

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, 2000

OR

Transition Report Pursuant to Section 13 or 15(d)

of the Securities Exchange Act of 1934

For the transition period from to

Commision 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.)

307-11 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 October 1, 2000

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

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

	Sept 30, 2000	December 31, 1999	Sept 30, 1999
ASSETS:			
Cash and due from banks	\$ 17,829	\$ 17,245	\$ 14,742
Interest bearing deposits with banks	100	100	100
Federal funds sold	0	-	-
Investment Securities:			
U.S. Treasury	7,987	6,842	6,958
U.S. Government	56,431	47,906	48,440
State & political obligations	29,107	31,246	32,634
All others	12,077	12,411	15,885
Loans and leases	482,998	463,947	456,574
Bank premises and equipment-net	10,410	10,176	9,755
Accrued interest and other assets	10,479	8,656	8,935
TOTAL ASSETS	\$ 627,418	\$ 598,529	\$ 594,023
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES:			
Deposits:			
Demand	\$ 41,792	\$ 54,051	\$ 42,950
Time and savings	465,574	449,115	448,568
Federal funds purchased and securities sold under agreement to repurchase	21,687	7,343	15,433
Other borrowed money	31,004	25,039	25,244
Accrued interest and other liabilities	4,723	5,092	4,357
Total Liabilities	564,780	540,640	536,552
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	50,199	45,975	45,085
Accumulated other comprehensive income	(238)	(763)	(291)
Total Shareholders' Equity	62,638	57,889	57,471
LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 627,418	\$ 598,529	\$ 594,023

See Notes to Condensed Consolidated Unaudited Financial Statements.

Note: The December 31, 1999 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		Nine Months Ended	
	Sept 30, 2000	Sept 30, 1999	Sept 30, 2000	Sept 30, 1999
INTEREST INCOME:				
Loans and leases	\$ 10,872	\$ 9,427	\$ 31,417	\$ 26,756
Investment Securities:				
U.S. Treasury securities	125	140	356	583
Securities of U.S. Government agencies	832	746	2,433	2,370
Obligations of states and political subdivisions	357	409	1,116	1,254
Other	190	237	681	1,022
Federal funds	44	11	110	87
Deposits in banks	1	1	3	2
Total Interest Income	12,421	10,971	36,116	32,074
INTEREST EXPENSE:				
Deposits	5,763	4,837	16,308	14,861
Borrowed funds	892	426	2,308	894
Total Interest Expense	6,655	5,263	18,616	15,755
NET INTEREST INCOME BEFORE				
PROVISION FOR LOAN LOSSES	5,766	5,708	17,500	16,319
PROVISION FOR LOAN LOSSES	630	471	1,093	1,069
NET INTEREST INCOME AFTER				
PROVISION FOR LOAN LOSSES	5,136	5,237	16,407	15,250
OTHER INCOME:				
Service charges	472	400	1,278	1,114
Other	380	244	1,092	1,137
Net securities gains (losses)	-	11	0	31
	852	655	2,370	2,282
OTHER EXPENSES:				
Salaries and wages	1,687	1,562	4,986	4,527
Pension and other employee benefits	415	403	1,153	1,116
Occupancy expense (net)	225	155	325	390
Other operating expenses	1,472	1,175	4,531	4,303
	3,799	3,295	10,995	10,336
INCOME BEFORE FEDERAL INCOME TAX	2,189	2,597	7,782	7,196
FEDERAL INCOME TAXES	615	769	2,192	1,941
NET INCOME	1,574	1,828	5,590	5,255
OTHER COMPREHENSIVE INCOME (NET OF TAX):				
Unrealized gains (losses) on securities	620	(425)	(96)	(1,538)
COMPREHENSIVE INCOME	\$ 2,194	\$ 1,403	\$ 5,494	\$ 3,717
NET INCOME PER SHARE (Based upon				
weighted average number of shares outstanding of 1,300,000	\$ 1.21	\$ 1.41	\$ 4.30	\$ 4.04
DIVIDENDS DECLARED	\$ 0.35	\$ 0.30	\$ 1.05	\$ 0.90

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 Sept 30, 2000	Sept 30, 1999
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 5,590	\$ 5,255
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation and amortization	825	925
Premium amortization	139	214
Discount amortization	(50)	(38)
Provision for loan losses	1,093	1,069
Provision for deferred income taxes	(119)	(62)
(Gain) loss on sale of fixed assets	17	23
(Gain) loss on sale of investment securities	-	(31)
Changes in Operating Assets and Liabilities:		
Accrued interest receivable and other assets	(1,704)	(1,760)
Accrued interest payable and other liabilities	(369)	177
Net Cash Provided by Operating Activities	5,422	5,772
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(1,076)	(1,273)
Proceeds from sale of fixed assets	-	-
Proceeds from maturities of investment securities:	11,073	28,054
Proceeds from sale of investment securities:	-	17,550
Purchase of investment securities-	(17,835)	(27,719)
Net increase in loans and leases	(20,144)	(49,922)
Net Cash Used by Investing Activities	(27,982)	(33,310)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase in deposits	4,200	(20,665)
Net change in short-term borrowings	14,344	12,517
Increase in long-term borrowings	-	-
Payments on long-term borrowings	5,965	14,004
Payments of dividends	(1,365)	(1,170)
Net Cash Provided by Financing Activities	23,144	4,686
Net change in cash and cash equivalents	584	(22,852)
Cash and cash equivalents - Beginning of year	17,345	37,694
CASH AND CASH EQUIVALENTS - END OF THE YEAR	\$ 17,929	\$ 14,842
RECONCILIATION OF CASH AND CASH EQUIVALENTS:		
Cash and cash due from banks	\$ 17,829	\$ 14,742
Interest bearing deposits	100	100
Federal funds sold	-	-
	\$ 17,929	\$ 14,842

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 nine months ended September 30, 2000 are not necessarily indicative of the results that are expected for the year ended December 31, 2000. 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, 1999.

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, 2000 comes primarily from net income from operations of \$5.19 million. This compares with net income of \$5.26 million for the same period in 1999. In addition, funds were purchased from correspondents, and the Federal Home Loan Bank.

The principal uses of these funds were for granting loans. Loans as of September 30, 2000 were \$483 million compared to \$463.95 million as of December 31, 1999, a \$19.1 million or 4% increase.

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

Primary Ratio	11.00%
Total Capital Ratio	15.89%
Risk Based Capital Tier 1	13.97%
Risk Based Capital Tier 2	22.50%
Stockholders' Equity/Total Assets	9.98%

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, 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, theeto duly authorized.

Farmers & Merchants Bancorp, Inc.,

Date: November 10, 2000

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

Date: November 10, 2000

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-MOS
DEC-31-2000
JAN-01-2000
SEP-30-2000
17,829
100
0
0
105,602
0
0
482,998
7,196
627,418
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0
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7,168
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