

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

X Quarterly Report Pursuant to Section 13 or 15(d)

of the Securities Exchange Act of 1934
For the quarterly period ended March 31, 2004
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 0-14492

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or Section 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 by checkmark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). 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 April 23, 2004

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

FARMERS & MERCHANTS BANCORP, INC.
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ITEM 1 FINANCIAL STATEMENTS

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

	March 31, 2004	December 31, 2003	March 31, 2003
ASSETS:			
Cash and due from banks	\$ 13,444	\$ 18,873	\$ 22,537
Interest bearing deposits with banks	2,931	662	516
Federal funds sold	2,150	--	1,780
Investment Securities:			
U.S. Treasury	610	6,637	4,356
U.S. Government	123,860	111,011	102,866
State & political obligations	51,850	51,016	55,828
All others	--	2,028	0
Loans and leases (Net of reserve for loan losses of \$7,500, \$7,300 and \$7,856, respectively)	485,014	480,339	492,988
Bank premises and equipment-net	15,782	15,874	15,975
Accrued interest and other assets	19,008	19,263	17,126
	-----	-----	-----
TOTAL ASSETS	\$714,649	\$705,703	\$713,972
	=====	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES:			
Deposits:			
Demand	\$ 43,214	\$ 50,710	\$ 42,600
Time and savings	544,630	524,356	538,395
Federal funds purchased and securities sold under agreement to repurchase	22,369	27,319	23,682
Other borrowed money	24,120	24,374	28,315
Accrued interest and other liabilities	3,587	4,088	4,147
Total Liabilities	637,920	630,847	637,139
SHAREHOLDERS' EQUITY:			
Common stock, no par value - authorized 1,500,000 shares; issued 1,300,000 shares	12,677	12,677	12,677
Undivided profits	61,617	60,196	60,681
Accumulated other comprehensive income	2,435	1,983	3,475
Total Shareholders' Equity	76,729	74,856	76,833
	-----	-----	-----
LIABILITIES AND SHAREHOLDERS' EQUITY	\$714,649	\$705,703	\$713,972
	=====	=====	=====

See Notes to Condensed Consolidated Unaudited Financial Statements.

Note: The December 31, 2003 Balance Sheet has been derived from the audited financial statements of that date.

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

Three Months Ended
March 31, 2004 March 31, 2003

INTEREST INCOME:		
Loans and leases	\$ 7,735	\$ 8,630
Investment Securities:		
U.S. Treasury securities	26	44
Securities of U.S. Government agencies	977	1,166
Obligations of states and political subdivisions	511	578
Other	37	37
Federal funds	17	4
Deposits in banks	4	3
Total Interest Income	9,307	10,462
INTEREST EXPENSE:		
Deposits	2,465	3,645
Borrowed funds	303	418
Total Interest Expense	2,768	4,063
NET INTEREST INCOME BEFORE PROVISION FOR LOAN LOSSES	6,539	6,399
PROVISION FOR LOAN LOSSES	416	3,938
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	6,123	2,461
OTHER INCOME:		
Service charges	525	514
Other	612	740
Net securities gains	127	42
	1,264	1,296
OTHER EXPENSES:		
Salaries and wages	1,960	1,825
Pension and other employee benefits	498	462
Occupancy expense (net)	173	209
Other operating expenses	1,929	1,737
	4,560	4,233
INCOME BEFORE FEDERAL INCOME TAX	2,827	(476)
FEDERAL INCOME TAXES	821	(347)
NET INCOME	2,006	(129)
OTHER COMPREHENSIVE INCOME (NET OF TAX):		
Unrealized gains (losses) on securities	452	(241)
	-----	-----
COMPREHENSIVE INCOME	\$ 2,458	\$ (370)
	=====	=====
NET INCOME PER SHARE (Based upon weighted average number of shares outstanding of 1,300,000)	\$ 1.54	\$ (0.10)
	=====	=====
DIVIDENDS DECLARED	\$ 0.45	\$ 0.40
	=====	=====

See Notes to Condensed Consolidated Unaudited Financial Statements

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

Three Months
Ended March
31, 2004
March 31,
2003 CASH
FLOWS FROM
OPERATING
ACTIVITIES:
Net income \$
2,006 \$ (129)
Adjustments
to Reconcile
Net Income to
Net Cash
Provided by
Operating
Activities:
Depreciation
and
amortization
344 361
Premium
amortization
358 (258)
Discount
amortization
(32) 54
Provision for
loan losses
416 3,938
Provision for
deferred
income taxes
(232) (110)
(Gain) loss
on sale of
fixed assets
35 2 (Gain)
loss on sale
of investment
securities
(127) (42)
Changes in
Operating
Assets and
Liabilities:
- Accrued
interest
receivable
and other
assets 487
(659) Accrued
interest
payable and
other
liabilities
(501) (1,332)
Net Cash
Provided by
Operating
Activities
2,754 1,825
CASH FLOWS
FROM
INVESTING
ACTIVITIES
Capital
expenditures
(287) (4,339)
Proceeds from
sale of fixed
assets - -
Proceeds from
maturities of
investment
securities:
11,550 3,035
Proceeds from
sale of
investment

