

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, 2001
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.)

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 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 July 1, 2001

SECURITIES AND EXCHANGE COMMISSION
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FORM 10Q

FARMERS & MERCHANTS BANCORP, INC.
INDEX

Form 10-Q Items	Page

PART I. FINANCIAL INFORMATION	
Item 1. Financial Statements (Unaudited)	
Condensed Consolidated Balance Sheets- June 30, 2001, December 31, 2000 and June 30, 2000	1
Condensed Consolidated Statements of Net Earnings- Six Months Ended June 30, 2000 and June 30, 2001	2
Condensed Consolidated Statements of Cash Flows- Six Months Ended June 30, 2000 and June 30, 2001	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 8K	6
Signatures	7

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

	June 30, 2001	December 31, 2000	June 30, 2000
ASSETS:			
Cash and due from banks	\$ 21,337	\$ 17,951	\$ 19,529
Interest bearing deposits with banks	100	100	100
Federal funds sold	20,535	370	-
Investment Securities:			
U.S. Treasury	7,784	7,921	6,930
U.S. Government	80,354	61,057	52,688
State & political obligations	35,173	32,157	29,707
All others	8,918	15,097	11,963
Loans and leases	460,490	480,645	478,098
Bank premises and equipment-net	11,530	10,354	10,024
Accrued interest and other assets	10,370	9,508	10,181
TOTAL ASSETS	\$ 656,591	\$ 635,160	\$ 619,220
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES:			
Deposits:			
Demand	\$ 36,052	\$ 40,729	\$ 39,300
Time and savings	509,652	475,734	456,243
Federal funds purchased and securities sold under agreement to repurchase	19,585	18,903	22,284
Other borrowed money	18,339	30,786	36,619
Accrued interest and other liabilities	3,871	4,020	4,088
Total Liabilities	587,499	570,172	558,534
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	54,588	51,416	48,867
Accumulated other comprehensive income	1,827	895	(858)
Total Shareholders' Equity	69,092	64,988	60,686
LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 656,591	\$ 635,160	\$ 619,220

See Notes to Condensed Consolidated Unaudited Financial Statements.

Note: The December 31, 2000 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		Six Months Ended	
	June 30, 2001	June 30, 2000	June 30, 2001	June 30, 2000
INTEREST INCOME:				
Loans and leases	\$10,652	\$ 8,827	\$21,474	\$20,545
Investment Securities:				
U.S. Treasury securities	121	198	245	231
Securities of U.S. Government agencies	1,044	821	2,013	1,601
Obligations of states and political subdivisions	422	418	809	758
Other	178	304	398	491
Federal funds	203	9	363	67
Deposits in banks	66	1	95	2
Total Interest Income	12,686	10,578	25,397	23,695
INTEREST EXPENSE:				
Deposits	5,958	4,852	11,996	10,545
Borrowed funds	583	243	1,430	1,416
Total Interest Expense	6,541	5,095	13,426	11,961
NET INTEREST INCOME BEFORE				
PROVISION FOR LOAN LOSSES	6,145	5,483	11,971	11,734
PROVISION FOR LOAN LOSSES	486	183	670	561
NET INTEREST INCOME AFTER				
PROVISION FOR LOAN LOSSES	5,659	5,300	11,301	11,173
OTHER INCOME:				
Service charges	471	398	909	806
Other	859	378	1,420	712
Net securities gains (losses)	153	-	204	-
	1,483	776	2,533	1,518
OTHER EXPENSES:				
Salaries and wages	1,768	1,503	3,552	3,299
Pension and other employee benefits	407	354	871	738
Occupancy expense (net)	252	155	237	216
Other operating expenses	1,733	1,586	3,408	3,059
	4,160	3,598	8,068	7,312
INCOME BEFORE FEDERAL INCOME TAX	2,982	2,478	5,766	5,379
FEDERAL INCOME TAXES	851	627	1,683	1,577
NET INCOME	2,131	1,851	4,083	3,802
OTHER COMPREHENSIVE INCOME (NET OF TAX):				
Unrealized gains (losses) on securities	184	149	932	(96)
COMPREHENSIVE INCOME	\$ 2,315	\$ 2,000	\$ 5,015	\$ 3,706
NET INCOME PER SHARE (Based upon				
weighted average number of shares outstanding	\$ 1.64	\$ 1.42	\$ 3.14	\$ 2.92
of 1,300,000				
DIVIDENDS DECLARED	\$ 0.35	\$ 0.30	\$ 0.70	\$ 0.70

