors and executive officers as a group. As of the date of this Proxy Statement, management is not aware of any person who beneficially owns more than five percent of the Company's common stock.

Beneficial Ownership of Nominees for Director and Named Executive Officers	Amount shares of Common Stock Beneficially Owned		Percent of Total
	Amount	Percent	
<i>Directors:</i>			
Eugene N. Burkholder	14,958 ⁽¹⁾	0.32%	
Steven A. Everhart	11,935 ⁽²⁾	0.26%	
Darryl L. Faye	1,200 ⁽³⁾	0.03%	
Jo Ellen Hornish	7,359 ⁽⁴⁾	0.16%	
Jack C. Johnson	1,679	0.04%	
Marcia S. Latta	1,488	0.03%	
Steven J. Planson	7,638 ⁽⁵⁾	0.17%	
Anthony J. Rupp	20,092 ⁽⁶⁾	0.43%	
Kevin J. Sauder	5,214 ⁽⁷⁾	0.11%	
Paul S. Siebenmorgen	30,797 ⁽⁸⁾	0.67%	
K. Brad Stamm	81,093 ⁽⁹⁾	1.75%	

Executive Officers (other than Mr. Siebenmorgen who is noted above):

Barbara J. Britenriker	7,741 ⁽¹⁰⁾	0.17%
Todd A. Graham	3,081 ⁽¹¹⁾	0.07%
Edward A. Leininger	29,735 ⁽¹²⁾	0.64%
Rex D. Rice	8,306 ⁽¹³⁾	0.18%
Directors and Executive Officers as a Group (15 persons)	232,316	5.03%

- (1) Includes 5,393 shares of common stock owned by Mr. Burkholder's spouse in trust of which he is the trustee, and 9,065 shares of common stock held in his individual trust.
- (2) Includes 11,935 shares of common stock owned jointly with Mr. Everhart's spouse.
- (3) Includes 1,200 shares of common stock owned jointly with Mr. Faye's spouse in trust.
- (4) Includes 7,359 shares of common stock owned jointly with Ms. Hornish's spouse.
- (5) Includes 1,546 shares of common stock owned jointly with Mr. Planson's spouse, 1,102 shares of common stock owned individually by Mr. Planson's spouse, and 4,990 shares of common stock held individually and in his individual trust.
- (6) Includes 9,962 shares of common stock owned individually by Mr. Rupp's spouse.
- (7) Includes 2,607 shares of common stock owned by Mr. Sauder's spouse in trust.

- (8) Includes 10,608 shares of common stock owned jointly by Mr. Siebenmorgen with his spouse, 3,700 shares owned by a church of which Mr. Siebenmorgen serves on the endowment committee (of which Mr. Siebenmorgen disclaims beneficial ownership), and 5,100 shares representing restricted stock awards issued pursuant to the Company's Long Term Incentive Plan, 1,100 shares which will vest on 8/15/17, 2,000 shares which will vest on 8/21/18, and 2,000 shares which will vest on 8/19/19.
- (9) Includes 5,980 shares of common stock owned by Mr. Stamm's spouse, 11,440 shares of common stock of which he is the custodian, 14,388 shares of common stock owned in trusts of which Mr. Stamm is co-trustee, and 49,285 shares of common stock held individually and in his individual trust.
- (10) Includes 6,041 shares of common stock owned jointly with Ms. Britenriker's spouse and 1,700 shares representing restricted stock awards issued pursuant to the Company's Long Term Incentive Plan, 500 shares which will vest on 8/15/17, 600 shares which will vest on 8/21/18 and 600 shares which will vest on 8/19/19.

- (11) Includes 974 shares of common stock are owned jointly with Mr. Graham, 1,600 shares representing restricted stock awards pursuant to the Company's Long Term Incentive Plan, 500 shares which will vest on 8/15/17, 600 shares which will vest on 8/21/18, and 500 shares which will vest on 8/19/19.
- (12) Includes 8,695 shares of common stock owned jointly with Mr. Leininger's spouse, 19,440 shares for which he has Power of Attorney, and 1,600 shares representing restricted stock awards issued pursuant to the Company's Long Term Incentive Plan, 500 shares which will vest on 8/15/17, 600 shares which will vest on 8/21/18, and 500 shares which will vest on 8/19/19.
- (13) Includes 6,506 shares of common stock owned jointly with Mr. Rice's spouse and 1,720 shares representing restricted stock awards issued pursuant to the Company's Long Term Incentive Plan, 520 shares which will vest on 8/15/17, 600 shares which will vest on 8/21/18, and 600 shares which will vest on 8/19/19.

Committees of the Board of Directors

The following table summarizes the membership of the Board of Directors as of December 31, 2016 and each of its committees, and the number of times each met during 2016.