securities:
 11,401 18,443
 Purchase of
 investment
 securities-
 (28,196)
 (2,580) Net
 increase in
 loans and
 leases
 (5,091) 589
 Net Cash Used
 by Investing
 Activities
 (10,623)
 15,148 CASH
 FLOWS FROM
 FINANCING
 ACTIVITIES
 Net increase
 in deposits
 12,778 4,622
 Net change in
 short-term
 borrowings
 (4,950)
 (14,518)
 Increase in
 long-term
 borrowings -
 - Payments on
 long-term
 borrowings
 (254) (381)
 Payments of
 dividends
 (715) (650)
 Net Cash
 Provided by
 Financing
 Activities
 6,859
 (10,927) Net
 change in
 cash and cash
 equivalents
 (1,010) 6,046
 Cash and cash
 equivalents -
 Beginning of
 year 19,535
 18,787 -----
 -- -----
 CASH AND CASH
 EQUIVALENTS -
 END OF THE
 YEAR \$ 18,525
 \$ 24,833
 =====
 =====
 RECONCILIATION
 OF CASH AND
 CASH
 EQUIVALENTS:
 Cash and cash
 due from
 banks \$
 13,444 \$
 22,537
 Interest
 bearing
 deposits
 2,931 516
 Federal funds
 sold 2,150
 1,780 -----
 - ----- \$
 18,525 \$
 24,833
 =====
 =====

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 three months ended March 31, 2004 are not necessarily indicative of the results that are expected for the year ended December 31, 2004. 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, 2003.

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 continues to increase as deposit growth out paces loan growth. The first quarter of 2004 shows a slight increase of \$4.6 million in loans compared to December 2003 but a decrease of almost \$8 million from the same quarter last year. The decrease compared to last March is due to refinancing variable rate real estate loans into fixed rate loans and consequently, the sale of these loans into the secondary market. The decrease in loans is also due to \$6 million of loans having been charged-off during 2003.

Loan demand has remained sluggish throughout the first quarter with improvement projected as the economy continues to improve in 2004. Financial results for the agricultural community, which comprises approximately 13% of the overall portfolio, were strong during 2003 after two rough years. This has helped to strengthen the asset quality of the portfolio.

Deposits increased to \$587.8 million representing growth of \$12.7 and \$6.8 million over last quarter and March 2003, respectively. Thirty percent of the certificate of deposit portfolio matured during the first quarter. An additional twenty percent matures in the second quarter. The bank is working to extend the duration of the portfolio and has been successful with promotions to encourage depositors to invest longer. During 2003 a great deal of depositors invested short term in the hopes of rising rates. The bank is striving to maintain its net interest margin by controlling the liabilities repricing.

The additional liquidity was put to use in the investment portfolio. Investments grew by over \$13.2 million from March 2003 and by over \$5.6 million from December of 2003. When loan growth develops, the investment portfolio will be used if necessary to fund the growth. It may also be utilized if and when deposit money returns to the stock market and mutual funds.

ITEM 2 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS (Continued)

Yields on the loan portfolio have continued to decline to 6.28% for the first quarter. The decline in the cost rates, however, have been more drastic causing the overall net interest margin to improve slightly. Maintaining the margin is an important part of the ongoing profitability of the company. The discussion on market risk to follow will document the exposure of margin and earnings to interest rate risk.

Overall profitability has improved from a loss for first quarter 2003, and in line with the fourth quarter of 2003. The replacement of non-interest income derived from the real estate activity of 2003 presents a challenge going forward. At the same time, the level of charge-off activity of 2003 is not expected to repeat. Past dues (over 90 days) at year-end were .433% of total loans and have improved to .042% for March 2004. Past dues for quarter ended March 2003 were .285%.

The company continues to be well-capitalized as the capital ratios below show:

Primary Ratio	11.66%
Total Capital Ratio	15.00%
Risk Based Capital Tier 1	15.08%
Risk Based Capital Tier 2	21.29%
Stockholders' Equity/Total Assets	10.74%

ITEM 3 MARKET RISK

Market risk is the exposure to loss resulting from changes in interest rates and equity prices. The Company's primary market risk is interest rate risk. The majority of the Company's interest rate risk arises from the instruments, positions and transactions entered into for the purposes other than trading such as loans, available for sale securities, interest bearing deposits, short and long term borrowings. Interest rate risk occurs when interest bearing assets and liabilities reprice at different times as market interest rates change. For example, if fixed rate assets are funded with variable rate debt, the spread between asset and liability rates will decline or turn negative if rates increase.

