SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

X Annual Report Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934
For the fiscal year ended December 31, 2000

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.

OHIO	34-1469491
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
307-11 North Defiance Street Archbold, Ohio	43502
(Address of principal Executive offices)	(Zip Code)

Registrant's telephone number, including area code (419)446-2501

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
None	None

Securities registered pursuant to Section 12(b) of the Act:

Common shares without par value

(Title of class)

(Title of class)

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 by check mark if disclosure of delinquent filers pursuant to Item 305 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. { }

As of March 1, 2001, Registrant had outstanding 1,300,000 shares of common stock at a market value of $110,500,000.

FARMERS & MERCHANTS BANCORP, INC.

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BUSINESS

HISTORY

The Farmers & Merchants State Bank is a community bank, as it has been since 1897. When Archbold's population was less than 900, there were six local businessmen foresighted enough in their thinking and views to realize the need for a bank in the village of Archbold. J. O. Swisher and Jacob Ehrat (livestock brokers) C. M. McLaughlin and A. J. Vernier (hardware merchants) and L. D. Gotshall and I. W. Gotshall (lumber merchants), were founders of the then Farmers & Merchants Bank, a private bank. The bank's first office was one room located in the Vernier Hotel building, currently occupied by the Archbold Barber Shop.

In 1907, the first new structure was built at the corner of Depot and North Defiance Streets, which is now the Subway. The bank was heralded as one of the most unusual and attractive banks in the area, featuring marble interior, brass trimmed teller cages, tile floor, leaded windows, and high vaulted ceiling. The vault featured a time controlled money safe. The building and equipment were unique to the early 1900's and adequately served the banking needs of the area for over 50 years with only minor interior alterations.

In August of 1913 the village of Archbold was hit by a disastrous fire which destroyed all the business district on the east side of N. Defiance Street from the bank at the corner of Depot Street to the Murbach medical building at the corner of Holland Street. This was a tremendous loss for a dozen or more businesses, causing many to liquidate. Young businessmen and enterprising citizens promoted a waterworks system and passed a $16,000 bond issue to finance the project. This seemed to be the turning point for the advancement of industry and the community rallied from this eventful experience to an unusual growth.

In 1919 the founding directors elected to change from a private bank to a state chartered bank and at this time changed its name from the Farmers & Merchants Bank to The Farmers & Merchants State Bank, as required in the state charter. This has been the only name change in the bank's 99 year history. The bank's capital funds were $53,510 thousand and resources were $571,549 thousand.

The bank experienced growth, especially during the post-war years and early 1950's. By 1958, the bank's resources had grown to 7 1/2 million dollars. The directors and officers realized the need for a larger building to accommodate the increase in business and services. In 1958, the bank moved to its present N. Defiance Street location greatly improving service to its customers and offering drive-up banking, electronic bookkeeping, convenient parking, and a social room for the community to use. The new building featured the latest in modern banking facilities and The Farmers & Merchants State Bank was prepared to more efficiently serve the ever growing community.

With resources of over $23 million in 1969, The Farmers & Merchants State Bank again realized the need for additional space and inaugurated a building expansion, which nearly doubled the original structure built in 1958. The new addition, opened early in 1970, provided for an additional drive-up window, walk-up window, direct entrance from the bank parking lot to the lobby, three spacious private offices, conference room, and a large community room with a fully equipped kitchen to facilitate groups from 60 to 100.

In 1972, with total resources of over $34 million and to continue its growth, The Farmers & Merchants State Bank established an office on N. Shoop Avenue, Wauseon. The office was opened in November 1973 and provided greater banking service to the Wauseon area. The Wauseon office provided complete banking service and a community room with kitchen facilities to accommodate 15 - 80 people.

In 1977 - 1978 additional office space was added to The Farmers & Merchants State Bank in Archbold, and an automatic teller machine, "Teller 24", was installed in the entrance lobby.

A second Wauseon office was established in the downtown area on the corner of N. Fulton and Depot streets in August of 1978. It is a very convenient location for shoppers and businesses. The Downtown office also provides 24 hour banking with "Teller 24".

During April of 1980 a second office was opened in Archbold, located in the Lugbill Addition near Woodland Oaks. The Woodland office is a convenient branch offering full banking services to those Archbold residents in the outlying area.

With resources of $83 million the decision was made to open full service offices in Stryker and West Unity in 1981.

During that year, new computerized proof equipment was added to capture the required data in today's complex and competitive banking environment. A new division was added to the Operations Department in the creation of the Central Information File Department. Plus, two new branches were opened, the Delta office in June and the all new Bryan E. High office in December.

In 1985 the conversion of the former bank, The Farmers & Merchants State Bank, into a holding company structure was performed to provide greater flexibility for expanding the bank's business into activities closely related to banking, as well as, placing the bank in a position to react in a timely and effective manner to the many complex changes affecting the banking industry. On April 22, 1985, a new Ohio chartered bank was formed and incorporated as the FMSB Bank following the formation of a holding company, The Farmers & Merchants Bancorp, Inc., which was incorporated as a bank holding company under the laws of the State of Ohio on February 25, 1985. A triangular merger was then effected whereby the former bank, The Farmers & Merchants State Bank, was merged with and into the new bank, the FMSB Bank with each outstanding share of common stock of the former bank being converted by operation of law upon consummation of the merger into two shares of common stock of Farmers & Merchants Bancorp, Inc. Upon the merger becoming effective July 31, 1985, 260,000 shares of Farmers & Merchants Bancorp, Inc., no par value common stock were issued. The resulting new bank in the merger is the FMSB Bank; however, its name was changed concurrently with the merger to The Farmers & Merchants State Bank. Upon consummation of the merger, the stockholders of Farmers & Merchants Bancorp, Inc. received the same percentage of ownership in the holding company as their percentage of ownership of the former bank. The former bank then ceased to exist. All of the 260,000 issued and outstanding shares of stock of the new bank, The Farmers & Merchants State Bank, were held by the bank holding company, Farmers & Merchants Bancorp, Inc.

With the success The Farmers & Merchants State Bank was experiencing in Stryker, West Unity and Bryan and the prospect of continued growth in Williams County, it was decided to open another office in Bryan and one in Montpelier. In May of 1992, the doors were opened at a second office in Bryan located on S. Main Street; and in July of 1992 the bank was pleased to be able to offer their financial services to the community of Montpelier. The Bryan S. Main Street banking center has three drive-up lanes and a drive-up ATM. Also during 1992, the West Unity Office was expanded and an additional drive-up lane was added at the Delta Office.

Also during 1992, an accidental death and disability insurance company was formed, Farmers & Merchants Life Insurance Company. The company was organized under the laws of the State of Arizona with 100% of the 100,000 issued and outstanding shares of common stock owned by Farmers & Merchants Bancorp, Inc.

The growth of The Farmers & Merchants State Bank continued to be very favorable in 1993 with assets in excess of $370 million, but with the tremendous growth that was occurring, the bank was feeling growing pains brought on by cramped quarters. There were no longer community rooms in either the Main Office or the Wauseon Shoop Office. All available space at the Main Office had been used, by turning closets and storage space into offices and many of the offices that were designed for one officer were housing two officers. The Marketing and Personnel departments had been moved to the Wauseon Shoop Office basement, the former community room. The time had come for the addition of more office space at the Main Office. The former Christy Building, located on the north side of the Main Office, was demolished during the fall of 1993 to clear the way for the building expansion to begin.

Because of the ever-increasing flow of customers at the Wauseon N. Shoop Office, a decision was made to install a drive-up ATM. That ATM was installed in December, 1993. An ATM was also installed at Sauder Woodworking Co. to better serve the Sauder employees, who work various shifts, making it inconvenient for them to bank during regular banking hours.

1994 was a very special year for The Farmers & Merchants State Bank. Earnings were very strong, asset quality remained outstanding, and the bank expanded its presence within its market area. The goals for 1994 were exceeded, with a new high in assets of $406 million. With a growing interest to expand the bank's market area and branch into Henry County, an application was submitted for a Napoleon office. Once the application was approved, the bank wasted no time in getting the building constructed. The full service Napoleon Office, with a drive-up ATM, was conveniently located on St. Rt. 108 on the north edge of Napoleon making it easily accessible for the residents of Henry County.

During the time the Napoleon office was under construction, plans were completed for expansion of the Wauseon N. Shoop Office. This was the first expansion of this office since its opening in 1973, and with the basement being used for offices, more office space was greatly needed. The new addition consisted of four additional offices, a large secretarial/new accounts area, restroom, and supply room.

In October, 1994, the newly constructed expansion of the Main Office and the remodeling of the first floor of the original structure was completed. The offices were ready for occupancy in time for the annual Christmas Club Open House, November 4th and 5th. The remodeling of the offices located in the basement of the Main Office began as soon as Open House was over.

The Napoleon Office opened for business during the second week of February, 1995. On Sunday, February 12, 1995, an Open House was held at the Main Office and the new Napoleon Office.

An ATM was placed at Northwest State Community College in March, 1995, to better serve the customers from the Four County Area. In April, 1995, a drive-up ATM was installed at the Archbold Woodland Office.

During the spring of 1996, the Delta Office began an extensive remodeling and expansion project. The need was seen for more loan officer space and an ATM machine. The project was completed in October of 1996. Two more ATM locations were also secured during this year. An ATM was placed in the Community Hospital of Williams County, Bryan, and another in the Fulton County Health Center, Wauseon. The Farmers & Merchants State Bank now has twelve ATM's located throughout Fulton, Williams, and Henry Counties.

In June of 1996, Farmers & Merchants Bancorp split its stock, 5 for 1. The goal was to bring the price per share down so it would be more affordable and possibly encourage trading.

The Farmers & Merchants State Bank again hit a new growth plateau. At year end assets went over the $500 million mark.

The Bank continued to expand ATM locations during 1997 by installing a drive-up machine at our West Unity office. During the fourth quarter 1997 an ATM (cash dispensing only) was installed at Wyse Commons at the Fairlawn Haven Complex in Archbold. 1997 proved to be a very profitable year for the Bank and ended the year with $528,273,000 in assets. An application was submitted and approved for a new full service office to be located at the east end of the village of Montpelier. Construction of that building began in October 1997 and was open for business in June 1998.

With the opening of the Montpelier Eastside Office in June 1998, The Farmers & Merchants State Bank had 12 office locations in 8 communities. There were four new ATM's installed during 1998. Those ATM's are located at the Bryan East High Office, Stryker Office, Montpelier Eastside Office, and Repp Oil in Fayette. With the addition of these new ATM's the bank now has 18 ATM locations throughout our market area. The existing Fulton County Health Center ATM was relocated to Beck's Petro Country Store, Ridgeville Corners.

Construction of the Swanton Office began in June 1999. This office, which opened in November 1999, is the bank's first office located in Lucas County. With the addition of another drive-up ATM at the Swanton Office, the bank now has 19 ATM locations. Assets at the end of the fourth quarter were $598,529 million.

FM Investments, the brokerage department of The Farmers & Merchants State Bank, opened for business in April 1999. The office for this department is located in the Main Office, Archbold. Securities are offered through Raymond James Financial Services, Inc.

In 2000, two new automated teller machines were added to off-site locations, Sauder Village in Archbold, Ohio and the Delta Eagles in Delta, Ohio. In December of 2000 construction of the new Defiance Banking Center began. Assets at the end of the fourth quarter exceeded $635 million.

One thing that has never changed through the tremendous growth The Farmers & Merchants State Bank experienced over the years is that it continues to be "Your Community Bank". This image remains a goal of the Bank's strategic plan. The Bank is proud to have played a large part in the growth of northwest Ohio. It is The Farmers & Merchants State Bank's commitment to insure that community banking continues to grow and prosper by providing quality customer service and adequately fulfilling the financial needs of the individuals, farmers, businesses, and industries in our market area.

NATURE OF ACTIVITIES

The Farmers & Merchants State Bank through its equivalent of 252 full time employees engages in general commercial banking and savings business. Its activities include commercial and residential mortgage, consumer, and credit card lending activities. Because of the geographical locations in which the bank's branches are located, a substantial amount of the bank's loan portfolio is composed of loans made to the farming industry for such things as farm land, farm equipment, livestock and general operation loans for seed, fertilizer, feed, etc. Other types of lending activities include loans for home improvements, student loans, and loans for such items as autos, trucks, recreational vehicles, mobile homes, motorcycles, etc. The bank also is engaged in direct finance leasing and has invested in leveraged type leases, although the activity in this area has substantially decreased in recent years.

The bank also provides checking account services, as well as, savings and other time deposit services such as certificates of deposits. In addition, ATM's (automated teller machines) (Money Access Corporation) are also provided in its offices in Archbold, Wauseon, Bryan, Delta and Napoleon, Ohio. Two ATM's are also located at Sauder Woodworking Co., Inc., a major employer in Archbold. Additional locations are at Northwest State Community College, Fulton County Hospital in Wauseon, and Williams County Hospital in Bryan.

Farmers & Merchants Life Insurance Company was established to provide needed additional services to The Farmers & Merchants State Bank's customers through the issuance of life and disability insurance policies. The lending officers of The Farmers & Merchants State Bank are the selling agents of the policies to the bank's customers. The insuring company will be USLIFE Credit Insurance Company, an Illinois Corporation, while Farmers & Merchants Life Insurance Co. will be the participating reinsurer. Farmers & Merchants Bancorp, Inc.'s original investment in Farmers & Merchants Life Insurance Co. was $100,000. This investment represented less than 5% of Farmers & Merchants Bancorp, Inc.'s equity capital.

F&M Investments, the brokerage department of The Farmers & Merchants State Bank, opened for business in April, 1999. Securities are offered through Raymond James Financial Services, Inc.

