

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended June 30, 1997
or

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from _____ to _____

Commission file number 014492

FARMERS & MERCHANTS BANCORP, INC.
(Exact name of registrant as specified in its charter)

Ohio

34-1469491

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification No.)

307-11 North Defiance Street, Archbold, Ohio

43502

(Address of principal executive offices)

(Zip Code)

(419) 446-2501

Registrant's Telephone Number, including area code

Not applicable

(Former name, former address, and former fiscal year, if changed since last year)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate the number of shares of each of the issuers classes of common stock, as of the latest practicable date:

Common Stock, No Par Value

1,300,000

Class

Outstanding as of August 1, 1997

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

FARMERS & MERCHANTS BANCORP, INC.
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FARMERS & MERCHANTS BANCORP, INC.
 CONDENSED CONSOLIDATED BALANCE SHEET
 (Unaudited)
 (in thousands of dollars)

	Jun 30, 1997	Dec 31, 1996	Jun 30, 1996
ASSETS:			
Cash and due from banks	\$14,126	\$15,871	\$12,846
Interest bearing deposits in other banks	145	100	145
Federal funds sold and securities sold under agreement to resell	-	-	10,620
Investment Securities:			
U.S. Treasury	24,771	27,827	27,880
U.S. Government Agencies	31,137	32,896	36,337
State & political obligations	23,376	21,678	25,047
All others	17,799	19,320	13,941
Loans and leases	380,169	369,219	352,414
Bank premises and equipment	7,428	7,576	7,332
Accrued interest and other assets	7,501	6,962	7,075
TOTAL ASSETS	\$ 506,452	\$ 501,449	\$ 493,637
LIABILITIES AND SHAREHOLDERS' EQUITY:			
LIABILITIES:			
Deposits:			
Demand	\$ 39,585	\$ 50,019	\$ 40,663
Time and savings	401,341	388,358	393,873
Federal funds purchased and securities sold under agreement to repurchase	6,457	6,763	5,156
Other borrowed money	8,651	8,998	9,355
Accrued interest and other liabilities	4,491	3,930	3,685
TOTAL LIABILITIES	460,525	458,068	452,732
SHAREHOLDERS' EQUITY:			
Common stock, no par value - authorized 1,500,000 shares, issued 1,300,000 shares in 1996 and 1995	12,677	12,677	12,677
Undivided profits	33,250	30,704	28,228
TOTAL SHAREHOLDERS' EQUITY	45,927	43,381	40,905
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 506,452	\$ 501,449	\$ 493,637

See Notes to Condensed Consolidated Unaudited Financial Statements.

Note: The December 31, 1996 Balance Sheet has been derived from the audited financial statements of that date.

FARMERS & MERCHANTS BANCORP, INC.
 CONDENSED CONSOLIDATED STATEMENT OF INCOME
 (Unaudited)
 (in thousands of dollars)

	Three Months Ended		Six Months Ended	
	Jun 30, 1997	Jun 30, 1996	Jun 30, 1997	Jun 30, 1996
INTEREST INCOME:				
Loans and leases	\$ 8,457	\$ 7,770	\$ 16,857	\$ 15,741
Investment Securities:				
U.S. Treasury	385	361	773	676
U.S. Government Agencies	521	536	1,062	1,032
States & Political Subdivisions	308	297	609	584
Other	316	148	704	307
Federal funds sold	36	134	104	301
Deposits with other banks	-	-	-	-
TOTAL INTEREST INCOME	10,023	9,246	20,109	18,641
INTEREST EXPENSE:				
Deposits	5,081	4,941	10,105	9,829
Short-term borrowings	51	80	135	170
Other borrowed money	289	150	581	302
TOTAL INTEREST EXPENSE	5,421	5,171	10,821	10,301
NET INTEREST INCOME BEFORE				
PROVISION FOR LOAN LOSSES	4,602	4,075	9,288	8,340
PROVISION FOR LOAN LOSSES	249	268	462	413
NET INTEREST INCOME AFTER				
PROVISION FOR LOAN LOSSES	4,353	3,807	8,826	7,927
OTHER INCOME:				
Service charges	274	274	569	533
Other	299	388	764	768
Securities gains (losses)	(3)	-	(10)	-
TOTAL OTHER INCOME	570	662	1,323	1,301
OTHER EXPENSE:				
Salaries	861	1,195	2,100	2,398
Pension and employee benefits	290	233	544	465
Occupancy	323	268	634	617
Other operating	1,005	967	1,971	1,853
TOTAL OTHER EXPENSES	2,479	2,663	5,249	5,333
NET INCOME BEFORE INCOME TAX				
PROVISION FOR INCOME TAX	2,444	1,806	4,900	3,895
PROVISION FOR INCOME TAX	709	555	1,432	1,161
NET INCOME	\$ 1,735	\$ 1,251	\$ 3,468	\$ 2,734
NET INCOME PER SHARE (Based upon				
weighted average number of shares				
outstanding of 1,300,000 for 1997 and 1996	\$ 1.33	\$ 0.96	\$ 2.67	\$ 2.10
DIVIDENDS PER SHARE DECLARED	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.25

See Notes to Condensed Consolidated Unaudited Financial Statements.