	Board	Audit Committee	Compensation Committee	Corporate Governance And Nominating Committee
Eugene N. Burkholder	Member			
Steven A. Everhart	Member	Chair	Member	
Darryl L. Faye	Member	Member		
Jo Ellen Hornish	Member	Member		
Jack C. Johnson	Chair		Member	Member
Marcia S. Latta	Member			Chair
Steven J. Planson	Member	Member		
Anthony J. Rupp	Member		Member	Member
Kevin J. Sauder	Member		Chair	
Paul S. Siebenmorgen	Member			
K. Brad Stamm	Member	Member		
Number of Meetings in 2016	7	8	3	2

The Directors of Farmers & Merchants Bancorp, Inc. are also the directors of The Farmers & Merchants State Bank, the primary operating subsidiary of the Company. The Company's Board of Directors met 7 times during 2016 whereas the Board of Directors of the Bank met 13 times in 2016. The Company's Board of Directors also has each of the following duly constituted committees: Compensation Committee; Corporate Governance and Nominating Committee; and Audit Committee.

During 2016, each director attended 90% or more of the total meetings of the Board and the committees on which they served (held during the period that each served as a director) of the Company and Farmers & Merchants State Bank.

The Compensation Committee is responsible for establishing salary levels and benefits for the executive officers of the Company. In determining the compensation of the executive officers of the Company's subsidiary, the subsidiary has sought to create a compensation program that relates compensation to financial performance, recognizes

individual contributions and achievements, and attracts and retains outstanding executive officers.

The Company has a Corporate Governance and Nominating Committee, which is responsible for recommendations to the full Board of Directors of candidates to serve as Director of the Company and the Bank, and to suggest any proposed amendments to the Company's Articles of Incorporation, Code of Regulations and other corporate governance policies.

The Company also has an Audit Committee established in accordance with 15 U.S.C. 78c (a) (58) (A). The primary function of the Audit Committee is to review the adequacy of the Company's system of internal controls, to oversee the scope and adequacy of the work of the Company's independent public accountants and to approve and engage a firm of accountants to serve as the Company's independent public accountants.

Corporate Governance

Starting in 2003, the Company reviewed its corporate governance policies as a matter of good business practices and in light of the passage of the Sarbanes-Oxley Act of 2002 (Sarbanes Oxley) and regulations promulgated by the Securities and Exchange Commission (SEC) and listing standards adopted by NASDAQ. While the corporate governance requirements set forth in the NASDAQ listing standards are not applicable to the Company because it is not listed on NASDAQ, the Company decided to implement most of those corporate governance policies to encourage appropriate conduct among the members of its Board of Directors, officers and employees and to assure that the Company operates in an efficient and ethical manner.

In consideration of the size, complexity, and nature of the Company's business, the Board of Directors and Corporate Governance and Nominating Committee have chosen to establish separate positions for the President and the Board Chairman in order to maintain a separation of power and duties to further strengthen the governance structure. The Board Chairman is a non-employee, director who is not directly involved with the daily operations of the Company. Thus, the Board Chairman is able to focus attention on corporate structure and future strategic direction. The Board Chairman serves as the leader of the Board of Directors, presiding over full board meetings and ensuring full accountability for the shareholders' interests. Effectively monitoring the decisions and actions of management is one of the primary roles of the Board of Directors. The President and Chief Executive Officer is a bank insider providing management and leadership for ongoing operations of the Company who is also accountable to the Board of Directors. Succession plans exist for the Board Chairman and President and Chief Executive Officer, as well as Vice Chairman of the Board, and all the Executive Officers of the Bank.

Director Independence

The Corporate Governance and Nominating Committee of the Board of Directors of the Company undertakes a review of director independence annually and reports on its findings to the full Board in connection with its recommendation of nominees for election to the Board of Directors. In reviewing the independence of members, the Board of Directors took into account the transactions disclosed under the caption Related Party Transactions appearing in this proxy and also considered the following relationship:

Steven A. Everhart, who currently serves as the Chairman of the Audit Committee, is related by marriage to Marilyn Johnson, Vice President and Compliance Manager of the Bank.

Based upon the review and report of the Corporate Governance and Nominating Committee, the Board of Directors has determined that, with the exception of Mr. Siebenmorgen, the current President and Chief Executive Officer: (A) all directors have met the independence standards of the NASDAQ Marketplace Rules; and (B) no directors have any relationship which, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. In addition, the members of each of the Compensation Committee, the Corporate Governance and Nominating Committee, and the Audit Committee were determined to be, and under the terms of the respective charters, will continue to be independent pursuant to standards adopted by NASDAQ for such committees.