Farmers & Merchants Bancorp, Inc. is a bank holding company within the meaning of the Bank Holding Company Act of 1956. The bank subsidiary, The Farmers & Merchant State Bank, is in turn regulated and examined by the Ohio Division of Banks, the Federal Deposit Insurance Corporation and the Federal Reserve System. The activities of the bank subsidiary are also subject to other federal and state laws and regulations, including usury and consumer credit laws, state laws relating to fiduciaries, the Federal Truth-in-Lending Act and Regulation Z as promulgated thereunder by the Board of Governors, the Truth in Savings Act, the Bank Bribery Act, the Competitive Equality Banking Act of 1987, the Expedited Funds Availability Act, the Community Reinvestment Act, the FDICIA (Federal Deposit Insurance Corporation Insurance Act), FIRREA (Federal Institutions Reform, Recovery, and Enforcement Act of 1989), and the Bank Merger Act among others.

The commercial banking business in the geographical area in which The Farmers & Merchants State Bank operates is highly competitive. In its banking activities, it competes directly with other commercial banks and savings and loan institutions in each of its operating localities. The following is a summary by geographical area of The Farmers & Merchants State Bank principal competition:

Branch	Location
Archbold, Ohio	Sky Financial (2 offices)
Wauseon, Ohio	National City Bank (Subsidiary of National City Corporation) First Federal Savings & Loan of Defiance City Loan Bank State Bank & Trust Company Sky Financial
Stryker, Ohio	Sky Financial
West Unity, Ohio	National Bank of Montpelier
Delta, Ohio	State Bank & Trust Company First Federal Savings & Loan of Delta
Bryan, Ohio	Sky Financial (2 offices) National City Bank (Subsidiary of National City Corporation) First Federal Savings & Loan of Defiance (2 offices) Community First Bank & Trust National Bank of Montpelier
Montpelier, Ohio	Sky Financial National Bank of Montpelier (2 offices) First Federal Savings & Loan of Defiance
Napoleon, Ohio	Henry County Bank (3 offices) Beneficial Bank First Federal Savings & Loan of Defiance, Ohio Sky Financial (2 offices) National City Bank (Subsidiary of National City Corporation) (2 offices)
Swanton, Ohio	National City Bank (Subsidiary of National City Corporation) Fifth Third Bank First Federal Savings & Loan of Delta Key Bank

SELECTED STATISTICAL AND FINANCIAL INFORMATION

EARNINGS SUMMARY

Farmers & Merchants Bancorp, Inc. reported net income of $7.4 million for 2000 which is an increase of $600 thousand over the 1999 net income of $6.8 million, and virtually the same as 1998 net income of $7.6 million. The increase in 2000 net income is primarily a result of increased loan activity and interest rate increases. Earnings per share correspondingly increased for 2000 to $5.69 per share compared to $5.23 per share and $5.89 per share for 1999 and 1998, respectively.

INTEREST INCOME

The following table presents net interest income, interest spread and net interest margin for the three years 1998 through 2000, comparing average outstanding balances of earnings assets and interest bearing liabilities with the associated interest income and expense and their corresponding average rates of earned and paid. The tax exempt asset yields have been tax effected to reflect a marginal corporate tax rate of 34%. Average outstanding loan balances include nonperforming loans and mortgage loans held for sale. Average outstanding security balances are computed based on carrying values including unrealized gains and losses on available-for-sale securities.

DISTRIBUTION OF ASSETS, LIABILITIES AND SHAREHOLDERS' EQUITY, INTEREST RATES AND INTEREST DIFFERENTIAL

	2000		
	Average Balance	Interest/ Dividends	Yield/Rate
ASSETS			
Interest Earning Assets:			
Loans (1)	$475,035	$42,661	8.98%
Taxable investment securities	78,995	4,782	6.05%
Tax-exempt investment securities	27,094	1,313	4.85%
Interest bearing deposits	100	4	4.00%
Federal funds sold	2,021	130	6.43%
Total Interest Earning Assets	583,245	$48,890	8.38%
Non-Interest Earning Assets:			
Cash and cash equivalents	16,020		
Other assets	19,810		
Total Assets	$619,075		
LIABILITIES AND SHAREHOLDERS' EQUITY			
Interest Bearing Liabilities:			
Savings deposits	$ 97,922	$ 4,805	4.91%
Other time deposits	304,666	17,494	5.74%
Other borrowed money	28,637	1,942	6.78%
Federal funds purchased and securities sold under agreement to repurchase	20,670	1,268	6.13%
Total Interest Bearing Liabilities	451,895	$25,509	5.64%
Non-Interest Bearing Liabilities:			
Non-interest bearing demand deposits	100,590		
Other	5,102		
Total Liabilities	557,587		
Stockholders' Equity	61,488		
Total Liabilities and Shareholders' Equity	$619,075		
Interest/dividend income/yield		$48,890	8.38%
Interest expense/yield		25,509	5.64%
Net Interest Spread		$23,381	2.74%
Net Interest Margin			4.01%

	1999		
	Average Balance	Interest/ Dividends	Yield/Rate
ASSETS			
Interest Earning Assets:			
Loans (1)	$428,087	$37,236	8.70%
Taxable investment securities	89,834	5,001	5.57%
Tax-exempt investment securities	30,106	1,434	4.76%
Interest bearing deposits	100	3	3.00%
Federal funds sold	2,019	105	5.20%
Total Interest Earning Assets	550,146	$43,779	7.96%
Non-Interest Earning Assets:			
Cash and cash equivalents	9,940		
Other assets	25,103		
Total Assets	$585,189		
LIABILITIES AND SHAREHOLDERS' EQUITY			
Interest Bearing Liabilities:			
Savings deposits	$ 98,711	$ 4,199	4.25%
Other time deposits	295,376	15,577	5.27%
Other borrowed money	16,503	1,029	6.24%
Federal funds purchased and securities sold under agreement to repurchase	6,129	345	5.63%
Total Interest Bearing Liabilities	416,719	$21,150	5.08%
Non-Interest Bearing Liabilities:			
Non-interest bearing demand deposits	110,064		
Other	1,544		
Total Liabilities	528,327		
Stockholders' Equity	56,862		
Total Assets & Shareholders' Equity	$585,189		
Interest/dividend income/yield		$43,779	7.96%
Interest expense/yield		21,150	5.08%
Net Interest Spread		$22,629	2.88%
Net Interest Margin			4.11%

	1998 Average Balance	1998 Interest/ Dividends	1998 Yield/Rate
ASSETS			
Interest Earning Assets:			
Loans (1)	$408,291	$ 36,335	8.90%
Taxable investment securities	75,880	4,641	6.12%
Tax-exempt investment securities	25,654	1,259	4.91%
Interest bearing deposits	100	5	5.00%
Federal funds sold	12,123	648	5.35%
Total Interest Earning Assets	522,048	$ 42,888	8.22%
Non-Interest Earning Assets:			
Cash and cash equivalents	14,745		
Other assets	16,484		
Total Assets	$553,277		
LIABILITIES AND SHAREHOLDERS' EQUITY			
Interest Bearing Liabilities:			
Savings deposits	$ 89,643	$ 4,635	5.17%
Other time deposits	290,141	16,547	5.70%
Other borrowed money	11,051	698	6.32%
Federal funds purchased and securities sold under agreement to repurchase	3,276	206	6.25%
Total Interest Bearing Liabilities	394,111	$ 22,086	5.60%
Non-Interest Bearing Liabilities:			
Non-interest bearing demand deposits	100,420		
Other	5,807		
Total Liabilities	500,338		
Stockholders' Equity	52,939		
Total Assets & Shareholders' Equity	$553,277		
Interest/dividend income/yield		$ 42,888	8.22%
Interest expense/yield		22,086	5.61%
Net Interest Spread		$ 20,802	2.61%
Net Interest Margin			3.98%

(1) For purposes of these computations, nonaccruing loans are included in the daily average outstanding loan amounts.

The primary source of the Company's traditional banking revenue is net interest income. Net interest income is the difference between interest income on interest earning assets, such as loans and securities, and interest expense on liabilities used to fund those assets such as interest bearing deposits and other borrowings. Net interest income is affected by changes in both interest rates and the amount and composition of earnings assets and liabilities. The change in net interest income is most often measured as a result of two statistics - interest spread and net interest margin. The difference between the yields on earning assets and the rates paid for interest bearing liabilities supporting those funds represents the interest spread. Because non-interest bearing sources of funds such as demand deposits and stockholders' equity also support earning assets, the net interest margin exceeds the interest spread.

The following tables show changes in interest income, interest expense and net interest due resulting from changes in volume and rate variances for major categories of earnings assets and interest bearing liabilities.

	2000 vs 1999		
	Net Change	Due to Change in Volume	Rate
Interest Earned On:			
Loans	$ 5,425	$ 4,216	$ 1,209
Taxable investment securities	(219)	(656)	437
Tax-exempt investment securities	(121)	(146)	25
Interest bearing deposits	1	--	1
Federal funds sold	25	--	25
Total Interest Earning Assets	$ 5,111	$ 3,414	$ 1,697
Interest Paid On:			
Savings deposits	$ 606	$ (39)	$ 645
Other time deposits	1,917	533	1,384
Other borrowed money	913	823	90
Federal funds sold and security repurchase agreements	923	892	31
	$ 4,359	$ 2,209	$ 2,150

	1999 vs 1998		
	Net Change	Due to Change in Volume	Rate
Interest Earned On:			
Loans	$ 901	$ 1,722	$ (821)
Taxable investment securities	360	777	(417)
Tax-exempt investment securities	175	212	(37)
Interest bearing deposits	(2)	--	(2)
Federal funds sold	(543)	(526)	(17)
Total Interest Earning Assets	$ 891	$ 2,185	$(1,294)
Interest Paid On:			
Savings deposits	$ (436)	$ 386	$ (822)
Other time deposits	(970)	276	(1,246)
Other borrowed money	331	340	(9)
Federal funds sold and security repurchase agreements	139	160	(21)
	$ (936)	$ 1,162	$(2,098)

Interest income from fees on loans and leases increased $5.4 million to $42.7 million for 2000 over 1999 interest income on fees and loans of $37.2 million. This compares with an increase of $901 thousand for 1999 over 1998 interest income of $36.3 million. The increase for 2000 was primarily due to an increase in loan activity with some increase coming from an increase in interest rates.

Net interest margin was 4.01% for 2000, 4.11% for 1999 and 3.98% for 1998. While the industry has experienced some fluctuations in interest rates over the past year, The Farmers & Merchants State Bank has been able to maintain their margins.

NONINTEREST INCOME

Noninterest income for 2000 experienced a small increase of $200 thousand over 1999 to $3.3 million for 2000 compared to $3.1 million for 1999 and $4 million for 1998. The reduction in noninterest income from 1998 to 1999 was primarily in four categories. Miscellaneous customer service charges were $299 thousand for 1999 compared to $452 thousand for 1998. Mastercard fees dropped $199 thousand for 1999 to $293 thousand compared to $492 thousand for 1998. Mortgage servicing rights income was $138 thousand for 1999 compared to $814 thousand for 1998. Finally, the gain on sale of loans held-for-sale was $116 thousand for 1999, while gain on sale of loans held-for-sale for 1998 was $477 thousand.

NONINTEREST EXPENSE

Noninterest expenses for 2000 of $14.7 million increased very modestly over 1999 expenses of $14.3 million with employee wages and benefits accounting for the increase. Noninterest expense for 1998 amounted to $12.9 million. No one specific noninterest expense category accounted for a significant portion of the increase in noninterest expenses from 1998 to 1999. Increases were experienced in all categories as can be seen from the income statement in the shareholders' report.

FINANCIAL CONDITION

Average earning assets have demonstrated consistent growth over the last three years. Average earnings assets for 2000 were $583 million compared to $550 million and $522 million for 1999 and 1998, respectively. This growth in average earnings assets represent a 6 percent and 5.4 percent increase for 2000 and 1999, respectively. Most of this growth has come from increased loan activity. Average interest bearing liabilities have also showed steady increases rising $23 million from $394 million for 1998 to $417 million for 1999 and increasing again $35 million to $452 million for 2000, representing a 5.7 percent increase for 1999 and a 8.4 percent increase for 2000.

INVESTMENT SECURITIES

Security balances at December 31 are summarized below:

	(In Thousands)		
	2000	1999	1998
U.S. Treasury and Government agencies	$ 61,115	$ 44,921	$ 55,686
Mortgage-backed securities	7,863	9,827	35,520
State and local governments	32,157	31,246	10,993
Corporate debt securities	9,196	9,627	19,115
Commercial paper	2,908	7,330	13,648
Equity securities	20	20	20
	$113,259	$102,971	$134,982

The following table sets forth (dollars in thousands) the maturities of investment securities at December 31, 2000 and the weighted average yields of such securities calculated on the basis of cost and effective yields weighted for the scheduled maturity of each security. Tax-equivalent adjustments, using a thirty-four percent rate have been made in yields on obligations of state and political subdivisions. Stocks of domestic corporations have not been included.

	Maturities			
	Within One Year		After One Year Within Five Years	
	Amount	Yield	Amount	Yield
U.S. Treasury	$ 2,895	6.41%	$ 4,926	5.98%
U.S. Government agency	11,495	6.35%	39,716	6.28%
Mortgage-backed securities	410	4.46%	1,644	5.54%
State and local governments	2,593	5.01%	7,411	4.64%
Taxable state and local governments	--	0.00%	5,722	6.54%
Corporate debt securities	5,205	5.99%	4,046	5.63%
Commercial paper	2,908	6.47%	--	0.00%

	Maturities			
	After Five Years Within Ten Years		After Ten Years	
	Amount	Yield	Amount	Yield
U.S. Treasury	$ --	0.00%	$ --	0.00%
U.S. Government agency	1,329	5.02%	--	0.00%
Mortgage-backed securities	4,055	5.62%	1,815	6.21%
State and local governments	10,163	4.63%	5,549	5.18%
Taxable state and local governments	--	0.00%	--	0.00%
Corporate debt securities	--	0.00%	--	0.00%
Commercial paper	--	0.00%	--	0.00%

At December 31, 2000 the Bank held no large block of any one investment security, except for U.S. Treasury and other U.S. Government agencies. No one holding in debt securities exceeded $2.4 million. The Bank did hold stock in the Federal Home Loan Bank of Cincinnati at a cost of $3 million. This is required in order to obtain Federal Home Loan Bank Loans.

