

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, 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 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
--- ---

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, 2001

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)

	March 31, 2001	December 31, 2000	March 31, 2000
ASSETS:			
Cash and due from banks	\$ 19,513	\$ 17,951	\$ 16,431
Interest bearing deposits with banks	100	100	100
Federal funds sold	19,985	370	--
Investment Securities:			
U.S. Treasury	7,794	7,921	7,443
U.S. Government	66,104	61,057	54,963
State & political obligations	32,323	32,157	30,263
All others	12,724	15,097	12,907
Loans and leases	472,930	480,645	466,085
Bank premises and equipment-net	10,602	10,354	10,118
Accrued interest and other assets	10,100	9,508	9,759
TOTAL ASSETS	\$ 652,175	\$ 635,160	\$ 608,069
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES:			
Deposits:			
Demand	\$ 35,506	\$ 40,729	\$ 39,351
Time and savings	501,296	475,734	459,474
Federal funds purchased and securities sold under agreement to repurchase	22,714	18,903	20,544
Other borrowed money	20,565	30,786	24,831
Accrued interest and other liabilities	4,896	4,020	4,684
Total Liabilities	584,977	570,172	548,894
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	52,878	51,416	47,506
Accumulated other comprehensive income	1,643	895	(1,007)
Total Shareholders' Equity	67,198	64,988	59,176
LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 652,175	\$ 635,160	\$ 608,070

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		Three Months Ended	
	Sept 30, 2000	Sept 30, 1999	March 31, 2001	March 31, 2000
INTEREST INCOME:				
Loans and leases	\$ (9,723)	\$ 9,427	\$ 10,822	\$ 10,029
Investment Securities:				
U.S. Treasury securities	(108)	140	123	114
Securities of U.S. Government agencies	(632)	746	969	765
Obligations of states and political subdivisions	(371)	409	388	382
Other	(271)	237	220	286
Federal funds	93	11	160	66
Deposits in banks	27	1	29	--
Total Interest Income	(10,985)	10,971	12,711	11,642
INTEREST EXPENSE:				
Deposits	(4,507)	4,837	6,039	5,243
Borrowed funds	(569)	426	847	533
Total Interest Expense	(5,076)	5,263	6,886	5,776
NET INTEREST INCOME BEFORE				
PROVISION FOR LOAN LOSSES	(5,909)	5,708	5,825	5,866
PROVISION FOR LOAN LOSSES	(279)	471	184	167
NET INTEREST INCOME AFTER				
PROVISION FOR LOAN LOSSES	(5,630)	5,237	5,641	5,699
OTHER INCOME:				
Service charges	(369)	400	438	381
Other	(151)	244	562	386
Net securities gains (losses)	--	11	153	--
	(520)	655	1,153	767
OTHER EXPENSES:				
Salaries and wages	(1,515)	1,562	1,783	1,662
Pension and other employee benefits	(274)	403	464	375
Occupancy expense (net)	(154)	155	122	130
Other operating expenses	(1,384)	1,175	1,675	1,552
	(3,327)	3,295	4,044	3,719
INCOME BEFORE FEDERAL INCOME TAX				
FEDERAL INCOME TAXES	(2,823)	2,597	2,750	2,747
NET INCOME	(745)	769	832	758
NET INCOME	(2,078)	1,828	1,918	1,989
OTHER COMPREHENSIVE INCOME (NET OF TAX):				
Unrealized gains (losses) on securities	2,501	(425)	748	(1,538)
COMPREHENSIVE INCOME	\$ 423	\$ 1,403	\$ 2,666	\$ 451
NET INCOME PER SHARE (Based upon				
weighted average number of shares outstanding				
of 1,300,000	\$ (1.60)	\$ 1.41	\$ 1.48	\$ 1.53
DIVIDENDS DECLARED	\$ 0.35	\$ 0.30	\$ 0.35	\$ 0.35

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, 2001	March 31, 2000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 1,918	\$ 1,989
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation and amortization	284	274
Premium amortization	(75)	21
Discount amortization	(29)	(2)
Provision for loan losses	184	167
Provision for deferred income taxes	(113)	--
(Gain) loss on sale of fixed assets	(2)	--
(Gain) loss on sale of investment securities	(153)	--
Changes in Operating Assets and Liabilities:		
Accrued interest receivable and other assets	(479)	(1,103)
Accrued interest payable and other liabilities	877	(408)
Net Cash Provided by Operating Activities	2,412	938
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(530)	(216)
Proceeds from sale of fixed assets	--	--
Proceeds from maturities of investment securities:	7,805	2,299
Proceeds from sale of investment securities:	2,105	--
Purchase of investment securities-	(11,440)	(9,737)
Net increase in loans and leases	7,531	(2,305)
Net Cash Used by Investing Activities	5,471	(9,959)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase in deposits	20,339	(4,341)
Net change in short-term borrowings	3,811	13,211
Increase in long-term borrowings	--	--
Payments on long-term borrowings	(10,221)	(208)
Payments of dividends	(455)	(455)
Net Cash Provided by Financing Activities	13,474	8,207
Net change in cash and cash equivalents	21,357	(814)
Cash and cash equivalents - Beginning of year	18,241	17,345
CASH AND CASH EQUIVALENTS - END OF THE YEAR	\$ 39,598	\$ 16,531
RECONCILIATION OF CASH AND CASH EQUIVALENTS:		
Cash and cash due from banks	\$ 19,513	\$ 16,431
Interest bearing deposits	100	100
Federal funds sold	19,985	--
	\$ 39,598	\$ 16,531

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, 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 three months ended March 31, 2001 comes primarily from net income from operations of \$1.9 million. This compares with net income of \$2.0 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 7.7 million. This was primarily due to the payoff of several participation loans with another institution. This also added to the increase in liquidity as is reflected in the amount of Federal Funds sold being held by the bank.

The following is a summary of five capital ratios as they are calculated from the March 31, 2001 financial statements:

Primary Ratio	11.27%
Total Capital Ratio	14.39%
Risk Based Capital Tier 1	15.00%
Risk Based Capital Tier 2	21.18%
Stockholders' Equity/Total Assets	10.30%

PART II

EXHIBIT AND REPORTS ON FORM 8-K

ITEM 6

(A)

The following documents are filed as part of this report:

Exhibit No. 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: May 10, 2001

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

Date: May 10, 2001

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