

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 September 30, 1999  
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  
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FARMERS & MERCHANTS BANCORP, INC.  
-----

(Exact name of registrant as specified in its charter)

OHIO  
-----

34-1469491  
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(State or other jurisdiction of  
incorporation or organization)

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

307-11 North Defiance Street, Archbold, Ohio  
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43502  
-----

(Address of principal executive offices)

(Zip Code)

(419) 446-2501  
-----

Registrant's telephone number, including area code  
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(Former name, former address and former fiscal  
year, if changed since last report.)  
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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 X No  
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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 October 1, 1999

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

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

	Sept 30, 1999	December 31, 1998	Sept 30, 1998
<b>ASSETS:</b>			
Cash and due from banks	\$ 14,742	\$ 18,549	\$ 15,528
Interest bearing deposits with banks	100	100	100
Federal funds sold	0	19,045	9,935
Investment Securities:			
U.S. Treasury	6,958	17,112	17,286
U.S. Government	48,440	49,567	40,486
State & political obligations	32,634	35,520	30,727
All others	15,885	21,712	24,617
Loans and leases	456,574	407,721	396,281
Bank premises and equipment-net	9,755	9,430	8,918
Accrued interest and other assets	8,935	7,113	7,287
<b>TOTAL ASSETS</b>	<b>\$ 594,023</b>	<b>\$ 585,869</b>	<b>\$ 551,165</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>LIABILITIES:</b>			
Deposits:			
Demand	\$ 62,352	\$ 52,631	\$ 40,771
Time and savings	429,166	459,552	437,345
Federal funds purchased and securities sold under agreement to repurchase	15,433	2,916	3,443
Other borrowed money	25,244	11,240	10,432
Accrued interest and other liabilities	4,357	4,180	4,561
<b>Total Liabilities</b>	<b>536,552</b>	<b>530,519</b>	<b>496,552</b>
<b>SHAREHOLDERS' EQUITY:</b>			
Common stock, no par value - authorized 1,500,000 shares; issued 1,300,000 shares	12,677	12,677	12,677
Undivided profits	45,085	41,002	40,244
Accumulated other comprehensive income	(291)	1,671	1,048
<b>Total Shareholders' Equity</b>	<b>57,471</b>	<b>55,350</b>	<b>54,611</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 594,023</b>	<b>\$ 585,869</b>	<b>\$ 551,163</b>

See Notes to Condensed Consolidated Unaudited Financial Statements.

Note: The December 31, 1998 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 Sept 30, 1999	Sept 30, 1998	Nine Months Ended Sept 30, 1999	Sept 30, 1998
<b>INTEREST INCOME:</b>				
Loans and leases	\$ 9,427	\$ 9,064	\$ 26,756	\$ 26,906
Investment Securities:				
U.S. Treasury securities	140	281	583	957
Securities of U.S. Government agencies	746	585	2,370	1,539
Obligations of states and political subdivisions	409	407	1,254	1,097
Other	237	375	1,022	1,064
Federal funds	11	218	87	420
Deposits in banks	1	1	2	3
Total Interest Income	10,971	10,931	32,074	31,986
<b>INTEREST EXPENSE:</b>				
Deposits	4,837	5,364	14,861	15,805
Borrowed funds	426	222	894	678
Total Interest Expense	5,263	5,586	15,755	16,483
<b>NET INTEREST INCOME BEFORE</b>				
PROVISION FOR LOAN LOSSES	5,708	5,345	16,319	15,503
PROVISION FOR LOAN LOSSES	471	222	1,069	692
<b>NET INTEREST INCOME AFTER</b>				
PROVISION FOR LOAN LOSSES	5,237	5,123	15,250	14,811
<b>OTHER INCOME:</b>				
Service charges	400	337	1,114	980
Other	244	663	1,137	2,153
Net securities gains (losses)	11	-	31	-
	655	1,000	2,282	3,133
<b>OTHER EXPENSES:</b>				
Salaries and wages	1,562	1,444	4,527	3,946
Pension and other employee benefits	403	331	1,116	905
Occupancy expense (net)	155	134	390	379
Other operating expenses	1,175	1,339	4,303	3,920
	3,295	3,248	10,336	9,150
<b>INCOME BEFORE FEDERAL INCOME TAX</b>				
FEDERAL INCOME TAXES	2,597	2,875	7,196	8,794
NET INCOME	769	800	1,941	2,546
NET INCOME	1,828	2,075	5,255	6,248
<b>OTHER COMPREHENSIVE INCOME (NET OF TAX):</b>				
Unrealized gains (losses) on securities	(425)	642	(1,538)	610
COMPREHENSIVE INCOME	\$ 1,403	\$ 2,717	\$ 3,717	\$ 6,858
<b>NET INCOME PER SHARE (Based upon</b>				
weighted average number of shares outstanding of 1,300,000	\$ 1.41	\$ 1.60	\$ 4.04	\$ 4.81
DIVIDENDS DECLARED	\$ 0.30	\$ 0.30	\$ 0.60	\$ 0.60

See Notes to Condensed Consolidated Unaudited Financial Statements.