LOAN PORTFOLIO

The Bank's various loan portfolios are subject to varying levels of credit risk. Management mitigates these risks through portfolio diversification and through standardization of lending policies and procedures. The following table shows the Bank's loan portfolio by category of loan:

	(In Thousands)				
	2000	1999	1998	1997	1996
Loans:					
Commercial/industrial	$ 96,990	$100,996	$ 81,253	$ 65,633	$ 67,763
Agricultural	51,337	46,035	38,882	44,939	41,195
Real estate mortgage	261,289	237,056	200,675	205,626	195,043
Installment	69,081	71,662	68,385	75,767	63,199
IDB	8,647	7,015	4,587	4,511	3,670
Total Loans	$487,344	$462,764	$393,782	$396,476	$370,870

The following table shows the maturity of loans:

	Maturities (In Thousands)			
	Within One Year	After One Year Within Five Years	After Five Years	Total
Commercial/industrial/agriculture	$ 86,426	$ 32,624	$ 29,277	$ 148,327
Real estate mortgage	5,733	14,386	241,170	261,289
Installment	11,367	54,467	2,595	68,429
Industrial Development Bonds	2,255	1,102	5,290	8,647

The following table presents the total of loans due after one year which have 1) predetermined interest rates and 2) floating or adjustable interest rates:

	(In Thousands) After One Year
Commercial/industrial/agriculture	
Fixed	$ 36,890
Variable	25,011
Real estate mortgage	
Fixed	64,150
Variable	191,406
Installment	
Fixed	55,784
Variable	1,278
Industrial Development Bonds	
Fixed	6,392
Variable	-

The following table summarizes the Company's nonaccrual and past due loans as of December 31:

	(In Thousands)				
	2000	1999	1998	1997	1996
Nonaccrual loans	$6,622	$6,504	$6,455	$2,890	$3,489
Accruing loans past due 90 days or more	2,577	2,264	1,988	1,396	1,899
Total	$9,199	$8,768	$8,443	$4,286	$5,388

As of December 31, 2000, management, to the best of their knowledge, is not aware of any significant loans, group of loans or segments of the loan portfolio not included above, where there are serious doubts as to the ability of the borrowers to comply with the present loan payment terms.

Although loans may be classified as nonperforming, many continue to pay interest irregularly or at less than original contractual rates. Interest income which would have been recorded under the original terms of the nonaccrual loans was $177 thousand for 2000 and $53 thousand for 1999. Any collections of interest on nonaccrual loans are included in interest income when collected. This amounted to $170 thousand for 2000 and $53 for 1999.

Loans are placed on nonaccrual status in the event one of the following occurs: the total line of the customer is charged off to the extent of 50%, the loan is in past due status for more than 180 days.

The $6.6 million of nonaccrual loans as of December 31, 2000 are secured.

At December 31, 2000 the Bank has $9.2 million of loans which it considers to be potential problem loans in that the borrowers are experiencing financial difficulties. These loans are subject to constant management attention and are reviewed more frequently that quarterly.

The amount of the potential problem loans was considered in management's review of the loan loss reserve required at December 31, 2000.

In extending credit to families, businesses and governments, banks accept a measure of risk against which an allowance or reserve for possible loan losses is established by way of expense charges to earnings. This expense, used to enlarge a bank's allowance for loan losses, is determined by management based on a detailed monthly review of the risk factors affecting the loan portfolio, including general economic conditions, changes in the portfolio mix, past due loan-loss experience and the financial condition of the bank's borrowers.

At December 31, 2000, the Bank had loans outstanding to individuals and firms engaged in the various fields of agriculture in the amount of $51 million. The ratio of this segment of loans to the total loan portfolio is not considered unusual for a bank engaged in and servicing rural communities.

The allowance for loan losses is evaluated based on an assessment of the losses inherent in the loan portfolio. This assessment results in an allowance consisting of two components, allocated and unallocated.

Management considers several different risk assessments in determining the allowance for loan losses. The allocated component of the allowance for loan losses reflects expected losses resulting from an analysis of individual loans, developed through specific credit allocations for individual loans and historical loss experience for each loan category. For those loans where the internal credit rating is at or below a predetermined classification and management can reasonably estimate the loss that will be sustained based upon collateral, the borrowers operating activity and economic conditions in which the borrower operates, a specific allocation is made. For those borrowers which are not currently behind in their payment, but for which management believes based on economic conditions and operating activities of the borrower, the possibility exists for future collection problems, a reserve is established. The amount of reserve allocated to each loan portfolio is based on past loss experiences, the different levels of risk within each loan portfolio. The historical loan loss portion is determined using a historical loss analysis by loan category.

The unallocated portion of the reserve for loan losses is determined based on management's assessment of general economic conditions as well as specific economic factors in the Bank's marketing area. This assessment inherently involves a higher degree of uncertainty. It represents estimated inherent but undetected losses within the portfolio that are probable due to uncertainties in economic conditions, delays in obtaining information, including unfavorable information about a borrower's financial condition and other current risk factors that may not have yet manifested themselves in the Bank's historical loss factors used to determine the allocated component of the allowance.

Actual charge-off of loan balances are based upon periodic evaluations of the loan portfolio by management. These evaluations consider several factors, including, but not limited to, general economic conditions, financial condition of the borrower, and collateral.

With the average size of a real estate loan at $156,000, and because the Bank has not experienced significant losses in the real estate portfolio over the past several years, and it is not anticipated there will be significant losses in the future, the portion of the reserve allocated to the real estate portfolio declined from the previous year.

The following table presents a reconciliation of the allowance for loan losses:

	(In Thousands)				
	2000	1999	1998	1997	1996
Loans	$487,344	$462,764	$393,782	$396,476	$370,870
Daily average of outstanding loans	$475,035	$428,087	$408,291	$384,498	$358,261
Allowance for loan losses - January 1	$ 6,750	$ 5,850	$ 5,850	$ 5,500	$ 5,500
Loans Charged Off:					
Commercial	257	185	472	263	623
Installment	1,883	1,085	1,260	1,239	1,053
Real estate mortgages	233	304	42	29	35
	2,373	1,574	1,774	1,531	1,711
Loan Recoveries:					
Commercial	358	493	540	384	197
Installment	923	331	339	364	443
Real estate mortgages	6	13	3	22	3
	1,287	837	882	770	643
Net Charge Offs	1,086	737	892	761	1,068
Privision for loan loss	1,496	1,637	892	1,111	1,068
Allowance for loan losses - December 31	$ 7,160	$ 6,750	$ 5,850	$ 5,850	$ 5,500

Allocation of the allowance for loan losses among the various loan categories is as follows:

	Amount (000's)	% of Loans in Each Category To Total Loans
Balance at End of Period Applicable To:		
Commercial/industrial	$ 4,549	30.99%
Installment	1,237	14.43%
Real estate	952	54.58%
Unallocated	422	0.00%
	$ 7,160	100.00%

DEPOSITS

The amount of outstanding time certificates of deposits and other time deposits in amounts of $100,000 or more by maturity are as follows:

	Under Three Months	Over Three Less Than Six Months	Over Six Less Than Twelve Months	Over Twelve Months
Time deposits	$ 29,786	$ 16,405	$ 8,040	$ 19,314

The following table presents the average amount of and average rate paid on each deposit category:

	Demand Deposits	NOW Accounts	Savings Accounts	Time Accounts
December 31, 2000:				
Average balance (In thousands)	$ 41,211	$ 45,753	$ 97,922	$ 304,666
Average rate	0.00%	2.14%	3.44%	5.77%
December 31, 1999:				
Average balance (In thousands)	$ 43,655	$ 61,609	$ 101,506	$ 292,581
Average rate	0.00%	2.44%	2.65%	5.32%
December 31, 1998:				
Average balance (In thousands)	$ 38,906	$ 44,218	$ 108,981	$ 287,484
Average rate	0.00%	2.29%	3.32%	5.76%

SHORT-TERM BORROWINGS

The Company's average balance of short-term borrowings was less than 30% of end of year stockholders' equity for each year reported.

RETURN ON ASSETS AND EQUITY

The Company has consistently maintained regulatory capital ratios at or above the "well capitalized" levels. See Note 16 to the Consolidated Financial Statements for more information.

Stockholders' equity ended at $65 million for 2000 compared to $57.9 million for 1999, a $7.1 million or 12.3% increase. Dividends for 2000 increased by $.10 per share to $1.50 compared to $1.40 per share for 1999 and 1998 resulting in the dividend payout ratios shown in the table below. Management and the Board of Directors are continually reviewing this ratio. The amount of dividends which can be paid are subject to regulatory restrictions.

The following table shows consolidated operating and capital ratios of the Company for each of the last three years:

	2000	1999	1998
Return on average assets	1.19%	1.16%	1.38%
Return on average equity	12.02%	11.95%	14.46%
Dividend payout ratio	26.38%	26.79%	23.77%
Equity to assets ratio	10.23%	9.67%	9.45%

FUNDING

The Company's bank subsidiary continues to follow the strategy of acquiring assets for investment purposes and retaining its own loan production, attempting to achieve reasonable spreads through matching such assets with one of a number of funding sources available.

The Farmers & Merchants State Bank functions as a financial intermediary, and as a result, its financial condition should be examined in terms of trends in its sources and uses of funds. The following comparison of daily average balances (in thousands) indicates how the bank has managed its sources and uses of funds.

	2000		
		Net Change	
	Average Balance	Amount	Percentage
Funding Uses:			
Loans	$475,035	$ 46,948	10.97%
Taxable securities	78,995	(10,839)	-12.07%
Tax exempt securities	27,094	(3,012)	-10.00%
Interest bearing deposits	100	--	0.00%
Federal funds sold	2,021	2	0.10%
	$583,245	$ 33,099	6.02%
Funding Sources:			
Deposits:			
Noninterest bearing demand	$100,590	$ (9,474)	-8.61%
Savings	97,922	(789)	-0.80%
Other time	304,666	9,290	3.15%
Other borrowed money	28,637	12,134	73.53%
Federal funds purchased agreements to repurchase	20,670	14,541	237.25%
	$552,485	$ 25,702	4.88%

	1999 Average Balance	1999 Net Change Amount	1999 Net Change Percentage	1998 Average Balance
Funding Uses:				
Loans	$428,087	$ 19,796	4.85%	$408,291
Taxable securities	89,834	13,954	18.39%	75,880
Tax exempt securities	30,106	4,452	17.35%	25,654
Interest bearing deposits	100	--	0.00%	100
Federal funds sold	2,019	(10,104)	-83.35%	12,123
	$550,146	$ 28,098	5.38%	$522,048
Funding Sources:				
Deposits:				
Noninterest bearing demand	$110,064	$ 9,644	9.60%	$100,420
Savings	98,711	9,068	10.12%	89,643
Other time	295,376	5,235	1.80%	290,141
Other borrowed money	16,503	5,452	49.33%	11,051
Federal funds purchased and agreements to repurchase	6,129	2,853	87.09%	3,276
	$526,783	$ 32,252	6.52%	$494,531

LIQUIDITY

Historically, the primary source of liquidity has been core deposits which include noninterest bearing demand deposits, NOW and money market accounts and time deposits of individuals. Through marketing efforts and competitive interest rates, new customers were attracted during 2000 and core deposits increased in 2000. Overall deposits increased $13 million to $516 million for 2000 compared to deposits at the end of 1999 of $503 million, while deposits at the end of 1999 had demonstrated a decrease of $9 million from 1998 levels of $512 million.

The primary use of new funds is placing the funds back into the community through loans for the acquisition of new homes, consumer products and for business development. The use of new funds for loans is measured by the loan to deposit ratio. The Company's loan to deposit ratio for 2000 was 93% compared to 92.13% for 1999 and 78.33% for 1998.

Short-term debt such as federal funds purchased and securities sold under agreement to repurchase also provides the Company with liquidity. Short-term debt was $18.9 million at the end of 2000 compared to $7.3 million at the end of 1999 and $2.9 million at the end of 1998, providing $11.6 million in additional funds for the Company.

Other borrowings are also a source of funds. Other borrowings consist of loans from the Federal Home Loan Bank of Cincinnati at fixed rates. These funds are then used to provide housing mortgages back to the community in the form of fixed rate loans. Borrowings from this source increased $5.7 million to $30.7 million for 2000 compared to $25 million for 1999 and $11.2 million for 1998.

ASSET/LIABILITY MANAGEMENT

The primary functions of asset/liability management are to assure adequate liquidity and maintain an appropriate balance between interest earning assets and interest bearing liabilities. It involves the management of the balance sheet mix, maturities, repricing characteristics and pricing components to provide an adequate and stable net interest margin with an acceptable level of risk. Interest rate sensitivity management seeks to avoid fluctuating net interest margins and to enhance consistent growth of net interest income through periods of changing interest rates.

Changes in net income, other than volume related, arise when interest rates on assets reprice in a time frame or interest rate environment that is different from that of the repricing period for liabilities. Changes in net interest income also arise from changes in the mix of interest-earning assets and interest-bearing liabilities.

Historically, The Farmers & Merchants State Bank has maintained liquidity through cash flows generated in the normal course of business, loan repayments, maturing earning assets, the acquisition of new deposits, and borrowings. The Bank's asset and liability management program is designed to maximize net interest income over the long term while taking into consideration both credit and interest rate risk.

Interest rate sensitivity varies with different types of interest-earning assets and interest bearing liabilities. Overnight federal funds on which rates change daily and loans which are tied to the market rate differ considerably from long-term investment securities and fixed rate loans. Similarly, time deposits over $100,000 and money market certificates are much more interest rate sensitive than passbook savings accounts. The shorter term interest rate sensitivities are the key to measurement of the interest sensitivity gap, or excess interest sensitive earnings assets over interest-bearing liabilities.