Interest rate risk is managed within an overall asset/liability framework. The principal objectives of asset/liability management are to manage sensitivity of net interest spreads and net income to potential changes in interest rates. Funding positions are kept within predetermined limits designed to ensure that risk-taking is not excessive and that liquidity is properly managed. Asset/liability management is done with the Company's main subsidiary, The Farmers & Merchants State Bank. The bank employs a sensitivity analysis utilizing interest rate shocks to assist in this analysis. The shocks presented below assume an immediate change of rate in the percentages and directions shown:

ITEM 3 MARKET RISK (Continued)

Interest Rate Shock on Net Interest Margin				Interest Rate Shock on Net Interest Income	
Net Interest Margin(Ratio)	% Change to Flat Rate	Rate Direction	Rate changes by	Cumulative Total(\$000)	% Change to Flat Rate
4.058%	-0.083%	Rising	3.000%	7,102	-1.776%
4.051%	-0.090%	Rising	2.000%	7,089	-1.969%
4.049%	-0.092%	Rising	1.000%	7,083	-2.052%
4.141%	0.000%	Flat	0.000%	7,231	0.000%
4.097%	-0.044%	Falling	-1.000%	7,138	-1.289%
3.850%	-0.291%	Falling	-2.000%	6,705	-7.273%
3.495%	-0.647%	Falling	-3.000%	6,093	-15.733%

As the table shows, should rates increase, the bank's exposure to interest rate risk is minimal and the risk lessen as the rates go higher. To the extent that the bank has the ability not to instantly reprice the liability side of the balance sheet, the risk would decrease even more. The falling rate scenario shows the highest risk on a 300 basis point drop. This is due to the fact that the liability side of the balance sheet will have already hit its low. Unless customers are willing to pay the bank to keep their deposit, this is definitely the worse case scenario. The asset side of the bank has also at this point hit many of the floors so that additional declining rates would have little effect.

ITEM 4 CONTROLS AND PROCEDURES

As of March 31, 2004, an evaluation was performed under the supervision and with the participation of the Company's management including the CEO and CFO, of the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on that evaluation, the Company's management, including the CEO and CFO, concluded that the Company's disclosure controls and procedures were effective as of March 31, 2004. There have been no significant changes in the Company's internal controls subsequent to March 31, 2004.

PART II

ITEM 1 LEGAL PROCEEDINGS

None

ITEM 2 CHANGES IN SECURITIES, USE OF PROCEEDS AND ISSUER PURCHASES OF EQUITY SECURITIES

None

ITEM 3 DEFAULTS UPON SENIOR SECURITIES

None

ITEM 4 SUBMISSION OF MATTERS TO A VOTE OF SECURITIES HOLDERS

None

ITEM 5 OTHER INFORMATION

None

ITEM 6 EXHIBITS AND REPORTS ON FORM 8-K

3.1 Articles of Incorporation of the Registrant

3.2 Code of Regulations of the Registrant

4 Instruments Defining the Rights of Security Holders (See Exhibits 3.1 and 3.2)

31.1 Rule 13-a-14(a) Certification - CEO

31.2 Rule 13-a-14(a) Certification - CFO

32.1 Section 1350 Certification - CEO

32.2 Section 1350 Certification - CFO

Registrant filed a current report on form 8-K under Item 9 (Regulation FD Disclosure) on January 20, 2004 that attached a letter from Joe E. Crossgrove, President and CEO for the Company, to shareholders regarding a dividend payment.

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: April 23, 2004

By: /s/ Joe E. Crossgrove
Joe E. Crossgrove
President and CEO

Date: April 23, 2004

By: /s/ Barbara J. Britenriker
Barbara J. Britenriker
Senior Vice-President and CFO

10-Q EXHIBIT INDEX

EX- 3.1	Articles of Incorporation of the Registrant
EX- 3.2	Code of Regulations of the Registrant
EX- 31.1	Certification of Chief Executive Officer pursuant to Section 302
EX- 31.2	Certification of Chief Financial Officer pursuant to Section 302
EX- 32.1	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
EX- 32.2	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

ARTICLES OF INCORPORATION
OF
FARMERS & MERCHANTS BANCORP, INC.

The undersigned, desiring to form a corporation for profit, under the General Corporation Law of Ohio, does hereby certify:

FIRST: The name of this Corporation shall be FARMERS & MERCHANTS BANCORP, INC.

SECOND: The place in Ohio where its principal office is to be located is Archbold, Fulton County, Ohio.

THIRD: The purpose for which the Corporation is formed is to engage in any lawful act or activity for which corporations may be formed under Sections 1701.01 to 1701.98, inclusive, of the Ohio Revised Code.

FOURTH: The maximum number of shares which the Corporation is authorized to have outstanding is Three Hundred Thousand (300,000) shares, all of which shall be designated Common Stock and shall be without par value.

