

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 June 30, 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 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 July 1, 1999

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)

	June 30, 1999	December 31, 1998	June 30, 1998
ASSETS:			
Cash and due from banks	\$ 14,101	\$ 18,549	\$ 13,699
Interest bearing deposits with banks	100	100	100
Federal funds sold	0	19,045	21,050
Investment Securities:			
U.S. Treasury	10,956	17,112	20,590
U.S. Government	52,751	49,567	33,275
State & political obligations	33,453	35,520	28,771
All others	16,229	21,712	24,361
Loans and leases	425,285	407,721	385,111
Bank premises and equipment-net	9,491	9,430	8,152
Accrued interest and other assets	8,647	7,113	7,373
TOTAL ASSETS	\$571,013	\$585,869	\$542,482
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES:			
Deposits:			
Demand	\$ 60,883	\$ 52,631	\$ 47,692
Time and savings	429,721	459,552	424,521
Federal funds purchased and securities sold under agreement to repurchase	8,968	2,916	2,833
Other borrowed money	10,846	11,240	10,922
Accrued interest and other liabilities	4,186	4,180	4,230
Total Liabilities	514,604	530,519	490,198
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	43,598	41,002	38,559
Accumulated other comprehensive income	134	1,671	1,048
Total Shareholders' Equity	56,409	55,350	52,284
LIABILITIES AND SHAREHOLDERS' EQUITY	\$571,013	\$585,869	\$542,482

See Notes to Condensed Consolidated Unaudited Financial Statements.

Note: The December 31, 1998 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		Six Months Ended	
	June 30, 1999	June 30, 1998	June 30, 1999	June 30, 1998
INTEREST INCOME:				
Loans and leases	\$ 8,827	\$ 8,932	\$ 17,329	\$ 17,842
Investment Securities:				
U.S. Treasury securities	198	337	443	676
Securities of U.S. Government agencies	821	473	1,624	954
Obligations of states and political subdivisions	418	353	844	691
Other	304	316	785	689
Federal funds	9	143	75	202
Deposits in banks	1	-	2	2
Total Interest Income	10,578	10,554	21,102	21,056
INTEREST EXPENSE:				
Deposits	4,852	5,223	10,024	10,441
Borrowed funds	243	238	469	456
Total Interest Expense	5,095	5,461	10,493	10,897
NET INTEREST INCOME BEFORE				
PROVISION FOR LOAN LOSSES	5,483	5,093	10,609	10,159
PROVISION FOR LOAN LOSSES	183	331	598	470
NET INTEREST INCOME AFTER				
PROVISION FOR LOAN LOSSES	5,300	4,762	10,011	9,689
OTHER INCOME:				
Service charges	398	347	714	644
Other	378	755	893	1,490
Net securities gains (losses)	-	-	11	-
	776	1,102	1,618	2,134
OTHER EXPENSES:				
Salaries and wages	1,503	1,227	2,966	2,501
Pension and other employee benefits	354	277	713	574
Occupancy expense (net)	155	125	263	246
Other operating expenses	1,586	1,312	3,128	2,581
	3,598	2,941	7,070	5,902
INCOME BEFORE FEDERAL INCOME TAX	2,478	2,923	4,559	5,921
FEDERAL INCOME TAXES	627	871	1,172	1,746
NET INCOME	1,851	2,052	3,387	4,175
OTHER COMPREHENSIVE INCOME (NET OF TAX):				
Unrealized gains (losses) on securities	(723)	77	(1,538)	45
COMPREHENSIVE INCOME	\$ 1,128	\$ 2,129	\$ 1,849	\$ 4,220
NET INCOME PER SHARE (Based upon				
weighted average number of shares outstanding of	\$ 1.42	\$ 1.58	\$ 2.61	\$ 3.21
DIVIDENDS DECLARED	\$ 0.30	\$ 0.30	\$ 0.60	\$ 0.60

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	
	June 30, 1999	June 30, 1998
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 3,387	\$ 2,121
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation and amortization	622	171
Premium amortization	210	116
Discount amortization	(83)	(35)
Provision for loan losses	598	139
Provision for deferred income taxes	(52)	(8)
(Gain) loss on sale of fixed assets	6	8
(Gain) loss on sale of investment securities	(11)	-
Changes in Operating Assets and Liabilities:		
Accrued interest receivable and other assets	(1,482)	(189)
Accrued interest payable and other liabilities	6	320
Net Cash Provided by Operating Activities	3,201	2,643
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(689)	(286)
Proceeds from sale of fixed assets	-	-
Proceeds from maturities of investment securities:	25,521	41,558
Proceeds from sale of investment securities:	9,825	-
Purchase of investment securities-	(26,475)	(35,155)
Net increase in loans and leases	(18,162)	(16,939)
Net Cash Used by Investing Activities	(9,980)	(10,822)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase in deposits	(21,579)	3,344
Net change in short-term borrowings	6,052	(32)
Increase in long-term borrowings	-	-
Payments on long-term borrowings	(394)	(184)
Payments of dividends	(790)	(650)
Net Cash Provided by Financing Activities	(16,711)	2,478
Net change in cash and cash equivalents	(23,490)	(5,701)
Cash and cash equivalents - Beginning of year	37,694	22,798
CASH AND CASH EQUIVALENTS - END OF THE YEAR	\$ 14,204	\$ 17,097
RECONCILIATION OF CASH AND CASH EQUIVALENTS:		
Cash and cash due from banks	\$ 14,101	\$ 14,502
Interest bearing deposits	100	100
Federal funds sold	-	2,495
	\$ 14,201	\$ 17,097

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 six months ended June 30, 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.

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 six months ended June 30, 1999 comes primarily from net income from operations of \$3.4 million. This compares with net income of \$4.2 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 June 30, 1999 were \$425.3 million compared to \$407.7 million as of December 31, 1998, a \$17.6 million or 4.3% increase after reclassification of \$1.7 million of commercial paper from the loan category to other investments. December 31, 1998 and June 30, 1998 loans and investments have been restated to reflect this change in classification.

Capital expenditures amounted to \$689 million for the first six months of 1999.

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

Primary Ratio	10.87%
Total Capital Ratio	12.74%
Risk Based Capital Tier 1	14.11%
Risk Based Capital Tier 2	18.40%
Stockholders' Equity/Total Assets	9.88%

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: Aug 12, 1999

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

Date: Aug 12, 1999

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

Exhibit Index

Exhibit No.

27

Description

Financial Data Schedule

6-MOS	DEC-31-1998	JAN-01-1998	JUN-30-1998
	100	0	14,101
		0	
113,389	0	0	
	0	425,285	
		6,324	
	571,013	490,604	
		8,968	
4,186		10,846	
0		0	
		12,677	
		43,732	
571,013			
	17,329		
	3,696		
	77		
	21,102		
	10,024		
	469		
10,609		598	
	11		
	7,070		
	4,559		
3,387		0	
		3,387	0
		2.61	
		2.61	
		0	
		7,731	
		6,222	
		0	
	13,953		
	5,850		
	1,324		
	709		
	5,833		
5,833		0	
	0		
0			