The following table summarizes the repricing opportunities as of December 31, 2000 for each major category of interest-earning assets (at amortized cost) and interest-bearing liabilities:

	0-90 Days	90-365 Days	1-5 Years	Over 5 Years	Total
Interest bearing deposit	$ --	$ 100	$ --	$ --	$ 100
Investment securities	5,314	19,311	64,248	24,366	113,239
Loans	131,003	215,578	90,388	50,375	487,344
Total Rate Sensitive Assets	136,317	234,989	154,636	74,741	600,683
Deposits	168,195	170,117	178,151	--	516,463
Federal funds purchased and agreements to repurchase	18,903	--	--	--	18,903
Other borrowings	10,663	2,645	14,671	2,807	30,786
Total Rate Sensitive Liabilities	197,761	172,762	192,822	2,807	566,152
Gap	$ (61,444)	$ 62,227	$ (38,186)	$ 71,934	$ 34,531

OTHER MATTERS

Information required by subsections of Item 1, to which no response has been made, are inapplicable to the business of the Company.

PROPERTIES

The principal office of Farmers & Merchants Bancorp, Inc. is located in facilities owned by The Farmers & Merchants State Bank at 307-11 North Defiance Street, Archbold, Ohio 43502.

The Farmers & Merchants State Bank operates from and utilizes the entire facilities at 307-11 North Defiance Street. In addition, the bank owns the property from 200 to 208 Ditto Street, Archbold, Ohio, which it uses for Bank parking and a community mini-park area. The Bank owns real estate at two locations, 207 Ditto Street and 209 Ditto Street in Archbold, Ohio upon which the bank built a commercial building to be used for storage, and a parking lot for company vehicles and employee parking.

In late 1993 construction began on a 15,237 square foot addition on an adjacent lot it owned at 313 North Defiance Street. This addition was substantially completed by the end of 1994 with final completion taking place in the spring of 1995. Then in 1993 the Bank purchased real estate across from the main facilities to provide for possible parking expansion.

In 1989 the Bank purchased additional real estate in Bryan, Ohio, and has established another branch operation in Bryan. The Bank, in 1988, purchased real estate immediately adjacent to its branch bank premises in Delta, Ohio for expansion of parking facilities. In 1990 the Bank purchased real estate in Delta, Ohio for additional parking to serve its branch office. The Bank constructed in 1994 a 1,540 square foot addition to the branch in Wauseon, Ohio. The bank obtained permission to open a branch in Napoleon, Ohio. Facilities were completed in the Spring of 1995. The Bank also owns real estate consisting of land and buildings housing each of its full service branch operations, except for the Montpelier, Ohio facilities which are leased. Construction has begun on permanent facilities for the Montpelier operations and was completed in June of 1998.

The Bank has purchased a parcel of land at 1175 Hotel Drive in Defiance, Ohio and has commenced building a full service banking center with plans to open during the third quarter of 2001.

Branch	Location
Archbold, Ohio	1313 South Defiance Street
Wauseon, Ohio	1130 North Shoop Avenue 119 North Fulton Street
Stryker, Ohio	300 South Defiance Street
West Unity, Ohio	200 West Jackson Street
Bryan, Ohio	924 W. High Street 1000 South Main Street
Delta, Ohio	101 Main Street
Montpelier, Ohio	225 West Main Street 1150 East Main Street
Napoleon, Ohio	2255 Scott Street
Swanton, Ohio	7 Turtle Creek Circle

The majority of the above locations have drive-up service facilities.

LEGAL PROCEEDINGS

There are no material pending legal proceedings, other than ordinary routine proceedings incidental to the business of the Bank, to which the Bank is a party or of which any of its properties is the subject.

SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No items were submitted during the fourth quarter of the fiscal year covered by this report to a vote of the security holders through solicitation of proxies or otherwise.

PART II

MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The company's stock is not quoted on the National Association of Securities Dealers Automated Quotations System (NASDAQ).

The company's stock is traded in the principal market area of Fulton, Williams, and Henry Counties, Ohio. The company has no broker that sets a price for the company's stock, therefore, the only source as to the high and low sale price is from private sales. The high and low sale price known to the company's management is as follows:

		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
2000	High	$ 115.00	$ 115.00	$ 115.00	$ 120.00
	Low	$ 80.00	$ 80.00	$ 85.00	$ 85.00
1999	High	$ 75.00	$ 100.00	$ 113.00	$ 105.00
	Low	$ 75.00	$ 75.00	$ 85.00	$ 75.00

As of March 1, 2001, there were 1,623 record holders of common stock of the company.

Dividends are paid quarterly. Per share dividends for the years ended 2000 and 1999 are as follows:

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
2000	$.35	$.35	$.35	$.45	$1.50
1999	$.30	$.30	$.30	$.50	$1.40

SELECTED FINANCIAL DATA

Selected financial data is presented on pages 60 and 61 of the Annual Report to shareholders for the year ended December 31, 2000 and are incorporated herein by reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Report of Independent Accountants

MESSAGE FROM MANAGEMENT:

Once again, it is with great pride that we report a favorable performance for the Farmers & Merchants Bancorp, Inc. during the most recent operating year that ended December 31, 2000. Farmers & Merchants Bancorp, Inc.'s year was highlighted by strong revenue growth with excellent asset quality, proper management of interest rates, and control of overhead expenses. This resulted in 12.21 percent Return on Average Equity and 1.18 percent Return on Average Assets. With a new high in assets of $635,160,000, capital accounts have increased to $64,988,000 with net income of $7,391,000 or $5.69 per share. Our continued success can be attributed, in part, to the strength of the economy in our market area. The results of Farmers & Merchants Bancorp, Inc. in 2000 also reflect favorably on the professionalism, dedication, and enthusiasm of our people. Although resources do not show up on the balance sheet, they are critical to continued success.

The outlook for 2001 at this point is fraught with many opposing variables. There has been a slowing of the economy with energy prices putting pressure on the cost of living and inflation. The Federal Reserve has switched their bias of easing, with two interest rate decreases since the first of the year and a real possibility of more to come. The Federal Reserve has room to do this given they have increased rates 1.7% over the last two years. Lower interest rates will benefit businesses by possible reducing operating costs. If the fixed rates on mortgages continue to decline, another refinancing boom will help banks maintain income levels as it did in 1998.

Additional factors that will affect the banking industry are the postal rate increases along with consumer privacy regulations. Financial institutions spend a great deal on postage. Developing alternative means of communicating with our customers, such as the Internet, will be important to help contain costs. As with the majority of regulations, additional paperwork and increased costs will result because of the new privacy rules. As a bank, privacy is already an integral part of our customer relations.

Most technology surveys show more banks establishing websites and offering Internet banking this coming year. We have also seen Internet banks realizing the need to establish brick and mortar. By the time you read this, banking on the Internet at The Farmers & Merchants State Bank will be a realty; however, we will also continue to expand through brick and mortar. We pride ourselves on our customer service and the importance of maintaining a personal touch. Our newest addition will be a branch in Defiance opening in 2001.

2001 will be a challenging year with the many forces playing against each other in the economy. The one fact we are confident of is that The Farmers & Merchants State Bank will continue to offer quality financial services to help our customers maintain a quality life. We have a 103 year track record of solid performance and don't see that changing. We view the current banking environment as an opportunity to further solidify strong customer relationships.

We sincerely thank our customers, employees, members of our Boards, the communities we serve, and you our shareholders for your contributions to our 2000 success and continued loyalty and support. As we move into 2001, all of us at The Farmers & Merchants State Bank will be working hard to deliver another year of consistent, quality growth for you. We look forward to reporting our accomplishments.

Joe E. Crossgrove	Eugene D. Bernath
President/CEO	Chairman of the Board

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Audited Consolidated Financial Statements

FARMERS & MERCHANTS BANCORP, INC.

And wholly owned subsidiaries December 31, 2000

DIRECTORS

EUGENE D. BERNATH
Chairman of the Board
The Farmers & Merchants State Bank

DEXTER L. BENECKE
President
Viking Trucking, Inc.
Vice President
Alex Products, Inc.

JERRY L. BOYERS
President
Edifice Construction Management

JOE E. CROSSGROVE
President/Chief Executive Officer
The Farmers & Merchants State Bank

ROBERT G. FREY
President
E. H. Frey & Sons, Inc.

JULIAN GIOVARELLI
President
GIO Sales, Inc.

JACK C. JOHNSON
President
Hawk's Clothing, Inc.
Partner
REJO Partnership

DEAN E. MILLER
President
MBC Holdings, Inc.

DALE L. NAFZIGER
Vice President
Homestead Ice Cream Co.

HAROLD H. PLASSMAN
Attorney
Plassman, Rupp, Hensal & Short

ANTHONY J. RUPP
President
Rupp Furniture Co.

JAMES C. SANEHOLTZ
President
Saneholtz-McKarns, Inc.

MAYNARD SAUDER
Chairman
Sauder Woodworking Co.

MERLE J. SHORT
Farmer
President
Promow, Inc.

STEVEN J. WYSE
President
SteelinQ Systems, Inc.

DIRECTOR EMERITUS

ELIAS H. FREY
LEE E. GRAFICE
CHARLES E. LUGBILL
JAMES L. PROVOST
KENNETH E. STAMM
ROBERT H. STOTZER
ROBERT V. WHITMER

ARCHBOLD MAIN OFFICE

EUGENE D. BERNATH
Chairman of the Board

JOE E. CROSSGROVE
President
Chief Executive Officer

MAYNARD SAUDER
Vice President

HAROLD H. PLASSMAN
Vice President

EDWARD A. LEININGER
Executive Vice President
Commercial Loan Officer

REX D. RICE
Executive Vice President
Chief Lending Officer

BARBARA J. BRITENRIKER
Vice President
Comptroller & Chief Financial Officer

GEORGE JELEN
Asst. Vice President
Secondary Market Officer
Loan Underwriter

RANDAL H. SCHROEDER
Asst. Vice President
Chief Operations Officer

MICHAEL D. CULLER
Asst. Vice President
Chief Agri Finance Officer

DIANN K. MEYER
Asst. Vice President
Human Resource Officer

KENT E. ROTH
Auditor
Security Officer

MARILYN K. JOHNSON
Assistant Cashier
Compliance and CRA Officer

JUDITH A. WARNCKE
Asst. Cashier
Marketing Officer

J. SCOTT MILLER
Asst. Cashier
Agri Finance Officer

RUTH ANN DUNN
Asst. Cashier
Loan Documentation Administrator

JANE C. BRUNER
Asst. Cashier
Operations Supervisor

BRETT J. KAHRS
Asst. Cashier
Senior Investment Executive

KELBY J. SCHMUCKER
Asst. Cashier
Credit Analyst

LYDIA A. HUBER
Executive Administrative Assistant

ARCHBOLD WOODLAND OFFICE

DEBORAH L. SHINABERY
Asst. Vice President
Branch Manager

DIANE J. SWISHER
Asst. Cashier
Asst. Branch Manager

ARCHBOLD ADVISORY
BOARD

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President
Lauber Manufacturing Co.

JO ELLEN HORNISH
President
Hornish Brothers, Inc.

GENE SCHAFFNER
Farmer

GEORGE F. STOTZER
Partner
Stotzer Do-It Center

LARRY M. WENDT
Farmer

WAUSEON SHOOP
OFFICE
ALLEN G. LANTZ
Vice President
Branch Manager

GLORIA GUNN
Asst. Vice President
Asst. Branch Manager

JERRY A. BORTON
Assistant Cashier
Agri Finance Officer

SUSAN DIERINGER
Asst. Cashier
Loan Officer

WAUSEON DOWNTOWN
OFFICE

CAROL J. ENGLAND
Asst. Vice President
Branch Manager
Corporate Secretary

JEAN E. HORWATH
Asst. Cashier
Asst. Branch Manager

WAUSEON ADVISORY
BOARD

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President
Mustang Corporation

WARREN A. KAHRS
President
Kahrs Tractor Sales, Inc.

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Owner
Kolb & Son

SANDRA K. BARBER
Fulton County Recorder
Chairman, Ohio Lottery
Commission

DR. KENNETH H. KLING
Owner
Fulton County Vision Services

STRYKER OFFICE

RONALD D. SHORT
Asst. Vice President
Branch Manager

PATTI L. ROSEBROCK
Asst. Cashier
Asst. Branch Manager

STRYKER ADVISORY
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Owner
Grisier Funeral Home

RICHARD E. RAKER
Owner
Raker Oil Company

STEVEN PLANSON
Farmer

WILLIAM J. BRENNER
Attorney

WEST UNITY OFFICE

LEWIS D. HILKERT
Vice President
Branch Manager

PATRICIA R. BURKHOLDER
Assistant Cashier
Assistant Branch Manager

WEST UNITY ADVISORY
BOARD

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Farmer

BEN G. WESTFALL
President
Westfall Realty, Inc.

TED W. MANEVAL
Farmer

R. BURDELL COLON
President
Rup-Col., Inc.

CHARLES W. KLINGER
Pharmacist
Klinger Pharmacy

DELTA OFFICE

CYNTHIA K. KNAUER
Asst. Vice President
Branch Manager

ARTHUR J. SHORT
Asst. Branch Manager

DELTA ADVISORY
BOARD

TERRY J. KAPER
Attorney
Barber, Kaper, Stamm &
Robinson

ROBERT E. GILDERS
Chairman
GB Manufacturing

EUGENE BURKHOLDER
President
Falor Farm Center

AL KREUZ
Retired Fulton County
Commissioner

DONALD G. GERDES
Human Resource Manager
Worthington Steel, Delta

BRYAN EAST HIGH
OFFICE

DAVID C. FRAZER
Assistant Vice President
Branch Manager

CAROL L. CHURCH
Assistant Cashier
Assistant Branch Manager

SOUTHTOWNE OFFICE

MICHAEL T. SMITH
Assistant Cashier
Branch Manager

RUTH M. FORD
Asst. cashier
Asst. Branch Manager

RICHARD S. BRUCE
Assistant Vice President
Commercial Loan Officer

BRYAN ADVISORY
BOARD

RUSTY BRUNICARDI
President
Chief Executive Officer
Community Hospital of
Williams Co., Inc.

D. ROBERT SHAFFER
Farmer

DR. C. NICHOLAS WALZ
Partner
Williams County Family
Medical Center

PAUL R. MANLEY
Process Manager - Frame &
Panel
Sauder Woodworking Co.