FIFTH: The number of Directors of the Corporation shall be fixed from time to time by its Code of Regulations and may be increased or decreased as therein provided, but the number thereof shall in no event be less than nine.

SIXTH: (A) Except as otherwise provided in Clause (B) of this Article
SIXTH:

- (i) any merger or consolidation of the Corporation with or into any other corporation;
- (ii) any sale, lease, exchange or other disposition of all or any substantial part of the assets of the Corporation to or with any other corporation, person or other entity;
- (iii) the issuance or transfer of any securities of the Corporation to any other corporation, person or other entity in exchange for assets or securities or a combination thereof (except assets or securities or a combination thereof so acquired in a single transaction or a series of related transactions having an aggregate fair market value of less than \$250,000); or
- (iv) the issuance or transfer of any securities of the Corporation to any other corporation, person or other entity for cash;

shall require the affirmative vote of the holders of at least a majority of the outstanding shares of capital stock of the Corporation which are not beneficially owned by such other corporation, person or other entity if, as of the record date for the determination of shareholders entitled to notice thereof and to vote thereon, such other corporation, person or entity is the beneficial owner, directly or indirectly, of 10% or more of the outstanding shares of capital stock of the Corporation entitled to vote generally in the election of Directors, considered for the purposes of this Article SIXTH as one class. Such affirmative vote shall be required notwithstanding the fact that no vote may be required, or that some lesser percentage may be specified, by law or in any agreement with any national securities exchange.

(B) The provisions of this Article SIXTH shall not apply to any transaction described in clauses (i), (ii), (iii) or (iv) of Clause (A) of this Article SIXTH, (i) with another corporation if a majority, by vote, of the outstanding shares of all classes of capital stock of such other corporation entitled to vote generally in the election of Directors, considered for this purpose as one class, is owned of record or beneficially by the Corporation and/or its subsidiaries; (if) with another corporation, person or other entity if the Board of Directors of the Corporation shall by resolution have approved a memorandum of understanding with such other corporation, person or other entity with respect to and substantially consistent with such transaction prior to the time such other corporation, person or other entity became the beneficial owner, directly or indirectly, of 10% or more of the outstanding shares of capital stock of the Corporation entitled to vote generally in the election of Directors; or (iii) approved by resolution adopted by the affirmative vote of at least three-fourths of the members of the whole Board of Directors of the Corporation at any time prior to the consummation thereof.

(C) For the purposes of this Article SIXTH, a corporation, person or other entity shall be deemed to be the beneficial owner of any shares of capital stock of the corporation (i) which it has the right to acquire pursuant to any agreement, or upon exercise of conversion rights, warrants or options, or otherwise; or (ii) which are beneficially owned, directly or indirectly (including shares deemed owned through application of clause (i) above), by any other corporation, person or other entity with which it or its "affiliate" or "associate" (as defined below) has any agreement, arrangement or understanding for the purpose of acquiring, holding, voting or disposing of capital stock of the Corporation or which is its "affiliate" or "associate" as those terms were defined in Rule 12b-2 of the general rules and regulations under the Securities Exchange Act of 1934 as in effect on December 1, 1984. For the purposes of this Article SIXTH, the outstanding shares of any class of capital stock of the Corporation shall include shares deemed owned through the application of clauses (i) and (ii) of this Clause (C) but shall not include any other shares which may be issuable pursuant to any agreement, or upon exercise of conversion rights, warrants or options, or otherwise.

(D) The Board of Directors of the Corporation shall have the power and duty to determine for the purposes of this Article SIXTH, on the basis of information that known to it, whether (i) any other corporation, person or other entity beneficially owns, directly or indirectly, 10% or more of the outstanding shares of capital stock of the Corporation entitled to vote generally in the election of Directors, or is an "affiliate" or an "associate" (as defined above) of another, (ii) any proposed sale, lease, exchange or other disposition of part of the assets of the Corporation involves a substantial part of the assets of the Corporation, (iii) assets or securities,

or a combination thereof, to be acquired in exchange for securities of the Corporation, have an aggregate fair market value of less than \$250,000 and whether the same are proposed to be acquired in a single transaction or a series of related transactions, and (iv) the memorandum of understanding referred to above is substantially consistent with the transaction to which it relates. Any such determination by the Board shall be conclusive and binding for all purposes of this Article SIXTH.

SEVENTH: The Board of Directors of the Corporation, when evaluating any offer of another party to (i) purchase or exchange any securities or property for any outstanding equity securities of the Corporation, (ii) merge or consolidate the Corporation with another corporation, or (iii) purchase or otherwise acquire all or substantially all of the properties and assets of the Corporation, shall, in connection with the exercise of its judgment in determining what is in the best interests of the Corporation and its shareholders, give due consideration not only to the price or other consideration being offered, but also to all other relevant factors, including without limitation the financial and managerial resources and future prospects of the other party, the possible effects on the business of the Corporation and its subsidiaries and on the depositors, employees, and other constituents of the Corporation and its subsidiaries; and the possible effects on the committee and the public interest which the Corporation and its subsidiaries serve. In evaluating any such offer, the Board of Directors shall be deemed to be performing their duly authorized duties and acting in good faith and in the best interests of the Corporation within the meaning of Section 1701.13 of the Ohio Revised Code, as it may be amended from time to time, and the Corporation's Code of Regulations.

