

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 September 30, 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	1,300,000
Class	Outstanding as of November 1, 1997

SECURITIES AND EXCHANGE COMMISSION
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FORM 10-Q

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

	Sep 30, 1997	Dec 31, 1996	Sep 30, 1996
ASSETS:			
Cash and due from banks	\$ 12,315	\$ 15,871	\$ 14,233
Interest bearing deposits in other banks	145	100	145
Investment Securities:			
U.S. Treasury	23,434	27,827	26,975
U.S. Government Agencies	30,440	32,896	32,254
State & political obligations	23,604	21,678	23,991
All others	12,849	19,320	17,247
Loans and leases	387,454	369,219	369,216
Bank premises and equipment	7,351	7,576	7,521
Accrued interest and other assets	7,705	6,962	7,306
TOTAL ASSETS	\$505,297	\$501,449	\$498,888
LIABILITIES AND SHAREHOLDERS' EQUITY:			
LIABILITIES:			
Deposits:			
Demand	\$ 36,958	\$ 50,019	\$ 38,210
Time and savings	403,943	388,358	393,758
Federal funds purchased and securities sold under agreement to repurchase	3,202	6,763	11,903
Other borrowed money	8,473	8,998	9,193
Accrued interest and other liabilities	4,859	3,930	3,948
TOTAL LIABILITIES	457,435	458,068	457,012
SHAREHOLDERS' EQUITY:			
Common stock, no par value - authorized 1,500,000 shares, issued 1,300,000 shares in 1997 and 1996	12,677	12,677	12,677
Undivided profits	35,185	30,704	29,199
TOTAL SHAREHOLDERS' EQUITY	47,862	43,381	41,876
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$505,297	\$501,449	\$498,888

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 STATEMENTS OF INCOME
 (Unaudited)
 (in thousands of dollars)

	Three Months Ended		Nine Months Ended	
	Sep 30, 1997	Sep 30, 1996	Sep 30, 1997	Sep 30, 1996
INTEREST INCOME:				
Loans and leases	\$ 8,860	\$ 8,144	\$ 25,717	\$ 23,885
Investment Securities:				
U.S. Treasury	373	418	1,146	1,094
U.S. Government Agencies	486	537	1,548	1,569
States & Political Subdivisions	304	331	913	915
Other	255	272	959	579
Federal funds sold	8	2	112	303
TOTAL INTEREST INCOME	10,286	9,704	30,395	28,345
INTEREST EXPENSE:				
Deposits	5,034	5,058	15,139	14,887
Short-term borrowings	74	362	209	284
Other borrowed money	286	147	867	449
TOTAL INTEREST EXPENSE	5,394	5,567	16,215	15,620
NET INTEREST INCOME BEFORE				
PROVISION FOR LOAN LOSSES	4,892	4,137	14,180	12,725
PROVISION FOR LOAN LOSSES	374	377	836	790
NET INTEREST INCOME AFTER				
PROVISION FOR LOAN LOSSES	4,518	3,760	13,344	11,935
OTHER INCOME:				
Service charges	294	285	863	818
Other	469	424	1,233	1,192
Securities gains (losses)	6	--	(4)	--
TOTAL OTHER INCOME	769	709	2,092	2,010
OTHER EXPENSE:				
Salaries	1,065	1,241	3,165	3,639
Pension and employee benefits	279	273	823	738
Occupancy	332	332	966	949
Other operating	1,014	781	2,985	2,882
TOTAL OTHER EXPENSES	2,690	2,627	7,939	8,208
NET INCOME BEFORE INCOME TAX	2,597	1,842	7,497	5,737
PROVISION FOR INCOME TAX	750	492	2,182	1,653
NET INCOME	\$ 1,847	\$ 1,350	\$ 5,315	\$ 4,084
NET INCOME PER SHARE (Based upon				
weighted average number of shares				
outstanding of 1,300,000 for 1997 and 1996	\$ 1.42	\$ 1.04	\$ 4.09	\$ 3.14
DIVIDENDS PER SHARE DECLARED	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.25

See Notes to Condensed Consolidated Unaudited Financial Statements.

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

	Nine Months Ended	
	Sep 30, 1997	Sep 30, 1996
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 5,315	\$ 4,084
Adjustments to Reconcile Net Income to		
Cash Provided by Operating Activities:		
Depreciation & amortization	498	549
Premium amortization	354	463
Discount accretion	(123)	(131)
Provision for loan losses	836	790
Provision for deferred taxes	47	(209)
(Gain) loss on sale of securities	4	--
Changes in Operating Assets & Liabilities:		
Accrued interest receivable and other assets	(790)	(389)
Accrued interest payable and other payables	1,124	406
TOTAL CASH PROVIDED BY OPERATING ACTIVITIES	7,265	5,563
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(273)	(872)
Proceeds from sale of available for sale securities	7,045	--
Proceeds from maturities of available for sale securities	58,078	--
Purchase of available for sale securities	(53,823)	(16,939)
Net change in loans and leases	(19,071)	(30,328)
TOTAL CASH USED BY INVESTING ACTIVITIES	(8,044)	(48,139)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net change in deposits	2,524	27,978
Net change in short-term borrowings	(3,561)	4,984
Payment on long-term borrowings	(525)	(469)
Payment of dividends	(1,170)	(1,300)
TOTAL CASH PROVIDED (USED) BY FINANCING ACTIVITIES	(2,732)	31,193
NET CHANGE IN CASH FLOWS	(3,511)	(11,383)
CASH AND CASH EQUIVALENTS BEGINNING OF YEAR	15,971	25,761
CASH AND CASH EQUIVALENTS END OF PERIOD	\$ 12,460	\$ 14,378
RECONCILEMENT OF CASH AND CASH EQUIVALENTS		
CASH AND CASH EQUIVALENTS		
Cash and due from banks	\$ 12,315	\$ 14,233
Interest bearing deposits	145	145
TOTAL CASH AND CASH EQUIVALENTS	\$ 12,460	\$ 14,378

See Notes to Condensed Consolidated Unaudited Financial Statements.

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, 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 has continued to be enhanced by the generation of cash through operations, primarily by reduction in expenses, and the collection of interest income from productive assets.

The rate of increase for capital expenditures has slowed with the completion of the renovation of the main office and the implementation of the new proof system. There will be reasonable increases in this area due to the major renovation of one of the branch offices.

During the first nine months of 1997 the bank's loan portfolio has increased \$18,235,000. This represents a 5% increase. This was the primary use of cash over the period. An increase of \$2,524,000 in deposits was noted for the nine months ended September 30, 1997. This represents a 1% increase. A concerted effort is being implemented to attract more "core" deposits.

The following is a list of five capital ratios as they are calculated from the September 30, 1997 financial statements:

Primary Ratio	10.33%
Total Capital Ratio	11.99%
Risk Based Capital Tier 1	13.33%
Risk Based Capital Tier 2	17.37%
Stockholders' Equity/Total Assets	9.31%

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 September 30, 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: November 11, 1997

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

Date: November 11, 1997

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

EXHIBIT INDEX

EXHIBIT 27

Financial Data Schedule

1,000

9-MOS

DEC-31-1997
JAN-01-1997
SEP-30-1997

		12,315
145		
	0	
	0	
90,327		
	0	
		387,454
		0
	505,297	
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4,859		8,473
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505,297		
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	4,566	
	112	
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14,180		836
	(4)	
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7,497		
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	4.09	
	3.61	
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5,782		
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0		