GARRY COURTNEY
President/CEO
C.F. Electronics

MONTPELIER WEST
MAIN
OFFICE

LANCE D. NOFZIGER
Asst. Cashier
Branch Manager

MONTPELIER EASTSIDE
OFFICE

JOHN S. FEE
Asst. Vice President
Branch Manager

GREGORY A. SIMS
Asst. Branch Manager

MONTPELIER ADVISORY
BOARD

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President
Peltcs Lumber Co., Inc.

RICHARD S. DYE
Probation Department
Bryan Municipal Court

ROBERT D. MERCER
President
Bob Mercer Realty and
Auctions

GEORGE B. RINGS
Pharmacist
Rings Pharmacy

NAPOLEON OFFICE

STEPHEN E. JACKSON
Asst. Vice President
Branch Manager

DIANA J. DENNIE
Asst. Cashier
Asst. Branch Manager

MICHAEL F. SCHNITKEY
Asst. Cashier
Agri Finance Officer

GARY W. SPENCER
Asst. Vice President
Commercial Loan Officer

NAPOLEON ADVISORY
BOARD

BARBARA C. SCHIE
Office Manager
Fulton Anesthesia Associates,
Inc.

DAVID M. DAMMAN
Farm Drainage Contractor
Farmer

JAMES J. VAN POPPEL
President
Van Poppel Limited

DENNIS L. MEYER
Realtor
Reiser Realty

SWANTON OFFICE

BARRY N. GRAY
Asst. Cashier
Branch Manager

DEBRA J. KAUFFMAN
Asst. Cashier
Asst. Branch Manager

SWANTON ADVISORY
BOARD

ANTHONY G. FRY
President
Select Stone

DANIEL P. MCQUADE
Attorney
The McQuades Co., LPA

LISA J. MITCHELL
Owner/Manager
Swanton Health Care Center

NORMAN ZEITER
President/Owner
Swanton Welding Co.

January 10, 2001

Board of Directors
Farmers & Merchants Bancorp, Inc.
Archbold, Ohio

INDEPENDENT AUDITORS' REPORT

We have audited the consolidated balance sheets of Farmers & Merchants Bancorp, Inc. and subsidiaries, Archbold, Ohio, as of December 31, 2000 and 1999 and the related consolidated statements of income, changes in shareholders' equity, and cash flows for the years ended December 31, 2000, 1999 and 1998. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Farmers & Merchants Bancorp, Inc. and subsidiaries, as of December 31, 2000 and 1999, and the results of its consolidated operations and cash flows for the years ended December 31, 2000, 1999 and 1998 in conformity with generally accepted accounting principles.

KROUSE, KERN & CO., INC.
Fort Wayne, Indiana

FARMERS & MERCHANTS BANCORP, INC.
Consolidated Balance Sheets

December 31, 2000 and 1999

ASSETS

	(In Thousands) 2000	1999
Cash and due from banks	$ 17,951	$ 17,245
Interest bearing deposits with banks	100	100
Federal funds sold	370	-
Investment securities at market	113,259	102,971
Federal Home Loan Bank stock	2,973	2,764
Loans, less allowance for loan losses of $7,160 for 2000 and $6,750 for 1999	479,587	455,535
Loans held for resale	328	389
Finance lease receivable	730	693
Bank premises and equipment-net	10,354	10,176
Accrued interest and other assets	8,670	7,020
Deferred tax charge	838	1,636
TOTAL ASSETS	$ 635,160	$ 598,529

LIABILITIES AND SHAREHOLDERS' EQUITY

	2000	1999
LIABILITIES:		
Deposits:		
Demand	$ 40,729	$ 54,051
NOW accounts	52,850	47,919
Savings	110,393	110,059
Time	312,491	291,137
Total Deposits	516,463	503,166
Federal funds purchased	-	3,090
Securities sold under agreement to repurchase	18,903	4,253
Other borrowings	30,786	25,039
Dividend payable	585	650
Accrued interest and other liabilities	3,435	4,442
Total Liabilities	570,172	540,640
SHAREHOLDERS' EQUITY:		
Common stock, no par value - authorized 1,500,000 shares; issued 1,300,000 shares	12,677	12,677
Undivided profits	51,416	45,975
Accumulated other comprehensive income	895	(763)
Total Shareholders' Equity	64,988	57,889
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 635,160	$ 598,529

See Accompanying Notes to Consolidated Financial Statements.

FARMERS & MERCHANTS BANCORP, INC.

Consolidated Statements of Income

for the years ended December 31, 2000, 1999 and 1998

	(In Thousands)(Except for Per Share Amounts)		
	2000	1999	1998
INTEREST INCOME:			
Interest and fees on loans	$ 42,661	$ 37,236	$ 36,335
Interest and Dividends on Investment Securities:			
U.S. Treasury and government agency	3,829	3,754	3,427
State and local governments	1,513	1,645	1,473
Corporate debt securities	544	849	822
Dividends	209	187	178
Interest on federal funds sold	130	105	648
Interest on deposits in banks	4	3	5
Total Interest Income	48,890	43,779	42,888
INTEREST EXPENSE:			
Deposits	22,299	19,776	21,182
Borrowed funds	3,210	1,374	903
Total Interest Expense	25,509	21,150	22,085
Net Interest Income	23,381	22,629	20,803
PROVISION FOR LOAN LOSSES	1,496	1,637	892
NET INCOME AFTER PROVISION FOR LOAN LOSS	21,885	20,992	19,911
OTHER INCOME:			
Service charges on deposit accounts	1,745	1,524	1,320
Other service charges and fees	1,533	1,574	2,706
Net securities gains (losses)	-	31	-
Total Other Income	3,278	3,129	4,026
OTHER EXPENSES:			
Salaries and wages	6,542	5,885	5,438
Pension and other employee benefits	1,603	1,536	1,394
Occupancy expense (net)	432	542	510
Furniture and equipment	1,178	1,272	981
Data processing fees	758	766	743
Franchise taxes	772	629	604
Other operating expense	3,369	3,691	3,197
Total Other Expenses	14,654	14,321	12,867
INCOME BEFORE INCOME TAXES	10,509	9,800	11,070
INCOME TAXES	3,118	3,007	3,413
NET INCOME	$ 7,391	$ 6,793	$ 7,657
NET INCOME PER SHARE - BASIC	$ 5.69	$ 5.23	$ 5.89
WEIGHTED AVERAGE SHARES OUTSTANDING	1,300,000	1,300,000	1,300,000

See Accompanying Notes to Consolidated Financial Statements

FARMERS & MERCHANTS BANCORP, INC.

Consolidated Statements of Changes in Shareholders' Equity

for the years ended December 31, 2000, 1999 and 1998

	(In Thousands)		
	Common Stock	Undivided Profits	Accumulated Other Comprehensive Income
BALANCE AT DECEMBER 31, 1997	$ 12,677	$ 35,165	$ 1,002
Comprehensive income:			
Net income for 1998	--	7,657	--
Other comprehensive income net of tax:			
Unrealized gain on Available-For-Sale securities (net of tax effect of $345)	--	--	669
Cash dividends ($1.40 per share)	--	(1,820)	--
BALANCE AT DECEMBER 31, 1998	12,677	41,002	1,671
Comprehensive income:			
Net income for 1999	--	6,793	--
Other comprehensive income net of tax:			
Unrealized loss on Available-For-Sale securities (net of tax effect of ($1,253))	--	--	(2,454)
Reclassification adjustment (net of tax)	--	--	20
Cash dividends ($1.40 per share)	--	(1,820)	--
BALANCE AT DECEMBER 31, 1999	12,677	45,975	(763)
Comprehensive income:			
Net income for 2000		7,391	
Other comprehensive income net of tax:			
Unrealized gain on Available-For-Sale securities (net of tax effect of $853)			1,658
Cash dividends ($1.50 per share)		(1,950)	--
BALANCE AT DECEMBER 31, 2000	$ 12,677	$ 51,416	$ 895

See Accompanying Notes to Consolidated Financial Statements.

FARMERS & MERCHANTS BANCORP, INC.
Consolidated Statements of Cash Flows
for the years ended December 31, 2000, 1999 and 1998

	2000	1999	1998
	(In Thousands)		
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$ 7,391	$ 6,793	$ 7,657
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:			
Depreciation	1,096	1,243	943
Amortization of servicing rights	129	163	307
Amortization of securities premiums/discounts	222	413	392
Provision for loan losses	1,496	1,637	892
Provision for deferred income taxes	(55)	(172)	52
(Gain) loss on sale of other	(80)	(114)	(447)
(Gain) loss on sale of securities	--	(31)	--
Originations of mortgage loans held for sale	(21,553)	(33,426)	(107,368)
Proceeds from mortgage loans held for sale	21,727	33,542	107,845
Net change in other assets/liabilities	(2,807)	633	(769)
Net Cash Provided by Operating Activities	7,566	10,681	9,504
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of bank premises and equipment	(1,276)	(1,991)	(2,740)
Proceeds from sale of bank premises and equipment	15	--	--
Maturity proceeds of available-for-sale securities	28,427	36,635	22,000
Sale proceeds of available-for-sale securities	--	17,114	--
Purchase of available-for-sale securities	(36,660)	(32,314)	(53,228)
Net increase in loans and leases	(25,585)	(57,863)	(9,970)
Net Cash Used by Investing Activities	(35,079)	(38,419)	(43,938)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net increase in deposits	13,297	(9,017)	50,885
Net change in short-term borrowings	11,560	19,427	318
Proceeds from other borrowings	27,000	--	1,000
Payments on other borrowings	(21,253)	(1,201)	(1,053)
Payment of dividends	(2,015)	(1,820)	(1,820)
Net Cash Provided by Financing Activities	28,589	7,389	49,330
Net Change in Cash and Cash Equivalents	1,076	(20,349)	14,896
CASH AND CASH EQUIVALENTS - January 1	17,345	37,694	22,798
CASH AND CASH EQUIVALENTS - December 31	$ 18,421	$ 17,345	$ 37,694
RECONCILIATION OF CASH AND CASH EQUIVALENTS:			
Cash and due from banks	$ 17,951	$ 17,245	$ 18,549
Interest bearing deposits	100	100	100
Federal funds sold	370	--	19,045
	$ 18,421	$ 17,345	$ 37,694
SUPPLEMENTARY CASH FLOWS DISCLOSURES:			
Cash paid during the year for:			
Interest (net of amount capitalized)	$ 25,155	$ 21,357	$ 22,020
Income taxes	4,334	2,024	3,280

See Accompanying Notes to Consolidated Financial Statements.

FARMERS & MERCHANTS BANCORP, INC.

Notes to Consolidated Financial Statements

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES

NATURE OF ACTIVITIES:

The consolidated income of Farmers & Merchants Bancorp, Inc. is principally from income of the bank subsidiary, The Farmers & Merchants State Bank. The subsidiary Bank grants agribusiness, commercial, consumer and residential loans to customers primarily in northwest Ohio.

CONSOLIDATION POLICY:

The consolidated financial statements include the accounts of Farmers & Merchants Bancorp, Inc. and its wholly-owned subsidiaries, The Farmers & Merchants State Bank (the Bank), a commercial banking institution, and the Farmers & Merchants Life Insurance Company, a life, accident and health insurance company. All material inter-company balances and transactions have been eliminated.

ESTIMATES:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The determination of the adequacy of the allowance for loan losses is based on estimates that are particularly susceptible to significant changes in the economic environment and market conditions. In connection with the determination of the estimated losses on loans, management obtains independent appraisals for significant collateral.

The Bank's loans are generally secured by specific items of collateral including real property, consumer assets, and business assets. Although the bank has a diversified loan portfolio, a substantial portion of its debtors' ability to honor their contracts is dependent on local economic conditions in the agricultural industry.

While management uses available information to recognize losses on loans, further reductions in the carrying amounts of loans may be necessary based on changes in local economic conditions. In addition regulatory agencies, as an integral part of their examination process, periodically review the estimated losses on loans. Such agencies may require the Bank to recognize additional losses based on their judgments about information available to them at the time of their examination. Because of these factors, it is reasonably possible that the estimated losses on loans may change materially in the near term. However, the amount of the change that is reasonably possible cannot be estimated.

FARMERS & MERCHANTS BANCORP, INC.

Notes to Consolidated Financial Statements (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES (Continued)

CASH AND CASH EQUIVALENTS:

For purposes of the statement of cash flows, the company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. This includes cash on hand, amounts due from banks, and federal funds sold. Generally, federal funds are purchased and sold for one day periods.

INVESTMENT SECURITIES:

Debt securities are classified as held-to-maturity when the Bank has the positive intent and ability to hold the securities to maturity. Securities held-to-maturity are carried at amortized cost. The amortization of premiums and the accretion of discounts are recognized in interest income using methods approximating the interest method over the period to maturity.

Debt securities not classified as held-to-maturity are classified as available-for-sale. Securities available-for-sale are carried at fair value with unrealized gains and losses reported in other comprehensive income. Realized gains and losses on securities available for sale are included in other income (expense) and, when applicable, are reported as a reclassification adjustment, net of tax, in other comprehensive income. Gains and losses on sales of securities are determined on the specific-identification method.

Declines in the fair value of individual held-to-maturity and available-for-sale securities below their cost that are other than temporary result in write-downs of the individual securities to their fair value. The related write-downs are included in earnings as realized losses.

LOANS:

Loans are stated at the amount of unpaid principal, reduced by unearned discounts and deferred loan fees and costs, as well as, by the allowance for loan losses. Interest on commercial, installment, and real estate loans is accrued on a daily basis based on the principal outstanding.

Generally, a loan (including a loan considered impaired under Statement 114, "Accounting by Creditors for Impairment of a Loan") is classified as nonaccrual and the accrual of interest income is generally discontinued when a loan becomes 90 days past due as to principal or interest and these loans are placed on a "cash basis" for purposes of income recognition. Management may elect to continue the accrual of interest when the estimated net realizable value of collateral is sufficient to cover the principal and accrued interest, and the loan is in the process of collection.

Loans held for resale are valued at the lower of aggregate cost or market, market determined by current market quotations.

FARMERS & MERCHANTS BANCORP, INC.