See Notes to Condensed Consolidated Unaudited Financial Statements.

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

	Six Months Ended	
	June 30, 2001	June 30, 2000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 4,083	\$ 3,802
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation and amortization	568	549
Premium amortization	142	122
Discount amortization	(80)	(47)
Provision for loan losses	670	561
Provision for deferred income taxes	(88)	(124)
(Gain) loss on sale of fixed assets	11	1
(Gain) loss on sale of investment securities	(204)	-
Changes in Operating Assets and Liabilities:		
Accrued interest receivable and other assets	(774)	(1,401)
Accrued interest payable and other liabilities	(149)	(1,004)
Net Cash Provided by Operating Activities	4,179	2,459
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(1,755)	(398)
Proceeds from sale of fixed assets	-	-
Proceeds from maturities of investment securities:	19,451	7,953
Proceeds from sale of investment securities:	2,105	-
Purchase of investment securities-	(36,300)	(11,006)
Net increase in loans and leases	19,485	(14,712)
Net Cash Used by Investing Activities	2,986	(18,163)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase in deposits	29,241	(7,623)
Net change in short-term borrowings	682	14,941
Increase in long-term borrowings	-	-
Payments on long-term borrowings	(12,447)	11,580
Payments of dividends	(910)	(910)
Net Cash Provided by Financing Activities	16,566	17,988
Net change in cash and cash equivalents	23,731	2,284
Cash and cash equivalents - Beginning of year	18,241	17,345
CASH AND CASH EQUIVALENTS - END OF THE YEAR	\$ 41,972	\$ 19,629
RECONCILIATION OF CASH AND CASH EQUIVALENTS:		
Cash and cash due from banks	\$ 21,337	\$ 19,529
Interest bearing deposits	100	100
Federal funds sold	20,535	-
	\$ 41,972	\$ 19,629

See Notes to Condensed Consolidated Unaudited Financial Statements.

FARMERS & 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 six months ended June 30, 2001 are not necessarily indicative of the results that are expected for the year ended December 31, 2001. 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, 2000.

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 six months ended June 30, 2001 comes primarily from net income from operations of \$4.1 million. This compares with net income of \$3.8 million for the same period in 2000. In addition, funds were purchased from correspondents, and the Federal Home Loan Bank.

During the quarter loan balances were reduced by 20.1 million. This was primarily due to the payoff of several participation loans with another institution, and also the refinancing of variable rate mortgages that were on the banks books into fixed rate loans that were sold on the secondary market. This also added substantially to the banks liquidity position as is reflected by the amount of federal funds sold.

The following is a summary of five capital ratios as they are calculated from the June 30, 2001 financial statements:

Primary Ratio	11.58%
Total Capital Ratio	14.37%
Risk Based Capital Tier 1	14.80%
Risk Based Capital Tier 2	20.29%
Stockholders' Equity/Total Assets	10.59%

PART II

EXHIBIT AND REPORTS ON FORM 8-K

ITEM

6

(A)

The following documents are filed as part of this report:

None

(B)

Reports on Form 8-K

No reports on Form 8-K were filed by the registrant during the quarter ended September 30, 2000

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: Aug 10, 2001

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

Date: August 10, 2001

By: /s/ Randal H. Schroeder
Randal H. Schroeder
Asst. Vice-President
and Chief Operating Officer