

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 March 31, 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

(State or other jurisdiction of incorporation or organization)

34-1469491

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

307-11 North Defiance Street, Archbold, Ohio

(Address of principal executive offices)

43502

(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

Class 1,300,000

Outstanding as of May 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)

	March 31, 1997	December 31, 1996	March 31, 1996
ASSETS:			
Cash and due from banks	\$ 13,956	\$ 15,871	\$ 11,996
Interest bearing deposits in other banks	145	100	145
Federal funds sold and securities sold under agreement to resell	1,320	-	14,335
Investment Securities:			
U.S. Treasury	24,558	27,827	22,719
U.S. Government Agencies	33,459	32,896	34,475
State & political obligations	23,613	21,678	21,464
All others	21,555	19,320	10,777
Loans and leases	370,312	369,219	349,205
Bank premises and equipment	7,460	7,576	7,216
Accrued interest and other assets	6,878	6,962	7,241
TOTAL ASSETS	\$ 503,256	\$ 501,449	\$ 479,573
LIABILITIES AND SHAREHOLDERS' EQUITY:			
LIABILITIES:			
Deposits:			
Demand	\$ 37,774	\$ 50,019	\$ 35,873
Time and savings	405,740	388,358	383,824
Federal funds purchased and securities sold under agreement to repurchase	2,860	6,763	6,450
Other borrowed money	8,826	8,998	9,523
Accrued interest and other liabilities	3,740	3,930	3,710
TOTAL LIABILITIES	458,940	458,068	439,380
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	31,639	30,704	27,516
TOTAL SHAREHOLDERS' EQUITY	44,316	43,381	40,193
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 503,256	\$ 501,449	\$ 479,573

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 & Year to Date Ended	
	March 31, 1997	March 31, 1996
INTEREST INCOME:		
Loans and leases	\$ 8,400	\$ 7,971
Investment Securities:		
U.S. Treasury	388	315
U.S. Government Agencies	541	496
States & Political Subdivisions	301	287
Other	388	159
Federal funds sold	68	167
Deposits with other banks	-	-
TOTAL INTEREST INCOME	10,086	9,395
INTEREST EXPENSE:		
Deposits	5,025	4,888
Short-term borrowings	84	90
Other borrowed money	292	152
TOTAL INTEREST EXPENSE	5,401	5,130
NET INTEREST INCOME BEFORE PROVISION FOR LOAN LOSSES	4,685	4,265
PROVISION FOR LOAN LOSSES	213	145
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	4,472	4,120
OTHER INCOME:		
Service charges	295	259
Other	465	380
Securities gains (losses)	(7)	-
TOTAL OTHER INCOME	753	639
OTHER EXPENSE:		
Salaries	1,239	1,203
Pension and employee benefits	254	232
Occupancy	311	349
Other operating	966	886
TOTAL OTHER EXPENSES	2,770	2,670
NET INCOME BEFORE INCOME TAX	2,455	2,089
PROVISION FOR INCOME TAX	723	606
NET INCOME	\$ 1,732	\$ 1,483
NET INCOME PER SHARE (Based upon weighted average number of shares outstanding of 1,300,000 for 1997 and 1996)	\$ 1.33	\$ 1.14
DIVIDENDS PER SHARE DECLARED	\$ 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)

	Three Months Ended	
	March 31, 1997	March 31, 1996
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 1,735	\$ 1,483
Adjustments to Reconcile Net Income to Cash Provided by Operating Activities:		
Depreciation & amortization	163	198
Premium amortization	120	161
Discount accretion	(47)	(39)
Provision for loan losses	213	145
Provision for deferred taxes	5	87
(Gain) loss on sale of securities	-	-
Changes in Operating Assets & Liabilities:		
Accrued interest receivable	312	(415)
Accrued interest payable	5	136
TOTAL CASH PROVIDED BY OPERATING ACTIVITIES	2,513	1,756
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(47)	(216)
Proceeds from sale of available for sale securities	1,979	-
Proceeds from maturities of available for sale securities	35,488	-
Purchase of available for sale securities	(35,773)	(4,358)
Net change in loans and leases	(5,252)	(9,529)
TOTAL CASH PROVIDED BY INVESTING ACTIVITIES	(3,605)	(14,103)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net change in deposits	5,137	15,707
Net change in short-term borrowings	(3,903)	(469)
Increase in long-term borrowings	-	-
Payments on long-term borrowings	(172)	(139)
Payment of dividends	(520)	(650)
Unrealized (gains) losses on securities	-	(387)
TOTAL CASH PROVIDED BY FINANCING ACTIVITIES	542	14,062
NET CHANGE IN CASH FLOWS	(550)	1,715
CASH AND CASH EQUIVALENTS AT		
BEGINNING OF YEAR	15,971	24,761
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 15,421	\$ 26,476
RECONCILEMENT OF CASH AND CASH EQUIVALENTS		
Cash and due from banks	\$ 13,956	\$ 11,996
Interest bearing deposits	145	145
Federal funds sold	1,320	14,335
TOTAL CASH AND CASH EQUIVALENTS	\$ 15,421	\$ 26,476

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 three months ended March 31, 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 for the three months ended March 31, 1997 comes primarily from net income from operations of \$1.7 million and from a \$5.1 million increase in deposits. This increase in deposits represents a 1% increase from the December 31, 1996 deposits of \$438 million. A concerted marketing effort has been implemented to attract more core deposits to help in maintaining an acceptable net interest margin.

The principal uses of these funds were for the retirement of short-term debt and the funding of additional loans in the community. During the first three months of 1997, the loan portfolio increased by \$5 million representing a one percent increase over December 31, 1996 levels. During the first quarter of 1997 pursuant to regulatory mandates, commercial paper has been reclassified from the loan portfolio to the investment portfolio. For purposes of the statement of cash flows, this reclassification was deemed retroactive to December 31, 1996.

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. Spending in this area will increase in the next few months due to the major renovation of one of the branch offices.

The following is a list of five capital ratios as they are calculated from the March 31, 1997 financial statements:

Primary Ratio	9.81%
Total Capital Ratio	11.54%
Risk Based Capital Tier 1	12.73%
Risk Based Capital Tier 2	16.87%
Stockholders' Equity/Total Assets	8.81%

PART II

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 March 31, 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: May 1, 1997

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

Date: May 1, 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

3-MOS	DEC-31-1997		
	JAN-01-1997		
	MAR-31-1997		13,946
	145		
	1,320		
	0		
103,185	0		
	0		
		375,889	
		5,577	
	503,256		
		443,514	
		2,860	
	3,740		
		8,826	
	0		
		0	
		12,677	
		31,639	
503,256			
	8,400		
	1,618		
	68		
	10,086		
	5,025		
	376		
4,685			
	213		
	(7)		
	2,010		
	2,455		
1,732			
	0		
		0	
	1,732		
	1.33		
	1.33		
	3.71		
	3,042		
	2,729		
	0		
	5,771		
	5,500		
		353	
		217	
	5,577		
5,577			
	0		
0			