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

	Nine Months Ended	
	Sept 30, 1999	Sept 30, 1998
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	\$ 5,255	\$ 6,248
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation and amortization	925	536
Premium amortization	214	190
Discount amortization	(38)	(38)
Provision for loan losses	1,069	692
Provision for deferred income taxes	(62)	20
(Gain) loss on sale of fixed assets	23	7
(Gain) loss on sale of investment securities	(31)	--
Changes in Operating Assets and Liabilities:		
Accrued interest receivable and other assets	(1,760)	(190)
Accrued interest payable and other liabilities	177	320
Net Cash Provided by Operating Activities	5,772	7,785
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditures	(1,273)	(1,796)
Proceeds from sale of fixed assets	--	--
Proceeds from maturities of investment securities:	28,054	15,411
Proceeds from sale of investment securities:	17,550	--
Purchase of investment securities-	(27,719)	(28,101)
Net increase in loans and leases	(49,922)	(6,167)
Net Cash Used by Investing Activities	(33,310)	(20,653)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net increase in deposits	(20,665)	16,818
Net change in short-term borrowings	12,517	845
Increase in long-term borrowings	--	--
Payments on long-term borrowings	14,004	(860)
Payments of dividends	(1,170)	(1,170)
Net Cash Provided by Financing Activities	4,686	15,633
Net change in cash and cash equivalents	(22,852)	2,765
Cash and cash equivalents - Beginning of year	37,694	22,798
<b>CASH AND CASH EQUIVALENTS - END OF THE YEAR</b>	<b>\$ 14,842</b>	<b>\$ 25,563</b>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS:</b>		
Cash and cash due from banks	\$ 14,742	\$ 15,528
Interest bearing deposits	100	100
Federal funds sold	--	9,935
	<b>\$ 14,842</b>	<b>\$ 25,563</b>

See Notes to Condensed Consolidated Unaudited Financial Statements.

## FARMERS &amp; MERCHANTS BANCORP, INC.

## 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 nine months ended September 30, 1999 are not necessarily indicative of the results that are expected for the year ended December 31, 1999. 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, 1998.

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 for the nine months ended September 30, 1999 comes primarily from net income from operations of \$5.3 million. This compares with net income of \$6.25 million for the same period in 1998. In addition the excess in Federal Funds sold was used to help fund the additional loan growth.

The principal uses of these funds were for granting loans. Loans as of September 30, 1999 were \$456.6 million compared to \$407.7 million as of December 31, 1998, a \$48.9 million or 12% increase after reclassification of \$3.5 million of commercial paper from the loan category to other investments. December 31, 1998 and September 30, 1998 loans and investments have been restated to reflect this change in classification.

Capital expenditures amounted to \$1.3 million for the first nine months of 1999.

The following is a summary of five capital ratios as they are calculated from the September 30, 1999 financial statements:

Primary Ratio	10.67%
Total Capital Ratio	14.87%
Risk Based Capital Tier 1	13.44%
Risk Based Capital Tier 2	20.89%
Stockholders' Equity/Total Assets	9.67%

## PART II

## ITEM 6 EXHIBIT 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 September 30, 1999



## 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, theunto duly authorized.

Farmers & Merchants Bancorp, Inc.,

Date: Nov 12, 1999

By: /s/ Joe E. Crossgrove

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Joe E. Crossgrove  
President and Cashier

Date: Nov 12, 1999

By: /s/ Randal H. Schroeder

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

INDEX TO EXHIBITS

EXHIBIT NO.  
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DESCRIPTION  
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Ex - 27

Financial Data Schedule

9-MOS	DEC-31-1998	
	JAN-01-1999	
	SEP-30-1999	14,742
100		0
		0
103,917		
		0
		0
		456,574
		6,611
		594,023
		491,518
		15,433
4,357		25,244
		0
		0
		12,677
		44,794
594,023		
		26,756
		5,229
		89
		32,074
		14,861
		894
16,319		1,069
		31
		10,336
		7,196
5,255		0
		0
		5,255
		4.04
		4.04
		0
		7,731
		6,222
		0
		13,953
		5,850
		1,324
		709
		6,304
6,304		0
		0