EIGHTH: When authorized by the affirmative vote of a majority of the Board of Directors, without the action or approval of the shareholders of this Corporation, this Corporation may redeem, purchase, or contract to purchase, at any time and from time to time, shares of any class issued by this Corporation for such prices and upon and subject to such terms and conditions as the Board of Directors may determine.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 8th day of February, 1985.

S. Richard Arnold, Incorporator

CERTIFICATE OF AMENDMENT
TO
ARTICLES OF INCORPORATION
OF
FARMERS & MERCHANTS BANCORP, INC.

Charles E. Lugbill, President, and Carol J. England, Secretary, of Farmers & Merchants Bancorp, Inc., an Ohio banking corporation, with its principal office located in the Village of Archbold, Fulton County, Ohio, do hereby certify that at a meeting of the shareholders duly called and held on the 30th day of March, 1996, at 1:00 o'clock, P.M., at which meeting a quorum of such shareholders was present, by the affirmative vote of not less than two-thirds of all of the shares entitled to be voted thereon, the following resolution of amendment was adopted:

BE IT RESOLVED that Article FOURTH of the Articles of Incorporation of Farmers & Merchants Bancorp, Inc. is hereby amended to read as follows:

"FOURTH: The maximum number of shares which the Corporation is authorized to have outstanding is One Million Five Hundred Thousand (1,500,000) shares, all of which shall be designated Common Stock and shall be without par value."

IN WITNESS WHEREOF, the above named officers, acting for and on behalf of the banking corporation, have subscribed their names this 5th day of April, 1996.

Charles E. Lugbill, President of
Farmers & Merchants Bancorp, Inc.

Carol J. England, Secretary of
Farmers & Merchants Bancorp, Inc.

CODE OF REGULATIONS
OF
FARMERS & MERCHANTS BANCORP, INC.

ARTICLE I
SEAL

The Board of Directors may from time to time adopt such seal or seals, if any, as they deem appropriate for the use of the Corporation in transacting its business.

ARTICLE II
SHAREHOLDERS

(a) Annual Meeting. The annual meeting of the shareholders shall be held at the principal office of the Corporation, or at such other place either within or without the State of Ohio as may be specified in the notice required under paragraph (c) of this Article not earlier than the second Tuesday of January nor later than the third Tuesday of April of each year, as shall be fixed by the Board of Directors, at which time there shall be elected a Board of Directors to serve until the end of the term to which they are elected and until their successors are elected and qualified. Any other business may be transacted at the annual meeting without specific notice of such business being given, except such business as may require specific notice by law.

(b) Special Meetings. Special meetings of the shareholders may be called and held as provided by law.

(c) Notice. Notice of each annual or special meeting of the shareholders shall be given in writing either by the President, any Vice President, the Secretary, or any Assistant Secretary, not less than ten (10) days before the meeting. Any shareholder may, at any time, waive any notice required to be given under these Regulations.

(d) Quorum. The shareholders present in person or by proxy at any meeting shall constitute a quorum unless a larger proportion is required to take the action stated in the notice of the meeting, in which case, to constitute a quorum, there shall be present in person or by proxy the holders of record of shares entitling them to exercise the voting power required by the Articles of Incorporation of the Corporation or applicable law to take the action stated.

(e) Order of Business. At all shareholders' meetings the order of business shall be as follows unless changed by a majority vote:

1. Reading of minutes of previous meeting and acting thereon;
2. Reports of Directors or Committees;
3. Reports of Officers;

4. Unfinished business;
5. Election of Directors;
6. New or miscellaneous business;
7. Adjournment.

(f) Organization. The President shall preside at all meetings of the shareholders, but in his absence the shareholders shall elect another officer or a shareholder to so preside. The Secretary of the Corporation shall act as Secretary of all meetings of the shareholders, but in the absence of the Secretary at any meeting of the shareholders, the presiding officer may appoint any person to act as Secretary of the meeting.

ARTICLE III DIRECTORS

(a) Number. The Board of Directors shall be composed of not less than nine (9) nor more than twenty (20) persons, as shall be fixed by the shareholders in accordance with applicable law, who shall be elected annually in accordance with the provisions of the Articles of Incorporation by action of the shareholders. Any Director's office created by the Directors by reason of an increase in their number may be filled by action of a majority of the Directors then in office.