Committee Charters

The Board of Directors has adopted charters for the Audit Committee, the Compensation Committee and the Corporate Governance and Nominating Committee. The members of each of these three committees are currently, and under the terms of the respective charters, will continue to be independent pursuant to standards adopted by NASDAQ. Further, the Board of Directors has determined that under the NASDAQ independence standards, a majority of the members of the Board of Directors are currently independent. In reviewing the independence of members, the Board of Directors took into account the transactions disclosed under the caption Director Independence

and Related Party Transactions appearing in this proxy. In making this determination, the Board has concluded that a majority of the members of the Board have no relationship which, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. Copies of the charters for each of these committees are available on the Bank's website (www.fm-bank.com), and are available upon request from the Company. Shareholders desiring a paper copy of one or all of the charters should address written requests to Ms. Lydia A. Huber, Secretary of Farmers & Merchants Bancorp, Inc., 307 North Defiance Street, Archbold, Ohio 43502.

Code of Conduct and Ethics

The Board of Directors has adopted a Code of Business Conduct and Ethics (the Code). The Code applies to all officers, directors and employees of the Company and the Bank. The administration of the Code has been delegated to the Audit Committee of the Board of Directors, a committee comprised entirely of independent directors. The Code addresses topics such as compliance with laws and regulations, honest and ethical conduct, conflicts of interest, confidentiality and protection of Company assets, fair dealing and accurate and timely periodic reports, and also provides for enforcement mechanisms. The Board and management of the Company intend to continue to monitor not only the developing legal requirements in this area, but also the best practices of comparable companies, to assure that the Company maintains sound corporate governance practices in the future.

A copy of the Company's Code is available on the website of the Bank (www.fm-bank.com). In addition, a copy of the Code is available to any shareholder free of charge upon request. Shareholders desiring a copy of the Code should address written requests to Ms. Lydia A. Huber, Secretary of Farmers & Merchants Bancorp, Inc., 307 North Defiance Street, Archbold, Ohio 43502, and are asked to mark Code of Business Conduct and Ethics on the outside of the envelope containing the request.

Nominations for Members of the Board of Directors

As noted above under Corporate Governance, the Company has a Corporate Governance and Nominating Committee. The current members of the committee all are independent directors (as defined by NASDAQ). The Corporate Governance and Nominating Committee has developed a policy regarding the consideration of nominations for directors by shareholders. The policy is posted on the Bank's website for review by shareholders. As outlined in its policy, the Corporate Governance and Nominating Committee will consider nominations from shareholders, although it does not actively solicit such nominations. Proposed nominations should be addressed to Chairman of the Corporate Governance and Nominating Committee of Farmers & Merchants Bancorp, Inc., 307 North Defiance Street, Archbold, Ohio 43502. Such nominations must include a description of the specific qualifications the candidate possesses and a discussion as to the effect on the composition and effectiveness of the Board. The identification and evaluation of all candidates for nominee to the Board of Directors are undertaken on an ad hoc basis within the context of the Company's strategic initiatives at the time a vacancy occurs on the Board or as anticipated retirement dates approach. In evaluating candidates, the committee considers a variety of factors, including the candidate's integrity, independence, qualifications, skills, occupation, experience (including experiences in finance and banking), familiarity with accounting rules and practices, and compatibility with existing members of the Board. In addition, attributes such as place of residence and geographic markets represented, age, gender, involvement and visibility in the counties and communities represented by the Company's current and future geographic footprint, and relationships with the Company and the Bank are given consideration. Other than the foregoing, there are no stated minimum criteria for nominees, although the committee may consider such other factors as it may deem at the time to be in the best interest of the Company and its shareholders, which factors may change from time to time.

To maintain a wide-ranging mix of individuals, primary consideration is given to the depth and breadth of an individual's business and civic experience in leadership positions, as well as their ties to the Farmers & Merchants Bancorp, Inc.'s markets. The Board of Directors conducted a Board Self-Evaluation in 2016. All current directors were deemed eligible for nomination in the ensuing year.

Consideration has been given to the number of directors based on the board size of the ten peer bank holding companies as identified in the Compensation Discussion and Analysis for comparison of executive officer compensation. With the retirement of Steven Wyse from the Board of Directors in October 2016, K. Brad Stamm was appointed by the Board of Directors to fill the vacant seat and began service on the Board of Directors in November 2016. The number of seats on the Board of Directors remains at eleven. The Corporate Governance and Nominating Committee will continue to assess and evaluate how the Board of Directors is functioning and whether additional

board members are needed. Attention is also given to anticipated retirement dates and other events that might affect a director's continued service.

As currently comprised, the Board of Directors is a diverse group of individuals who are drawn from various market sectors and industry groups with a presence in the Farmers & Merchants Bancorp, Inc. s markets. Board members are individuals with leadership skills, extensive knowledge, and proven experience who reside in, serve and represent the Company s geographic footprint throughout the counties and communities served, as well as the broader region. Current board representation provides a background in accounting, auditing, agriculture, construction, finance, fund raising, manufacturing, retail, commercial, and education. The expertise of these individuals covers accounting and financial reporting, economics and economic analysis, corporate management and leadership, pr