Notes to Consolidated Financial Statements (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES (Continued)

LOANS (Continued):

Loan origination and commitment fees and certain direct loan origination costs are deferred and amortized as a net adjustment to the related loan's yield. The Bank is generally amortizing these costs over the contractual life of such loans. Fees related to standby letters of credit are recognized at the beginning of the commitment period.

ALLOWANCE FOR LOAN LOSSES:

The allowance for possible loan losses is established through a provision for loan losses charged against income. Loans deemed to be uncollectible and changes in the allowance relating to impaired loans are charged against the allowance for loan losses, and subsequent recoveries, if any, are credited to the allowance.

The allowance for loan losses is maintained at a level believed to be adequate by management to absorb probable loan losses inherent in the loan portfolio for on and off balance sheet credit exposure as of the balance sheet dates. Management's evaluation of the adequacy of the allowance is based on the Bank's past loan loss experience, known and inherent risks in the portfolio, adverse situations that may affect the borrowers ability to repay (including the timing of future payments), the estimated value of any underlying collateral, composition of the loan portfolio, current economic conditions, and other relevant factors. Allowances for impaired loans are generally determined based on collateral values or the present value of estimated future cash flows. This evaluation is inherently subjective as it may require material estimates including the amount and timing of future cash flows expected to be received on impaired loans that may be susceptible to significant change.

SERVICING ASSETS AND LIABILITIES:

It is the Bank's policy to service loans it has sold to FREDDIE MAC. When the Bank undertakes an obligation to service financial assets, it recognizes either a servicing asset or a servicing liability for that servicing contract at its fair market value. Servicing assets and liabilities are to be amortized in proportion to and over the period of estimated net servicing income. The amount of serving assets recognized during 2000 was $111 thousand, while servicing assets amortized during 2000 was $129 thousand. Capitalized mortgage servicing rights are included in other assets and totaled $870 thousand and $889 thousand at December 31, 2000 and 1999, respectively. No valuation allowance is required.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES (Continued)

FINANCE LEASES:

Finance leases are recorded at the sum of the minimum lease payments less any executory costs and profit thereon to be paid and any unguaranteed residual value. If the residual is guaranteed, it is included in the minimum lease payments. The difference between the gross investment in the lease and the cost is recorded as unearned income, which is amortized over the lease term by the interest method. The unearned interest is included in the balance sheet as a deduction from the related gross investment, which results in the net investment in the lease.

BANK PREMISES AND EQUIPMENT:

Bank premises and equipment are stated at cost less accumulated depreciation. Depreciation is based on the estimated useful lives of the various properties and is computed using accelerated methods. Costs for maintenance and repairs are charged to operations as incurred. Gains and losses on dispositions are included in current operations.

OTHER REAL ESTATE OWNED:

Real estate properties acquired through or in lieu of loan foreclosure are initially recorded at the lower of the Bank's carrying amount or fair value less estimated selling cost at the date of foreclosure. Any write-downs based on the asset's fair value at the date of acquisition are charged to the allowance for loan losses. After foreclosure, these assets are carried at the lower of their new cost basis or fair value less cost to sell. Costs of significant property improvements are capitalized, whereas, costs relating to holding the property are expensed. The portion of interest costs relating to the development of real estate are capitalized. Valuations are periodically performed by management, and any subsequent write-downs are recorded as a charge to operations, if necessary, to reduce the carrying value of a property to the lower of its cost or fair value less cost to sell.

FAIR VALUE OF FINANCIAL INSTRUMENTS:

FASB Statement No. 107, "Disclosures about Fair Value of Financial Instruments", requires disclosure of the fair value information about financial instruments, both assets and liabilities, whether or not recognized in the balance sheet, for which it is practicable to estimate that value. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by assumptions used, including the discount rate and estimates of cash flows. In that regard, the derived fair value estimates cannot be substantiated by comparison to independent markets and, in many cases, could not be realized in immediate settlement of the instrument. FASB Statement No. 107 excludes certain financial instruments and all non-financial instruments from its disclosure requirements. Accordingly, the aggregate fair value amounts presented do not represent the underlying value of the Company.

FARMERS & MERCHANTS BANCORP, INC.

Notes to Consolidated Financial Statements (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES (Continued)

FEDERAL INCOME TAX:

Income taxes are provided for the tax effects of the transactions reported in the financial statements and consist of taxes currently due plus deferred taxes related primarily to differences between the basis of the allowance for loan losses and available-for-sale securities. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. Deferred tax assets and liabilities are reflected at income tax rates applicable to the period in which the deferred tax assets or liabilities are expected to be realized or settled. As changes in tax laws or rates are enacted, deferred tax assets and liabilities are adjusted through the provision for income taxes. The Bancorp files consolidated income tax returns with its bank subsidiary.

EARNINGS PER SHARE:

Basic earnings per share are computed based on the weighted average number of shares of common stock outstanding during each year.

NOTE 2. CASH AND CASH EQUIVALENTS

Banks are required to maintain reserve funds in vault cash and/or on deposit with the Federal Reserve Bank. The aggregate reserves required at December 31, 2000 and 1999 were $4.8 million and $5.6 million, respectively.

NOTE 3. INVESTMENT SECURITIES

The amortized cost and estimated market values of investments in securities as of December 31, are detailed below. Fair market values are based on quoted market prices or dealer quotes except for domestic corporations stocks that are recorded at cost.

	(In Thousands)			
	2000			
	Gross Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Gross Market Value
Available-for-Sale:				
U.S. Treasury	$ 7,821	$ 100	$ --	$ 7,921
U.S. Government agency	52,540	778	124	53,194
Mortgage-backed securities	7,924	5	66	7,863
State and local governments	31,438	771	52	32,157
Corporate debt securities	9,251	--	55	9,196
Commercial paper	2,908	--	--	2,908
Equity securities	20	--	--	20
	$111,902	$ 1,654	$ 297	$113,259

FARMERS & MERCHANTS BANCORP, INC.

Notes to Consolidated Financial Statements (Continued)

NOTE 3. INVESTMENT SECURITIES (Continued)

	(In Thousands) 1999			
	Gross Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Gross Market Value
Available-for-Sale:				
U.S. Treasury	$ 6,823	$ 25	$ 6	$ 6,842
U.S. Government agency	38,840	2	763	38,079
Mortgage-backed securities	10,234	2	409	9,827
State and local governments	31,075	501	330	31,246
Corporate debt securities	9,802	--	175	9,627
Commercial paper	7,330	--	--	7,330
Equity securities	20	--	--	20
	$104,124	$ 530	$ 1,683	$102,971

The gross realized gains and losses for the years ended December 31, are presented below:

	(In Thousands) 2000	1999	1998
Gross realized gains	$ --	$ 38	$ --
Gross realized losses	--	7	--
Net Realized Gains(Losses)	$ --	$ 31	$ --

The amortized cost and estimated market value of debt securities at December 31, 2000, by contractual maturity, are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	(In Thousands) Amortized Cost	Fair Value
One year or less	$ 25,486	$ 25,513
After one year through five years	65,483	66,352
After five years through ten years	14,703	14,804
After ten years	6,210	6,570
Total	$111,882	$ 113,239

NOTE 3. INVESTMENT SECURITIES (Continued)

Investments with a carrying value of $95.4 million and $68.8 million at December 31, 2000 and 1999, respectively, were pledged to secure public deposits and securities sold under repurchase agreements.

NOTE 4. FEDERAL HOME LOAN BANK STOCK

The Federal Home Loan Bank stock is recorded at cost. The stock is held as collateral security for all indebtedness of the Bank to the Federal Home Loan Bank.

NOTE 5. LOANS

Loans at December 31, are summarized below:

Loans	2000 (In Thousands)	1999 (In Thousands)
Real estate	$ 261,289	$ 237,056
Commercial and industrial	96,990	100,996
Agricultural (excluding real estate)	51,337	46,035
Consumer and other loans	68,429	71,589
Overdrafts	652	73
Industrial Development Bonds	8,647	7,015
	487,344	462,764
Less: Deferred loan fees and costs	(597)	(479)
	486,747	462,285
Less: Allowance for loan losses	(7,160)	(6,750)
Loans - Net	$ 479,587	$ 455,535

	2000 (In Thousands)	1999 (In Thousands)	1998 (In Thousands)
Allowance for Loan Losses			
Balance at beginning of year	$ 6,750	$ 5,850	$ 5,850
Provision for loan loss	1,496	1,637	892
Recoveries	1,287	837	882
Loans charged off	(2,373)	(1,574)	(1,774)
	$ 7,160	$ 6,750	$ 5,850

FARMERS & MERCHANTS BANCORP, INC.

Notes to Consolidated Financial Statements (Continued)

NOTE 5. LOANS (Continued)

As of December 31, 2000 and 1999, the recorded investment in impaired loans amounted to approximately $9.3 and $8.5 million, respectively. The average recorded investment in impaired loans amounted to approximately $8.6 million, $6.5 million and $4.7 million for 2000, 1999 and 1998, respectively. Of the loans that were considered impaired for 2000 and 1999, the recorded investment in impaired loans that have a related allowance determined in accordance with SFAS No. 114 and No. 118 was $6.5 million and $6.3 million, respectively for which the related allowance for loan loss was $3.4 million and $2.8 million, respectively.

The Bank stops accruing interest income when a loan is deemed to be impaired, and recognizes interest income when the interest income is actually received. Interest income recognized on impaired loans was $177, $53 and $172 thousand for 2000, 1999 and 1998, respectively.

As of December 31, 2000 there were $14 thousand in commitments to lend additional funds to debtors whose loans are not performing.

$147.1 million in one to four family residential mortgage loans have been pledged as security for loans the Bank has received from the Federal Home Loan Bank.

Senior officers and directors and their affiliated companies were indebted to the Bank in the aggregate of $14.9 and $14.2 million at December 31, 2000 and 1999, respectively. All such loans were made on substantially the same terms and conditions, including interest rates and collateral, as those prevailing at the time for comparable loan transactions with other persons. Loans made during 2000 were $24.8 million and repayments were $24.1 million. In the opinion of management, these loans do not involve more than normal risk of collectibility or possess other unfavorable features.

Loans for which the Bank is providing collection services is $163.5, $158.2 and $147.9 million for 2000, 1999 and 1998, respectively. Servicing assets recognized during 2000 amounted to $111 thousand and amortization of servicing assets amounted to $129 thousand. The fair value of recognized servicing assets was $1.4 million, fair value being determined by the present value of expected future cash flows. No allowance for impairment has been provided.

As of December 31, 2000 there were $4.9 million of undisbursed loans in process.

NOTE 6. FINANCE LEASE RECEIVABLE

Finance leases as of December 31 are as follows:

	(In Thousands) 2000	(In Thousands) 1999
Gross investment in leases	$ 820	$ 792
Unearned income	(90)	(99)
Finance Lease Receivable	$ 730	$ 693

NOTE 6. FINANCE LEASE RECEIVABLE (Continued)

All amounts are considered collectible, and therefore, no allowance has been provided.

NOTE 7. BANK PREMISES AND EQUIPMENT

The major categories of banking premises and equipment and accumulated depreciation at December 31 are summarized below:

	(In Thousands)	
	2000	1999
Land	$ 2,614	$ 1,983
Buildings	9,349	9,123
Furnishings	6,390	6,031
	18,353	17,137
Less: Accumulated depreciation	(7,999)	(6,961)
Banking Premises and Equipment (Net)	$ 10,354	$ 10,176

NOTE 8. DEPOSITS

Time deposits at December 31 consist of the following:

	(In Thousands)	
	2000	1999
Time deposits under $100,000	$238,946	$223,372
Time deposits of $100,000 or more	73,545	67,765
	$312,491	$291,137

For each of the five years subsequent to December 31, 2000, maturities for time deposits having a remaining term of more than one year follows:

2001	$ 193,643
2002	45,799
2003	68,189
2004	2,719
2005 and thereafter	2,141
	$ 312,491

Deposits to related parties as of December 31, 2000 and 1999 amounted to $14.7 million and $11.6 million, respectively.

NOTE 9. REPURCHASE AGREEMENTS

The Bank's policy requires qualifying securities as collateral for the underlying repurchase agreements. As of December 31, 2000 and 1999 securities with a book value of $25.2 million and $4.5 million, respectively, were underlying the repurchase agreements and were under the Bank's control.

NOTE 10. OTHER BORROWINGS

Other borrowings consisted of the following at December 31:

	(In Thousands) 2000	1999
Federal Home Loan Bank, various loans due in monthly installments of $105 thousand plus annual payments of $400 thousand including interest at varying rates from 5.40% to 7.05%. Notes are secured by a blanket lien on 100% of the one to four family residential mortgage loan portfolio	$ 30,786	$ 25,039

The following is a schedule by years of future minimum principal payments as of December 31:

2001	$ 13,308
2002	6,367
2003	6,418
2004	1,153
2005 and thereafter	3,540
	$ 30,786

FARMERS & MERCHANTS BANCORP, INC.

Notes to Consolidated Financial Statements (Continued)

NOTE 11. FEDERAL INCOME TAXES

Deferred tax assets and liabilities at December 31 are comprised of the following:

	(In Thousands) 2000	1999
Deferred Tax Assets:		
Allowance for loan losses	$ 2,142	$ 2,008
Net unrealized loss on available-for-sale securities	-	392
	2,142	2,400
Deferred Tax Liabilities:		
Accreted discounts on bonds	67	40
FHLB stock dividends	427	356
Mortgage servicing rights	297	302
Other	52	66
Net unrealized gain on available-for-sale securities	461	-
	1,304	764
Net Deferred Tax Asset	$ 838	$ 1,636

The components of income tax expense for the years ended December 31 are as follows:

	(In Thousands) 2000	1999	1998
Current:			
Federal	$ 3,173	$ 3,195	$ 3,361
Deferred:			
Federal	(55)	(188)	52
	$ 3,118	$ 3,007	$ 3,413

FARMERS & MERCHANTS BANCORP, INC.