The number of Directors fixed in accordance with the immediately preceding paragraph may also be increased or decreased by the Directors at a meeting or by action in writing without a meeting, and the number of Directors as so changed shall be the number of Directors until further changed in accordance with this Section; provided, that no such decrease in the number of Directors shall have the effect of shortening the term of any incumbent Director; and provided, further, that the number of Directors shall not be increased by the Directors to more than three Directors beyond the number of Directors as fixed at the most recently held meeting of shareholders called for the purpose of electing Directors.

(b) Qualifications. Each member of the Board of Directors shall be not more than sixty-five (65) years of age on the first day of January of the year prior to his first election. He shall be eligible for continuous re-election until he attains the age of seventy-two (72) years. The foregoing qualification relating to age at the time of becoming a Director shall not be applicable to the first Directors of this corporation; the foregoing qualification relating to continuous re-election until age 72 shall be applicable to the first Directors of this corporation.

Any Director upon attaining the age of seventy-two (72) years shall become and be a Director Emeritus. As such, he shall have the right to attend meetings of the Board of Directors, but without the right to vote and without being charged with the responsibilities or subject to the liabilities of the corporation's Directors.

(c) Vacancies. Vacancies in the Board of Directors shall be filled as provided by the laws of the State of Ohio then in effect.

(d) Time of Meeting. The Board of Directors shall meet at the principal office of the Corporation, at least annually, immediately following the annual meeting of the shareholders, but the Directors shall have the authority to change the time and place of their said meeting by the adoption of By-Laws or by resolution.

(e) Call and Notice. Meetings of the Board of Directors other than the annual meeting may be called at any time by the President and shall be called by the President upon the request of two members of the Board. Such meetings may be held at any place within or without the State of Ohio. Notice of the annual meeting need not be given and each director shall take notice thereof, but this provision shall not be held to prevent the giving of notice in such manner as the Board may determine. The Board shall decide what notice shall be given and the length of time prior to the meetings that such notice shall be given of all other meetings. Any meeting at which all of the directors are present shall be a valid meeting whether notice thereof was given or not and any business may be transacted at such a meeting.

(f) Presence Through Communications Equipment. Meetings of the Board of Directors, and meetings of any Committee thereof, may be held through any communications equipment if all persons participating can hear each other and participation in a meeting pursuant to this subparagraph (d) shall constitute presence at such a meeting.

(g) By-Laws. The Board of Directors may adopt By-Laws for their own government and that of the Corporation provided such By-Laws are not inconsistent with the Articles of Incorporation or these Regulations.

ARTICLE IV COMMITTEES

The Board of Directors may, by resolution, designate not less than three (3) of its number to serve on an Executive Committee or such other committee or committees as the Board may from time to time constitute. The Board of Directors may delegate to any such Executive Committee any of the authority of the Directors, however conferred, other than that of filling vacancies among the Directors or in any committee of the Directors. The specific duties and authority of any such committee or committees shall be stated in the resolution constituting the same.

ARTICLE V OFFICERS

(a) Number. The officers of the Corporation shall be a President, one or more Vice Presidents, a Secretary and a Treasurer. Any two or more of the offices may be held by the same persons, but no officer shall execute, acknowledge, or verify any instrument in more than one capacity if such instrument is required to be executed, acknowledged or verified by two or more officers.

(b) Other Officers. The Board of Directors is authorized in its discretion to establish the

offices of Chairman of the Board and Executive Vice President, and shall have the further power to provide for such other officers, assistant officers and agents as it shall deem necessary from time to time and may dispense with any of said offices and agencies at any time.

(c) Election, Term and Removal. At the first meeting of the Board of Directors after the annual meeting of shareholders, the Board shall select one of its members by a majority vote to be President of the Corporation. It shall also select all other officers of the Corporation by a majority vote, but none of such other officers shall be required to be members of the Board, except the Chairman of the Board, if that office is established. All officers of the Corporation shall hold office for one year and until their successors are elected and qualified.

(d) Vacancies and Absence. If any office shall become vacant by reason of the death, resignation, disqualification, or removal of the incumbent thereof, or other cause, the Board of Directors may elect a successor to hold office for the unexpired term in respect to which such vacancy occurred or was created. In case of the absence of any officer of the Corporation or for any reason that the Board of Directors may determine as sufficient, the said Board may delegate the powers and duties of such officer to any other officer or to any director, except where otherwise provided by these Regulations or by statute, for the time being.

ARTICLE VI DUTIES OF OFFICERS

(a) Chairman of the Board. The Chairman of the Board of Directors, if the Board establishes such office, shall preside at all meetings of the Board, appoint all special or other Committees unless otherwise ordered by the Board, confer with and advise all other officers of the Corporation, and perform such other duties as may be delegated to him from time to time by the Board.

