

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF  
THE SECURITIES EXCHANGE ACT OF 1934

For three months ended March 31, 1996

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

43502

-----  
(Address of principal executive  
offices)

-----  
(Zip Code)

Registrant's Telephone Number, including area code 419/446-2501

-----  
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 periods that the  
registrant was required to file such reports), and (2) has been subject to such  
filing requirements for the past 90 days. Yes X No

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

Class

Outstanding as of March 31, 1996

-----  
Common Stock, No Par Value

-----  
260,000

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

## FORM 10-Q

FARMERS &amp; MERCHANTS BANKCORP, INC.

## INDEX

Form 10-Q Items -----	Page # -----
PART I. FINANCIAL INFORMATION	
Item 1. Financial statements (unaudited)	
Condensed consolidated balance sheets -- March 31, 1996 and December 31, 1995	1
Condensed consolidated statements of net earnings -- three months ended March 31, 1996 and March 31, 1995	2
Condensed consolidated statements of cash flows -- three months ended March 31, 1996 and March 31, 1995	3
Notes to condensed financial statements	4
Item 2. Management's discussion and analysis of Financial Condition and Results of Operations	5
PART II. OTHER INFORMATION	
Item 6. Exhibits and Reports on Form 8-K	6
SIGNATURES	7

FARMERS & MERCHANTS BANCORP, INC.  
ARCHBOLD, OHIO

CONDENSED CONSOLIDATED BALANCE SHEET

(In thousands of dollars)

ASSETS	Quarter Ended March 3 1996	Market Value March 31 1996	Year Ended December 31 1995	Market Value December 31 1995	Quarter Ended March 31 1995
Cash and due from banks	\$ 11,996		\$ 14,951		\$ 12,945
Interest bearing deposits in other banks	145		100		145
Federal Funds Sold & Securities Purchased Under Agreement to Resell	14,335		10,710		360
Investment Securities					
U. S. Treasury	22,719	22,719	22,757	22,757	16,806
U. S. Government Agencies	34,475	34,475	31,237	31,237	25,958
State & Political Subdivisions	21,464	21,464	19,926	19,926	17,924
All Others	10,777	10,777	10,795	10,795	9,285
Loans and leases	349,205		339,676		309,607
Bank premises and equipment	7,216		7,198		6,952
Accrued interest and other assets	7,241		6,740		6,867
<b>TOTAL ASSETS</b>	<b>\$479,573</b>	<b>\$89,435</b>	<b>\$464,090</b>	<b>\$84,715</b>	<b>\$406,849</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
<b>LIABILITIES</b>					
Deposits:					
Demand	\$ 35,873		\$ 37,436		\$ 27,744
Time and savings	383,824		366,554		323,262
Federal Funds Purchased & Securities Sold Under Agreement to Repurchase	6,450		6,919		6,819
Other Borrowed Money	9,523		9,662		9,726
Accrued interest and other liabilities	3,710		3,898		3,287
<b>TOTAL LIABILITIES</b>	<b>439,380</b>	<b>0</b>	<b>424,469</b>	<b>0</b>	<b>370,838</b>
<b>SHAREHOLDERS' EQUITY</b>					
Common Stock, no par value - Authorized 300,000 shares; issued 260,000 shares in 1993 & 1992	12,677		12,677		12,677
Undivided profits	27,516		26,944		23,334
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>40,193</b>	<b>0</b>	<b>39,621</b>	<b>0</b>	<b>36,011</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$479,573</b>	<b>\$0</b>	<b>\$464,090</b>	<b>\$0</b>	<b>\$406,849</b>

See notes to condensed consolidated unaudited financial statements

Note: The balance sheet at December 31, 1995 has been derived from the audited financial statements of that date.

FARMERS & MERCHANTS BANCORP, INC.  
 CONDENSED CONSOLIDATED STATEMENTS OF NET EARNINGS  
 (In thousands of dollars)

	Three Months Ended	
	March 30	
	1996	1995
	-----	-----
<b>INTEREST INCOME:</b>		
Loans and leases	\$7,971	\$6,524
Investment Securities		
U. S. Treasury	315	218
U. S. Gov't Agencies	496	429
States & Political Subdiv.	287	284
Other	159	136
Federal funds sold	167	71
Deposits with other banks	0	0
	-----	-----
Total Interest Income	9,395	7,662
	-----	-----
<b>INTEREST EXPENSE:</b>		
Deposits	4,888	3,460
Short-term borrowings	90	116
Other borrowed money	152	179
	-----	-----
Total Interest Expense	5,130	3,755
	-----	-----
NET INTEREST INCOME	4,265	3,907
PROVISION FOR LOAN LOSSES	145	0
	-----	-----
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	4,120	3,907
<b>OTHER INCOME:</b>		
Service charges	259	228
Other	380	238
Securities gains (losses)	0	(12)
	-----	-----
	639	454
	-----	-----
<b>OTHER EXPENSE:</b>		
Salaries	1,203	938
Pension and Employee Benefits	232	175
Occupancy	349	281
Other operating	886	1,037
	-----	-----
	2,670	2,431
	-----	-----
EARNINGS BEFORE INCOME TAX	2,089	1,930
PROVISION FOR FEDERAL INCOME TAX	606	564
	-----	-----
NET EARNINGS	\$1,483	\$1,366
	=====	=====
Net income per share (Based upon the weighted average number of shares outstanding of 260,000 for 1996 and 1995)	5.70	5.25
	=====	=====