Notes to Consolidated Financial Statements (Continued)

NOTE 11. FEDERAL INCOME TAXES (Continued)

	(In Thousands) 2000	1999	1998
Income tax at statutory rates	$ 3,485	$ 3,399	$ 3,771
Tax effect:			
Tax exempt interest	(447)	(468)	(428)
Costs attributable to tax exempt interest	80	76	70
	$ 3,118	$ 3,007	$ 3,413

NOTE 12. RETIREMENT INCOME PLAN

The Bank has established a 401(k) profit sharing plan which allows eligible employees to save at a minimum one percent of eligible compensation on a pre-tax basis, subject to certain Internal Revenue Service limitations. The Bank will match 50% of employee 401(k) contributions up to four percent of total eligible compensation. In addition the Bank may make a discretionary contribution from time to time as is deemed advisable. A participant is 100% vested in the participant's deferral contributions and employer matching contributions. A seven year vesting schedule applies to employer discretionary contributions.

In order to be eligible to participate, the employee must be 21 years of age, completed six months of service, work 1,000 hours in the plan year and be employed on the last day of the year. Entry dates have been established at January 1 and July 1 of each year.

The plan calls for only lump-sum distributions upon either termination of employment, retirement, death or disability.

Contributions to the 401(k) profit sharing plan for both the employer matching contribution and the discretionary contribution were $410, $363, and $421 thousand for 2000, 1999 and 1998, respectively.

NOTE 13. RELATED PARTY TRANSACTIONS

The Bank has conducted transactions with its officers and directors as set forth in Note 5.

NOTE 14. COMMITMENTS AND CONTINGENT LIABILITIES

The Bank's financial statements do not reflect various commitments and contingent liabilities which arise in the normal course of business and which involve elements of credit risk, interest rate risk and liquidity risk. These commitments and contingent liabilities are commitments to extend credit, credit card arrangements and standby letters of credit. A summary of the Bank's commitments and contingent liabilities at December 31, 2000 and 1999 is as follows:

FARMERS & MERCHANTS BANCORP, INC.

Notes to Consolidated Financial Statements (Continued)

NOTE 14. COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

	(In Thousands) 2000	1999
Commitments to extend credit	$ 74,745	$ 83,344
Credit card arrangements	19,515	12,163
Standby letters of credit	898	1,531

Commitments to extend credit, credit card arrangements and standby letters of credit all include exposure to some credit loss in the event of nonperformance of the customer. The Bank's credit policies and procedures for credit commitments and financial guarantees are the same as those for extensions of credit that are recorded in the financial statements. Because these instruments have fixed maturity dates, and because many of them expire without being drawn upon, they generally do not present any significant liquidity risk to the Bank.

In the ordinary course of business, the company at times, is subject to pending and threatened legal actions and proceedings. It is the opinion of management that the outcome of any such matters and proceedings would not have a material effect on the financial position of the company.

NOTE 15. FINANCIAL INSTRUMENTS WITH OFF-BALANCE-SHEET RISK

All of the Bank's loans, commitments, and standby letters of credit have been granted to customers in the Bank's market area of northwest Ohio. All such customers are depositors of the Bank. Also, investments in state and municipal securities may involve governmental entities within the Bank's market area. The concentrations of credit by type of loan are set forth in Note 5. Standby letters of credit were granted primarily to commercial borrowers.

NOTE 16. REGULATORY CAPITAL REQUIREMENTS

The Bank is subject to various regulatory capital requirements administered by its primary federal regulator, the Federal Deposit Insurance Corporation (FDIC). Failure to meet the minimum regulatory requirements can initiate certain mandatory, and possible additional discretionary actions by regulators, that if undertaken, could have a direct material effect on the Bank and the consolidated financial statements. Under the regulatory capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines involving quantitative measures of the Bank's assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. The Bank's capital amounts and classification under the prompt corrective action guidelines are also subject to qualitative judgements by the regulators about components, risk weightings, and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the Bank to maintain minimum amounts and ratios of: total risk-based capital and Tier I capital to risk-weighted assets (as defined in the regulations), and Tier I capital to adjusted total assets (as defined). Management believes, as of December 31, 2000, that the Bank meets all the capital adequacy requirements to which it is subject.

FARMERS & MERCHANTS BANCORP, INC.

Notes to Consolidated Financial Statements (Continued)

NOTE 16. REGULATORY CAPITAL REQUIREMENTS (Continued)

As of December 31, 2000 the most recent notification from the FDIC indicated the Bank was categorized as well capitalized under the regulatory framework for prompt corrective action. To remain categorized as well capitalized, the Bank will have to maintain minimum total risk-based, Tier I risk-based, and Tier I leverage ratios as disclosed in the table below. There are no conditions or events since the most recent notification that management believes have changed the Bank's prompt corrective action category.

The Bank's actual and required capital amounts and ratios as of December 31, 2000 and 1999 are as follows:

	Actual		For Capital Adequacy Purposes(a)		To Be Well Capitalized Under the Prompt Corrective Action Provisions(a)	
	(000's) Amount	Ratio	(000's) Amount	Ratio	(000's) Amount	Ratio
As of December 31, 2000						
Total Risk-Based Capital (to Risk Weighted Assets)						
Consolidated	$ 69,581	15.6%	$ 35,680	8.0%	$ -	N/A
Farmers & Merchants State Bank	69,199	14.6%	37,920	8.0%	47,400	10.0%
Tier I Capital (to Risk Weighted Assets)						
Consolidated	63,977	14.3%	17,900	4.0%		N/A
Farmers & Merchants State Bank	53,274	11.3%	18,860	4.0%	28,290	6.0%
Tier I Capital (to Adjusted Total Assets)						
Consolidated	63,977	10.2%	25,090	4.0%		N/A
Farmers & Merchants State Bank	53,274	8.5%	25,070	4.0%	31,340	5.0%

FARMERS & MERCHANTS BANCORP, INC.

Notes to Consolidated Financial Statements (Continued)

NOTE 16. REGULATORY CAPITAL REQUIREMENTS (Continued)

	Actual		For Capital Adequacy Purposes(a)		To Be Well Capitalized Under the Prompt Corrective Action Provisions(a)	
	(000's) Amount	Ratio	(000's) Amount	Ratio	(000's) Amount	Ratio
As of December 31, 1999						
Total Risk-Based Capital (to Risk Weighted Assets) Consolidated	$ 63,970	14.8%	$ 34,580	8.0%	$ -	N/A
Farmers & Merchants State Bank	63,554	13.9%	36,580	8.0%	45,720	10.0%
Tier I Capital (to Risk Weighted Assets) Consolidated	58,563	13.6%	17,220	4.0%		N/A
Farmers & Merchants State Bank	47,833	10.5%	18,220	4.0%	27,330	6.0%
Tier I Capital (to Adjusted Total Assets) Consolidated	58,563	9.9%	23,660	4.0%		N/A
Farmers & Merchants State Bank	47,833	8.1%	23,620	4.0%	29,530	5.0%

(a) The amount and ratios provided are minimums under the regulations.

The Bank is restricted as to the amount of dividends which can be paid. Dividends declared by the Bank that exceed the net income for the current year plus retained income for the preceding two years must be approved by federal and state regulatory agencies. Under this formula dividends of $16.6 million may be paid without prior regulatory approval. Regardless of formal regulatory restrictions, the Bank may not pay dividends that would result in its capital levels being reduced below the minimum requirements shown above.

NOTE 17. FAIR VALUE INFORMATION AND INTEREST RATE RISK

Fair values of financial instruments are management's estimate of the values at which the instruments could be exchanged in a transaction between willing parties. These estimates are subjective and may vary significantly from amounts that would be realized in actual transactions. In addition, other significant assets are not considered financial assets including deferred tax assets, premises and equipment and intangibles. Further, the tax ramifications related to the realization of the unrealized gains and losses can have a significant effect on the fair value estimates and have not been considered in any of the estimates.

FARMERS & MERCHANTS BANCORP, INC.

Notes to Consolidated Financial Statements (Continued)

NOTE 17. FAIR VALUE INFORMATION AND INTEREST RATE RISK (Continued)

The book values and estimated fair values for on and off-balance sheet financial instruments as of December 31, 2000 and 1999 are reflected below:

	(In Thousands)			
	2000		1999	
	Book Value	Fair Value	Book Value	Fair Value
Financial Assets:				
Cash and cash equivalents	$ 17,951	$ 17,951	$ 17,245	$ 17,245
Interest bearing deposits	100	100	100	100
Federal funds sold	370	370	-	
Available-for-sale securities	113,259	113,259	102,971	102,971
Federal Home Loan Bank	2,973	2,973	2,764	2,764
Net loans	480,645	492,595	456,617	459,540
Interest receivable	5,077	5,077	5,077	5,077
Financial Liabilities:				
Deposits	$ 516,463	$ 518,648	$ 503,166	$ 502,220
Short-term borrowings:				
Federal funds purchased	-	-	3,090	3,090
Repurchase agreement sold	18,903	18,903	4,253	4,253
Other borrowings	30,786	31,313	25,039	24,976
Interest payable	1,784	1,784	1,784	1,784

The following assumptions and methods were used in estimating the fair value for financial instruments:

CASH AND SHORT-TERM INVESTMENTS:

The carrying amounts reported in the balance sheet for cash and due from banks and federal funds sold approximate their fair values.

INVESTMENT SECURITIES:

Fair values for securities are based on quoted market prices, where available. If quoted prices are not available, fair values are based on quoted market prices of comparable instruments.

STOCK IN FEDERAL HOME LOAN BANK:

No ready market exists for the stock, and it has no quoted market value. The stock is redeemable at par; therefore, fair value equals cost.

NOTE 17. FAIR VALUE INFORMATION AND INTEREST RATE RISK (Continued)

LOANS:

Most commercial and real estate mortgage loans are made on a variable rate basis. For those variable-rate loans that reprice frequently, and with no significant change in credit risk, fair values are based on carrying values. The fair values of the fixed rate and all other loans are estimated using discounted cash flow analysis, using interest rates currently being offered for loans with similar terms to borrowers with similar credit quality.

DEPOSITS:

The fair values disclosed for deposits with no defined maturities are equal to their carrying amounts, which represent the amount payable on demand. The carrying amounts for variable-rate, fixed-term money market accounts and certificates of deposit approximate their fair value at the reporting date. Fair value for fixed-rate certificates of deposit are estimated using a discounted cash flow analysis that applies interest rates currently being offered on certificates to a schedule of aggregated expected monthly maturities on time deposits.

BORROWINGS:

Short-term borrowings are carried at cost which approximates fair value. Other long-term debt was generally valued using a discounted cash flows analysis with a discounted rate based on current incremental borrowing rates for similar types of arrangements, or if not available, based on an approach similar to that used for loans and deposits. Long-term borrowings include their related current maturities.

ACCRUED INTEREST RECEIVABLE AND PAYABLE:

The carrying amounts of accrued interest approximate their fair values.

INTEREST RATE RISK:

The Company assumes interest rate risk (the risk that general interest rate levels will change) as a result of its normal operations. As a result, the fair values of the Company's financial instruments will change when interest rate levels change and that change may be either favorable or unfavorable to the Company. Management attempts to match maturities of assets and liabilities to the extent believed necessary to minimize interest rate risk. However, borrowers with fixed rate obligations are more likely to prepay in a falling rate environment and less likely to prepay in a rising rate environment. Conversely, depositors who are receiving fixed rates are more likely to withdraw funds before maturity in a rising rate environment and less likely to do so in a falling rate environment. Management monitors rates and maturities of assets and liabilities and attempts to minimize interest rate risk by adjusting terms of new loans and deposits and by investing in securities with terms that mitigate the Company's overall interest rate risk.

FARMERS & MERCHANTS BANCORP, INC.

Notes to Consolidated Financial Statements (Continued)

NOTE 18. FARMERS & MERCHANTS BANCORP, INC. (PARENT COMPANY ONLY) FINANCIAL INFORMATION

BALANCE SHEETS

	(In Thousands)	
	2000	1999
ASSETS:		
Cash	$ 706	$ 669
Related party receivables:		
Dividends	300	350
Note receivable	10,000	10,000
Investment in subsidiaries	54,741	47,696
TOTAL ASSETS	$ 65,747	$ 58,715
LIABILITIES:		
Accrued expenses	$ 174	$ 176
Dividends payable	585	650
Total Liabilities	759	826
SHAREHOLDERS' EQUITY:		
Common stock, no par value - 1,500,000 shares authorized; 1,300,000 shares issued	12,677	12,677
Undivided profits	51,416	45,975
Accumulated other comprehensive income	895	(763)
Total Shareholders' Equity	64,988	57,889
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 65,747	$ 58,715

FARMERS & MERCHANTS BANCORP, INC.

Notes to Consolidated Financial Statements (Continued)

NOTE 18. FARMERS & MERCHANTS BANCORP, INC. (PARENT COMPANY ONLY) FINANCIAL INFORMATION (Continued)

STATEMENTS OF INCOME

	(In Thousands)		
	2000	1999	1998
INCOME:			
Equity in net income of subsidiaries	$ 7,055	$ 6,451	$ 7,313
Interest income	600	600	600
Total Income	7,655	7,051	7,913
EXPENSES:			
Miscellaneous	23	14	19
Professional fees	17	18	16
Supplies	7	6	6
Taxes	43	44	39
Total Expense	90	82	80
INCOME BEFORE INCOME TAXES	7,565	6,969	7,833
INCOME TAXES	174	176	176
NET INCOME	$ 7,391	$ 6,793	$ 7,657

FARMERS & MERCHANTS BANCORP, INC.

