

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, 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

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.)

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 preceeding 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

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 1, 1999

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
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- March 31, 1999, December 31, 1998 and March 31, 1998	1
Condensed Consolidated Statements of Net Earnings- Three Months Ended March 31, 1999 and March 31, 1998	2
Condensed Consolidated Statements of Cash Flows- Three Months Ended March 31, 1999 and March 31, 1998	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)

	March 31, 1999	December 31, 1998	March 31, 1998
ASSETS:			
Cash and due from banks	\$ 13,407	\$ 18,549	\$ 14,502
Interest bearing deposits with banks	100	100	100
Federal funds sold	0	19,045	2,495
Investment Securities:			
U.S. Treasury	15,096	17,112	22,541
U.S. Government	54,298	49,567	30,103
State & political obligations	34,485	35,520	26,241
All others	24,135	21,712	14,749
Loans and leases	411,580	407,721	407,606
Bank premises and equipment-net	9,644	9,430	7,772
Accrued interest and other assets	8,009	7,113	7,314
TOTAL ASSETS	\$ 570,754	\$ 585,869	\$ 533,423
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES:			
Deposits:			
Demand	\$ 41,699	\$ 52,631	\$ 40,400
Time and savings	450,104	459,552	424,243
Federal funds purchased and securities sold under agreement to repurchase	7,994	2,916	2,566
Other borrowed money	11,044	11,240	11,108
Accrued interest and other liabilities	4,268	4,180	4,561
Total Liabilities	515,109	530,519	482,878
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	42,111	41,002	36,897
Accumulated other comprehensive income	857	1,671	971
Total Shareholders' Equity	55,645	55,350	50,545
LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 570,754	\$ 585,869	\$ 533,423

See Notes to Condensed Consolidated Unaudited Financial Statements.

Note: The December 31, 1997 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, 1999	March 31, 1998
INTEREST INCOME:		
Loans and leases	\$ 8,502	\$ 8,909
Investment Securities:		
U.S. Treasury securities	245	340
Securities of U.S. Government agencies	803	482
Obligations of states and political subdivisions	426	338
Other	480	373
Federal funds	66	59
Deposits in banks	1	1
Total Interest Income	10,523	10,502
INTEREST EXPENSE:		
Deposits	5,172	5,218
Borrowed funds	226	219
Total Interest Expense	5,398	5,437
NET INTEREST INCOME BEFORE		
PROVISION FOR LOAN LOSSES	5,125	5,065
PROVISION FOR LOAN LOSSES	416	139
NET INTEREST INCOME AFTER		
PROVISION FOR LOAN LOSSES	4,709	4,926
OTHER INCOME:		
Service charges	316	297
Other	515	734
Net securities gains (losses)	0	-
	831	1,031
OTHER EXPENSES:		
Salaries and wages	1,463	1,274
Pension and other employee benefits	359	297
Occupancy expense (net)	133	121
Other operating expenses	1,542	1,269
	3,497	2,961
INCOME BEFORE FEDERAL INCOME TAX	2,043	2,996
FEDERAL INCOME TAXES	545	875
NET INCOME	1,498	2,121
OTHER COMPREHENSIVE INCOME (NET OF TAX):		
Unrealized gains (losses) on securities	(814)	(32)
COMPREHENSIVE INCOME	\$ 684	\$ 2,089
NET INCOME PER SHARE (Based upon		
weighted average number of shares outstanding of 1,300,000	\$ 1.15	\$ 1.63
DIVIDENDS DECLARED	\$ 0.30	\$ 0.30

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, 1999	March 31, 1998
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 1,498	\$ 2,121
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation and amortization	304	171
Premium amortization	8	116
Discount amortization	34	(35)
Provision for loan losses	416	139
Provision for deferred income taxes	(9)	(8)
(Gain) loss on sale of fixed assets	-	8
(Gain) loss on sale of investment securities	-	-
Changes in Operating Assets and Liabilities:		
Accrued interest receivable and other assets	(887)	(189)
Accrued interest payable and other liabilities	88	320
Net Cash Provided by Operating Activities	1,452	2,643
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(518)	(286)
Proceeds from sale of fixed assets	-	-
Proceeds from maturities of investment securities:	20,137	41,558
Proceeds from sale of investment securities:	-	-
Purchase of investment securities-	(25,092)	(35,155)
Net increase in loans and leases	(4,275)	(16,939)
Net Cash Used by Investing Activities	(9,748)	(10,822)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase in deposits	(20,380)	3,344
Net change in short-term borrowings	5,078	(32)
Increase in long-term borrowings	-	-
Payments on long-term borrowings	(196)	(184)
Payments of dividends	(390)	(650)
Net Cash Provided by Financing Activities	(15,888)	2,478
Net change in cash and cash equivalents	(24,184)	(5,701)
Cash and cash equivalents - Beginning of year	37,694	22,798
CASH AND CASH EQUIVALENTS - END OF THE YEAR	\$ 13,510	\$ 17,097
RECONCILIATION OF CASH AND CASH EQUIVALENTS:		
Cash and cash due from banks	\$ 13,407	\$ 14,502
Interest bearing deposits	100	100
Federal funds sold	-	2,495
	\$ 13,507	\$ 17,097

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, 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 March 31, 1999 comes primarily from net income from operations of \$1.5 million. This compares with net income of \$2.1 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 March 31, 1999 were \$411.5 million compared to \$407.7 million as of December 31, 1998, a \$3.8 million or 1% increase after reclassification of \$1.7 million of commercial paper from the loan category to other investments. December 31, 1998 and March 30, 1998 loans and investments have been restated to reflect this change in classification.

Capital expenditures amounted to \$243 million for the first three months of 1999.

The following is a summary of five capital ratios as they are calculated from the March 31, 1999 financial statements:

Primary Ratio	10.71%
Total Capital Ratio	12.62%
Risk Based Capital Tier 1	13.92%
Risk Based Capital Tier 2	18.22%
Stockholders' Equity/Total Assets	9.75%

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 March 31, 1998.

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 10, 1999

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

Date: May 10, 1999

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

EXHIBIT INDEX

EXHIBIT NO.	DESCRIPTION
27	Financial Data Schedule

9
1,000

6-MOS	DEC-31-1998		
	JAN-01-1998		
	JUN-30-1998		13,407
	100	0	
		0	
128,014	0		
	0		
		411,580	
		6,140	
	570,754		
		491,803	
		7,994	
4,268			
		11,044	
	0		
		0	
		12,677	
570,754		42,968	
		8,502	
	1,954		
		67	
	10,523		
	5,172		
	226		
5,125			
		416	
	0		
	3,497		
	2,043		
1,498			
		0	
			0
		1,498	
		1.15	
		1.15	
		0	
		7,731	
		6,222	
		0	
	13,953		
	5,850		
		1,324	
		709	
	5,651		
5,651			
	0		
	0		