(b) President. The President shall be the Chief Executive Officer and active head of the Corporation, and in the recesses of the Board of Directors and the Executive Committee, if the Board establishes such a committee, shall have general control and management of all its business and affairs. He shall make such recommendations to the Board of Directors, or any committees thereof, as he thinks proper, and he shall bring before said Board such information as may be required touching the business and property of the Corporation. He shall perform generally all the duties incident to the office of President, as required or authorized by law and such as are usually vested in the President of a similar corporation.

(c) Vice Presidents. The Vice Presidents, including the Executive Vice President, if the Board establishes such office, shall perform such duties as may be delegated to them by the Board of Directors, or assigned to them from time to time by the Board of Directors or the President. The Executive Vice President, if the Board establishes such office, or the Vice President, or in the event there shall be more than one Vice President, such Vice President as may be designated by the Board, shall perform the duties and have the powers of the President in case of the absence of the latter from his office, and during such absence such Vice President shall be authorized to exercise all the functions of the President and shall sign all papers and perform all duties as acting President.

(d) Secretary. The Secretary shall keep a record of all proceedings of the Board of Directors, and of all meetings of shareholders, and shall perform such other duties as may be assigned to him by the Board of Directors or the President.

(e) Treasurer. The Treasurer shall have charge of the funds and accounts of the Corporation. He shall keep proper books of account showing all receipts, expenditures and disbursements of the Corporation, with vouchers in support thereof. He shall also from time to time, as required, make reports and statements to the Directors as to the financial condition of the Corporation, and submit detailed statements of receipts and disbursements; he shall perform such other duties as shall be assigned to him from time to time by the Board of Directors or the President.

(f) Bonds of Officers. The Board of Directors shall determine which officers, if any, of the Corporation shall give bond, and the terms and amount thereof, the expense to be paid by the Corporation.

ARTICLE VII INDEMNIFICATION OF DIRECTORS AND OFFICERS

(a) The Corporation shall indemnify each present and future Director and Officer, his heirs, executors and administrators, and may indemnify any employee or agent, and his heirs, executors and administrators, who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative, other than an action by or in the right of the Corporation, by reason of the fact that he is or was such director, officer, employee, or agent of the Corporation, or is or was serving at the request of the Corporation as a director, trustee, officer, employee, or agent of another corporation, domestic or foreign, non-profit or for profit, partnership, joint venture, trust, or other enterprise, against expenses, including attorneys' fees, judgments, fines, and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit, or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation, and with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit, or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Corporation, and with respect to any criminal action or proceeding, he had reasonable cause to believe that his conduct was unlawful.

(b) The Corporation shall indemnify each present and future Director and Officer, his heirs, executors and administrators, and may indemnify any employee or agent, and his heirs, executors and administrators, who was or is a party or is threatened to be made a party to any threatened, pending, or completed action or suit by or in the right of the Corporation to procure judgment in its favor by reason of the fact that he is or was such director, officer, employee, or agent of the Corporation, or is or was serving at the request of the Corporation as a director, trustee, officer, employee or agent of another corporation, domestic or foreign, non-profit or for

profit, partnership, joint venture, trust, or other enterprise, against expenses, including attorneys' fees, and amounts paid in settlement actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation, except that no indemnification shall be made in respect of any claim, issue, or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the Corporation unless and only to the extent that the Court of Common Pleas or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability, but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses as the Court of Common Pleas or such other court shall deem proper.

(c) To the extent that a Director, Officer, employee or agent of the Corporation has been successful on the merits or otherwise in defense of any action, suit, or proceeding referred to in divisions (a) and (b) above, or in defense of any claim, issue, or matter therein, he shall be indemnified by the Corporation against expenses, including attorneys' fees, actually and reasonably incurred by him in connection therewith.

(d) Any indemnification under divisions (a) and (b) above, unless ordered by the court, shall be made by the Corporation only as authorized in the specific case upon the determination that indemnification of the Director, Officer, employee, or agent is proper in the circumstances because he has met the applicable standard of conduct set forth in divisions (a) and (b) above. Such determination shall be made (i) by a majority vote of a quorum consisting of directors of the Corporation who were not and are not parties to or threatened with any such action, suit, or proceeding or (ii) if such a quorum is not obtainable or if a majority vote of a quorum of disinterested directors so directs, in a written opinion by independent legal counsel other than an attorney, or a firm having associated with it an attorney, who has been retained by or who has performed services for the Corporation or any person to be indemnified within the past five years, or (iii) by the shareholders, or (iv) by the Court of Common Pleas or the court in which such action, suit, or proceeding was brought. If any determination is made hereunder by the directors of the Corporation or by independent legal counsel in connection with a threatened, pending or completed action or suit by or in the right of the Corporation, such determination shall be promptly communicated to the person who threatened or brought such action or suit after it is made.

(e) Expenses, including attorneys' fees, incurred with respect to any legal matter may be paid by the Corporation prior to the final disposition thereof, as authorized by the directors, upon receipt of an undertaking by or on behalf of the recipient to repay such amount, unless it shall ultimately be determined that he is entitled to indemnification.