## Farmers and Merchants Bancorp, Inc.

Cash Flows From Operating Activities  
(In Thousands)

	Mar 31 1996 -----	Mar 31 1995 -----
Net Earnings	1,483	1,366
Adj To Reconcile Net Earnings to Cash provided by Operating activities		
Depreciation and Amortization	198	150
Premium Amortization	161	32
Discount Amortization	(39)	(213)
Provision for Loan Losses	145	0
Provision for Deferred Taxes	87	23
(Gain)Loss on Sale of Fixed Assets	0	0
(Gain)Loss on Sale of Securities	0	12
Changes in Assets and Liabilities		
Accrued Int Receivable & Other Assets	(415)	(620)
Accrued Int Payable & Other Liabilities	136	614
Net Cash Provided By Operating Act	1,756	1,364
Cash Flows from Investing Activities		
Capital Expenditures	(216)	(845)
Proceeds from Sale of Fixed Assets	0	0
Proceeds from Sale of Securities	0	0
Proceeds from Maturities of Securities	0	7,745
Purchase of Securities	(4,358)	0
Net (Increase)Decrease in Loans	(9,538)	(8,026)
Net (Increase)Decrease in Leases	9	(1)
Net Cash Used by Investing Activities	(14,103)	(1,127)
Cash Flows from Financing Activities		
Net Increase(Decrease) in Deposits	15,707	6,942
Net Increase(Decrease) in Short Term Borrowings	(469)	(7,579)
Net Increase in Long Term Borrowings	0	0
Payments on Long Term Borrowings	(139)	(149)
Payments of Dividends	(650)	(520)
Unrealized Gains/Losses on Securities	(387)	67
Net Cash Provided by Financing Act	14,062	(1,239)
Net Change in Cash & Cash Equivelants	1,715	(1,002)
Cash & Cash Equivelants at Beginning of Year	24,761	14,452
Cash & Cash Equivelants at end of year	26,476	13,450
Reconcilements of Cash & Cash Equivalentents		
Cash and Due from Banks	11,996	12,945
Interest Bearing Deposits	145	145
Federal Funds Sold	14,335	360
Total Cash and Cash Equivelants	26,476	13,450

## Notes to Condensed Consolidated 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 10-Q and rule 10-1 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, 1996 are not necessarily indicative of the results that are expected for the year ended December 31, 1996. 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, 1995.

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 and Merchants Bancorp, Inc., and its subsidiary, The Farmers & Merchants State Bank are engaged only in commercial banking. The executive officers 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 on 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 increase in this area due to the major renovation of one of the branch offices.

The following is a list of 5 capital ratios as they are calculated from the March 31, 1996 financial statements.

Primary Ratio	9.42%
Total Capital Ratio	11.38%
Risk Based Capital Tier 1	8.27%
Risk Based Capital Tier 2	11.36%
Stockholders Equity/Total Assets	8.38%

During the first three months of 1996 the bank's loan portfolio has increased \$9,529,000. This represents a 3% increase. This was the primary use of cash over the period. An increase of \$15,707,000 in deposits was noted at the quarter ended March 31, 1996. This represents a 4% 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 impletmented to attract more "core" deposits to help with the maintaining of an acceptable net interest margin.

## PART II

## OTHER INFORMATION

## ITEM 6 - EXHIBITS AND REPORTS ON FORM 8-K

(a) Listing of Exhibits (numbered as in Item 601 of Regulation S-K):

27. Financial Data Schedule.

(b) The Company has filed no reports on Form 8-K during the quarter ended March 31, 1996.



## SIGNATURES

-----

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

Farmers & Merchants Bancorp, Inc.

Date: May 9, 1996

By: /s/ Joe E. Crossgrove

-----  
Joe E. Crossgrove  
Executive Vice President  
and Cashier

Date: May 9, 1996

By: /s/ Randal H. Schroeder

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

EXHIBIT INDEX

EXHIBIT NO. -----	DESCRIPTION -----
27	Financial Data Schedule

3-MOS

DEC-31-1996  
MAR-31-1996 11,996

145  
14,335  
0

0

0  
89,435

349,205  
5,500  
479,573  
419,697  
6,450

3,710

0 9,523

0

0  
12,677  
27,516

40,193

7,971  
1,257  
167  
9,395  
4,888  
5,130  
4,265

145

0  
2,670  
639

0

0

0

2,089  
5.70  
5.70  
8.38

3,377

3,257

0

6,634

5,500

312

167

5,500

145

0

5,500