FARMERS & MERCHANTS BANCORP, INC.
 CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
 (Unaudited)
 (in thousands of dollars)

	Six Months Ended	
	Jun 30, 1997	Jun 30, 1996
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 3,468	\$ 2,734
Adjustments to Reconcile Net Income to Cash Provided by Operating Activities:		
Depreciation & amortization	326	347
Premium amortization	238	336
Discount accretion	(87)	(76)
Provision for loan losses	462	413
Provision for deferred taxes	(27)	229
(Gain) loss on sale of securities	10	-
Changes in Operating Assets & Liabilities:		
Accrued interest receivable and other assets	(390)	(106)
Accrued interest payable and other payables	756	111
TOTAL CASH PROVIDED BY OPERATING ACTIVITIES	4,756	3,988
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(178)	(480)
Proceeds from sale of available for sale securities	3,972	-
Proceeds from maturities of available for sale securities	51,934	-
Purchase of available for sale securities	(51,823)	(18,749)
Net change in loans and leases	(11,412)	(12,739)
TOTAL CASH PROVIDED BY INVESTING ACTIVITIES	(7,507)	(31,968)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net change in deposits	2,549	30,674
Net change in short-term borrowings	(306)	(1,762)
Increase in long-term borrowings	-	-
Payments on long-term borrowings	(347)	(307)
Payment of dividends	(845)	(975)
Unrealized (gains) losses on securities	-	(800)
TOTAL CASH PROVIDED BY FINANCING ACTIVITIES	1,051	26,830
NET CHANGE IN CASH FLOWS	(1,700)	(1,150)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	15,971	24,761
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 14,271	\$ 23,611
RECONCILEMENT OF CASH AND CASH EQUIVALENTS		
Cash and due from banks	\$ 14,126	\$ 12,846
Interest bearing deposits	145	145
Federal funds sold	-	10,620
TOTAL CASH AND CASH EQUIVALENTS	\$ 14,271	\$ 23,611

See Notes to Condensed Consolidated Unaudited Financial Statements.

Notes to Condensed Consolidated Unaudited Financial Statements

Note 1. BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions for Form 10Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments, consisting of normal recurring accruals, considered necessary for a fair presentation have been included. Operating results for the six months ended June 30, 1997 are not necessarily indicative of the results that are expected for the year ended December 31, 1997. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's annual report on Form 10-K for the year ended December 31, 1996.

On June 28, 1996, the Board of Directors authorized a five-for-one stock split, thereby increasing the total number of shares authorized to 1,500,000 and the total number of shares issued and outstanding to 1,300,000. All references in the accompanying financial statements have been restated to reflect the stock split.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

Farmers & Merchants Bancorp, Inc. was incorporated on February 25, 1985, under the laws of the State of Ohio. Farmers & Merchants Bancorp, Inc., and its subsidiaries The Farmers & Merchants State Bank and Farmers & Merchants Life Insurance Company are engaged in commercial banking and life and disability insurance, respectively. The executive offices of Farmers & Merchants Bancorp, Inc. are located at 307-11 North Defiance Street, Archbold, Ohio 43502.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity has continued to be enhanced by the generation of cash through operations, primarily by reduction in expenses, and the collection of interest income from productive assets.

The rate of increase for capital expenditures has slowed with the completion of the renovation of the main office and the implementation of the new proof system. There will be reasonable increases in this area due to the major renovation of one of the branch offices.

During the first six months of 1997 the bank's loan portfolio has increased \$10,950,000. This represents a 3% increase. This was the primary use of cash over the period. An increase of \$2,549,000 in deposits was noted for the quarter ended June 30, 1997. This represents a 1% increase. This increase was do in part to the fact that the bank offers very competitive rates for its deposit products. In addition a concerted marketing effort has been implemented to attract more "core" deposits to help with the maintaining of an acceptable net interest margin.

The following is a list of five capital ratios as they are calculated from the June 30, 1997 financial statements:

Primary Ratio	10.07%
Total Capital Ratio	11.76%
Risk Based Capital Tier 1	13.00%
Risk Based Capital Tier 2	17.06%
Stockholders' Equity/Total Assets	9.07%

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(A) The following documents are filed as part of this Report:

Exhibit No.	Description
27	Financial Data Schedule

(B) Reports on Form 8-K

No reports on Form 8-K were filed by the Registrant during the quarter ended June 30, 1997.

SIGNATURES

Pursuant to the requirements of Section 13 or 15 (d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Farmers & Merchants Bancorp, Inc.,

Date: August 11, 1997

By: /s/ Joe E. Crossgrove

Joe E. Crossgrove
President and Cashier

Date: August 11, 1997

By: /s/ Randal H. Schroeder

Randal H. Schroeder
Asst. Vice-President
and Chief Operating Officer

EXHIBIT INDEX

EXHIBIT NO.	DESCRIPTION
27	Financial Data Schedule

6-MOS	DEC-31-1997	JAN-01-1997	JUN-30-1997
			14,126
	145	0	
		0	
97,083	0		
	0		380,169
			0
	506,542		
		440,926	
		6,457	
4,491			8,651
	0		
		0	
		12,677	
506,452		33,250	
	16,857		
	3,148		
	104		
	20,109		
	10,105		
	716		
9,288			462
	(10)		
	5,249		
4,900	4,900		
	0		0
		3,468	
		2.67	
		2.67	
		3.65	
		2,052	
		1,495	
		0	
	3,547		
	5,500		
		749	
		454	
	5,667		
5,667			
	0		
	0		