(f) Such indemnification shall not be deemed exclusive of any other rights to which such Director, Officer, employee or agent may be entitled under the Articles of Incorporation, these Regulations, any agreement, vote of shareholders or disinterested directors, or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to, or be available to, a person who has ceased to be a director, officer, employee, or agent and shall inure to the benefit of the heirs, executors, and administrators of such a person.

(g) The Corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee, or agent of the Corporation, or is or was serving at the request of the Corporation as a director, trustee, officer, employee, or agent of another corporation, domestic or foreign, non-profit or for profit, partnership, joint venture, trust, or other enterprise, against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Corporation would have the power to indemnify him against such liability under this section.

ARTICLE VIII STOCK

(a) Certificates of Stock. Each shareholder of this Corporation whose stock has been fully paid for shall be entitled to a certificate or certificates, showing the number of shares registered in his name on the books of the Corporation. Each certificate shall be signed by the Chairman of the Board or the President or any Vice President and by the Secretary, any Assistant Secretary, the Treasurer or any Assistant Treasurer. A full record of each certificate, as issued, shall be entered on the stub thereof.

(b) Transfers of Stock. Shares shall be transferable on the books of the Corporation by the holders thereof in person or by a duly authorized attorney upon surrender of the Certificates therefor with duly executed assignment endorsed thereon or attached thereto. Evidence of authority to endorse any certificate and to request its transfer shall be produced to the Corporation. In case of transfer by executors, administrators, guardians or other legal representatives or fiduciaries, appropriate legal evidence of their authority to act shall be produced and may be required to be filed with the Corporation. No transfer shall be made until the stock certificate in question and such evidence of authority are delivered to the Corporation.

(c) Transfer Agents and Registrars. The Board of Directors may appoint an agent or agents to keep the records of the shares of the Corporation, or to transfer or to register shares, or both, in Ohio or any other state and shall define the duties and liabilities of any such agent or agents.

(d) Lost, Destroyed or Mutilated Certificates. If any certificate of stock in this Corporation becomes worn, defaced or mutilated, the Directors, upon production and surrender thereof, may order the same cancelled, and may issue a new certificate in lieu of the same. If any certificate of stock be lost or destroyed, a new certificate may be issued upon such terms and under such regulations as may be adopted by the Board of Directors.

ARTICLE IX AMENDMENTS

These Regulations, or any of them, may be altered, amended, added to or repealed as provided by law and the Articles of Incorporation of the Corporation.

I, Joe E. Crossgrove, President and CEO, certify that:

- 1 I have reviewed this quarterly report on Form 10-Q of Farmers & Merchants Bancorp, Inc.;
- 2 Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
- 3 Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
- 4 The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
 - a. designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - b. evaluated the effectiveness of the registrants' disclosure controls and procedures as of a date within 90 days prior to the filing of this quarterly report (the "Evaluation Date"); and
 - c. presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
- 5 The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
 - a. all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
 - b. any fraud, whether or not material, that involves management or other employees who have significant role in the registrant's internal controls; and
- 6 The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: April 23, 2004

/s/ Joe E. Crossgrove

President and CEO

I, Barbara J. Britenriker, Senior Vice-President and CFO, certify that:

- 1 I have reviewed this quarterly report on Form 10-Q of Farmers & Merchants Bancorp, Inc.;
- 2 Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
- 3 Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
- 4 The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
 - a. designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - b. evaluated the effectiveness of the registrants' disclosure controls and procedures as of a date within 90 days prior to the filing of this quarterly report (the "Evaluation Date"); and
 - c. presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
- 5 The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
 - a. all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
 - b. any fraud, whether or not material, that involves management or other employees who have significant role in the registrant's internal controls; and
- 6 The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: April 23, 2004

/s/ Barbara J. Britenriker

Senior Vice-President and CFO

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the Quarterly Report of Farmers & Merchants Bancorp, Inc. on Form 10-Q for the period ending March 31, 2004, as filed with the Securities and Exchange Commission ("the report"), I, Joe E. Crossgrove, President and Chief Executive Officer, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- 1 The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- 2 The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Farmers & Merchants Bancorp, Inc. as of the dates and for the periods expressed in the Report.

Date: April 23, 2004

/s/ Joe E. Crossgrove

Joe E. Crossgrove, President and
Chief Executive Officer

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the Quarterly Report of Farmers & Merchants Bancorp, Inc. on Form 10-Q for the period ending March 31, 2004, as filed with the Securities and Exchange Commission ("the report"), I, Barbara J. Britenriker, Senior Vice-President and Chief Financial Officer, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- 1 The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- 2 The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Farmers & Merchants Bancorp, Inc. as of the dates and for the periods expressed in the Report.

Date: April 23, 2004

/s/ Barbara J. Britenriker

Barbara J. Britenriker, Senior
Vice-President Chief Financial Officer