Notes to Consolidated Financial Statements (Continued)

NOTE 18. FARMERS & MERCHANTS BANCORP, INC. (PARENT COMPANY ONLY) FINANCIAL INFORMATION (Continued)

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

	(In Thousands)		
	Common Stock	Undivided Profits	Accumulated Other Comprehensive Income
BALANCE AT DECEMBER 31, 1997	$ 12,677	$ 35,165	$ 1,002
Comprehensive income:			
Net income for 1998	-	7,657	-
Other comprehensive income net of tax:			
Unrealized gain on Available-For-Sale securities (net of tax effect of $345)	-	-	669
Dividends ($1.40 per share)	-	(1,820)	-
BALANCE AT DECEMBER 31, 1998	12,677	41,002	1,671
Comprehensive income:			
Net income for 1999	-	6,793	-
Other comprehensive income net of tax:			
Unrealized loss on Available-For-Sale securities (net of tax effect of ($1,253))	-	-	(2,454)
Reclassification adjustment (net of tax)			20
Dividends ($1.40 per share)	-	(1,820)	-
BALANCE AT DECEMBER 31, 1999	12,677	45,975	(763)
Comprehensive income:			
Net income for 2000	-	7,391	-
Other comprehensive income net of tax:			
Unrealized loss on Available-For-Sale securities (net of tax effect of $853)	-	-	1,658
Dividends ($1.50 per share)	-	(1,950)	-
BALANCE AT DECEMBER 31, 2000	$ 12,677	$ 51,416	$ 895

FARMERS & MERCHANTS BANCORP, INC.

Notes to Consolidated Financial Statements (Continued)

NOTE 18. FARMERS & MERCHANTS BANCORP, INC. (PARENT COMPANY ONLY) FINANCIAL INFORMATION (Continued)

STATEMENTS OF CASH FLOWS

	(In Thousands)		
	2000	1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$ 7,391	$ 6,793	$ 7,657
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:			
Equity in undistributed net income of subsidiaries	(7,055)	(6,451)	(7,313)
Changes in Operating Assets and Liabilities:			
Accrued expenses	(2)	(178)	175
Net Cash Provided by Operating Activities	334	164	519
CASH FLOWS FROM INVESTING ACTIVITIES:			
Dividends from wholly-owned subsidiaries	1,718	1,640	1,170
CASH FLOWS FROM FINANCING ACTIVITIES:			
Payment of dividends	(2,015)	(1,820)	(1,820)
Net Change in Cash and Cash Equivalents	37	(16)	(131)
CASH AND CASH EQUIVALENTS - beginning of year	669	685	816
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 706	$ 669	$ 685

January 10, 2001

Board of Directors
Farmers & Merchants Bancorp, Inc.
Archbold, Ohio

INDEPENDENT AUDITORS' REPORT ON
SUPPLEMENTARY INFORMATION

Our report on our audits of the basic financial statements of Farmers & Merchants Bancorp, Inc., Archbold, Ohio, and its wholly-owned subsidiaries, The Farmers & Merchants State Bank and Farmers & Merchants Life Insurance Company for the years ended December 31, 2000 and 1999, appears on page 6. The examination was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The five year summary of operations is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

KROUSE, KERN & CO., INC.
Fort Wayne, Indiana

FARMERS & MERCHANTS BANCORP, INC.

Five Year Summary of Consolidated Operations

	(In Thousands Except for Per Share Amounts)				
	2000	1999	1998	1997	1996
Summary of Income:					
Interest income	$ 48,890	$ 43,779	$ 42,888	$ 40,158	$ 38,382
Interest expense	25,509	21,150	22,085	21,139	20,905
Net Interest Income	23,381	22,629	20,803	19,019	17,477
Provision for loan losses	1,496	1,637	892	1,111	1,068
Net interest income after provision for loan losses	21,885	20,992	19,911	17,908	16,409
Other income (expense)	(11,376)	(11,192)	(8,841)	(8,096)	(8,614)
Net income before income taxes	10,509	9,800	11,070	9,812	7,795
Income taxes	3,118	3,007	3,413	3,035	2,312
Net income	$ 7,391	$ 6,793	$ 7,657	$ 6,777	$ 5,483
Per Share of Common Stock:					
Earnings per common share outstanding: (Based on weighted average number of shares outstanding) (All per share amounts have been retroactively restated to reflect a 5 for 1 stock split in 1996)					
Net income	$ 5.69	$ 5.23	$ 5.89	$ 5.22	$ 4.22
Dividends	$ 1.50	$ 1.40	$ 1.40	$ 1.25	$ 1.15
Weighted average number of shares outstanding	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000
Year-end assets	$ 635,160	$ 598,529	$ 585,869	$ 528,273	$ 501,449
Average assets	619,075	585,189	553,277	510,163	482,770
Year-end equity capital	64,988	57,889	55,350	48,844	43,381
Average equity capital	61,488	56,862	52,940	46,548	41,501

See Independent Auditors' Report on Supplementary Information.

FARMERS & MERCHANTS BANCORP, INC.

Trading Market for the Company's Stock

The Company's stock is not actively traded on any exchange. The range and sales prices, based upon information that the Company has been made aware, are listed below:

	Stock Prices		
	Quarter	Low	High
2000-- by quarter	1st	$ 80.00	$ 115.00
	2nd	80.00	115.00
	3rd	85.00	115.00
	4th	85.00	120.00
1999-- by quarter	1st	$ 75.00	$ 75.00
	2nd	75.00	100.00
	3rd	85.00	113.00
	4th	75.00	105.00

Dividends declared on a quarterly basis for the last two fiscal years:

	Quarter	2000	1999
Dividends declared per share			
	1st	$ .35	$ .30
	2nd	.35	.30
	3rd	.35	.30
	4th	.45	.50

SELECTED FINANCIAL DATA BY MANAGEMENT

FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The Farmers & Merchants Bancorp, Inc. has again continued its consistent pattern of solid income and asset growth. Interest income increased in 2000 for the Company from $43.8 million for 1999 to $48.9 million for 2000, an 11.6% increase. The loan portfolio grew to $487.8 million for 2000 up from $463.4 million for 1999, a 5.3% increase, while at the same time net interest income increased from $22.6 million for 1999 to $23.4 million for 2000 a 3.3% increase. As a result of the above growth and management working hard to hold down overhead expenses, net income for 2000 increased $600 over 1999 from $6.8 million for 1999 to $7.4 million for 2000 an 8.8% increase.

LIQUIDITY:

Maintaining sufficient funds to meet depositor and borrower needs on a daily basis are among management's top priorities. This is accomplished by investing in assets such as U. S. Government, U. S. Agency, Municipal, and Corporate investment securities and Commercial Paper which can be converted to cash in a timely manner, as well as, maintaining appropriate levels of cash. The average aggregate balance of these assets was $103.2 million for 2000 representing 16.7% of total average assets.

CAPITAL RESOURCES:

Shareholders' equity was $65 million at December 31, 2000 compared to $57.9 million for 1999. The company continues to have a strong capital base and its bank subsidiary The Farmers & Merchants State Bank continues to maintain regulatory capital ratios that are significantly above the defined regulatory capital ratios.

At December 31, 2000, The Farmers & Merchants State Bank had a total risk-based capital ratio of 14.6% and a 11.3% core capital to risk-based asset ratio which are well in excess of regulatory guidelines. The bank's leverage ratio of 8.5% is also substantially in excess of regulatory guidelines. These ratios compare to 13.9%, 10.5% and 8.1%, respectively for 1999.

The Company's subsidiaries are restricted by regulations from making dividend distributions in excess of certain prescribed amounts.

January 10, 2001

To the Board of Directors
The Farmers & Merchants State Bank
Archbold, Ohio

INDEPENDENT AUDITORS' REPORT

We have examined management's assertion that The Farmers & Merchants State Bank maintain a system of internal control over financial reporting which is designed to provide reasonable assurance to the Bank's management and Board of Directors regarding the preparation of reliable published financial statements as of December 31, 2000, included in the accompanying management report.

Our examination was made in accordance with standards established by the American Institute of Certified Public Accountants and, accordingly, included obtaining an understanding of the internal control structure over financial reporting, testing and evaluating the design and operating effectiveness of the internal control structure, and such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

Because of inherent limitations in any internal control structure, errors or irregularities may occur and not be detected. Also, projections of any evaluation of the internal control structure over financial reporting to future periods are subject to the risk that the internal control structure may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, management's assertions that The Farmers & Merchants State Bank maintained a system of internal control over financial reporting which is designed to provided reasonable assurance to the Bank's management and Board of Directors regarding the preparation of reliable published financial statements as of December 31, 2000, is fairly stated, in all material respects, based upon criteria established in "Internal Control - Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

KROUSE, KERN & CO., INC.
Fort Wayne, Indiana

MANAGEMENT REPORT
as of December 31, 2000

FINANCIAL STATEMENTS

Management of The Farmers & Merchants State Bank is responsible for the preparation, integrity and fair presentation of its published financial statements as of December 31, 2000, and for the year then ended. The financial statements have been prepared in accordance with generally accepted accounting principles and, as such, include amounts, some of which are based on judgments and estimates of management.

INTERNAL CONTROLS

Management is responsible for establishing and maintaining an effective internal control structure over financial reporting. The system contains monitoring mechanisms, and actions are taken to correct deficiencies identified.

There are inherent limitations in the effectiveness of any system of internal control, including the possibility of human error and the circumvention or overriding of controls. Accordingly, even an effective internal control system can provide only reasonable assurance with respect to financial statement preparation. Further, because of changes in conditions, the effectiveness of an internal control system may vary over time.

Management assessed its internal control structure over financial reporting as of December 31, 2000. This assessment was based on criteria for effective internal control over financial reporting described in "Internal Control - Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, management believes that The Farmers & Merchants State Bank maintained an effective internal control structure over financial reporting as of December 31, 2000.

DESIGNATED LAWS

Management is also responsible for compliance with the federal and state laws and regulations relating to safety and soundness, including those designated laws and regulations regarding dividend restrictions and loans to insiders. Based on our assessment, management believes The Farmers & Merchants State Bank complied in all material respects, with those designated laws and regulations for the year ended December 31, 2000.

FARMERS & MERCHANTS BANCORP, INC.

SELECTED FINANCIAL DATA BY MANAGEMENT

Key Ratios:	2000	1999	1998	1997	1996
Return on average equity	12.02%	11.95%	14.46%	14.56%	13.21%
Return on average assets	1.19%	1.16%	1.38%	1.33%	1.14%
Loan to deposit ratio	93.00%	92.13%	78.33%	86.31%	84.15%
Capital to assets ratio	10.23%	9.67%	9.45%	9.25%	8.65%

GRAPH
Return on Average Equity

GRAPH
Return on Average Assets

GRAPH
Loan to Deposit Ratio

GRAPH
Capital to Assets Ratio

FARMERS & MERCHANTS BANCORP, INC.

SELECTED FINANCIAL DATA BY MANAGEMENT

(In Thousands Except for Per Share Amounts)

	2000	1999	1998	1997	1996
Loans	479,587	462,865	401,192	397,295	368,900
Total Assets	635,160	598,529	585,869	528,273	501,449
Shareholders' Equity	64,988	57,889	55,350	48,844	43,381
Interest Income	48,890	43,779	42,888	40,158	38,382
Interest Expense	25,509	21,150	22,085	21,139	20,905
Net Interest	23,381	22,629	20,803	19,019	17,477
Other Expense	11,376	11,192	8,841	8,096	8,614
Federal Income Tax	3,118	3,007	3,413	3,035	2,312
Net Income	7,391	6,793	7,657	6,777	5,483
Net Income per Share	5.69	5.23	5.89	5.22	4.22
Dividends per Share	1.50	1.40	1.40	1.25	1.15

GRAPH
Shareholders' Equity Loans Total Assets

GRAPH
Interest Expense Interest Income

GRAPH
Federal Income Tax Net Income Other Expense

GRAPH
Dividends per Share Net Income Per Share

[2000 ANNUAL REPORT PHOTOS]

JAMES PROVOST HONORED BY FELLOW DIRECTORS
UPON RETIREMENT FROM THE BOARD

Joe Crossgrove, James Provost, and Eugene Bernath
Merle Short, Steven Wyse, Harold Plassman,
Lee Graffice, Dale Nafziger
Jack Johnson, Robert Frey, James Saneholtz,
Dean Miller, Maynard Sauder, Dexter Benecke, Jerry Boyers

F & M EMPLOYEES AND SPOUSES ASSIST
WITH WAUSEON CRUISE NIGHTS

Duane England, Carol England, AVP/Branch Mgr.
Wauseon Downtown; Donald Colon, and Carol Colon,
Mortgage Secretary

PRESIDENT AND BRANCH MANAGERS
Deborah Shinabery, AVP/Woodland; Cynthia Knauer,
AVP/Delta; Carol England, AVP/Wauseon Downtown
Stephen Jackson, AVP/Napoleon;
Ronald Short, AVP/Stryker; Lance Nofziger;
AC/Montpelier W. Main; Lewis Hilkert, VP/West Unity
Barry Gray, AC/Swanton; John Fee, AVP/
Montpelier Eastside; Joe Crossgrove, Pres./CEO; Michael Smith,
AC/Bryan SouthTowne; David Frazer, Bryan E. High;
Allen Lantz, VP/Wauseon Shoop

WAUSEON HEALTH & TRADE SHOW

Brett Kahrs, AC/Senior Investment Exec.;
Gloria Gunn, AVP/Branch Asst. Mgr. Wauseon Shoop;
and Allen Lantz, VP/Branch Mgr. Wauseon Shoop and guest

ARCHBOLD EVANGELICAL CHURCH PRAISE TEAM
ENTERTAINING GUESTS AT WOODLAND OFFICE
20TH ANNIVERSARY CELEBRATION

Edward Leininger, EVP/Commercial Loan Officer
Dave Yoder, Sam Short, Deb Short,
Woodland Office Teller, Linda Marihugh
Marv Burnett, Peter Cousino, and Bev Nelson

"FOOTBALL FEVER" REFERRAL
CONTEST WINNER

Brett Kahrs, AC/Senior Investment Officer and Ellie Shinhearl,
West Unity Office Secretarial Supervisor

DELTA STAFF CELEBRATES
15TH ANNIVERSARY OF DELTA OFFICE

Kelly Culler, Receptionist, Cynthia Knauer,
AVP/Mgr.; Beth Bay, Loan Secretary;
Ginger Spiess, Teller Supervisor
Joe McGee, Teller; Jacqueline Richards,
Teller; Sheila Tejkl, Teller; Arthur Short, AC/Asst. Mgr.;
Deanne Little, Teller; Becky Huddy, New Accts. Rep.;
Laura Donaldson, Teller

CUSTOMER APPRECIATION DAY 2000
Brenda Short, Stryker Office Secretary and Dolores Garcia

BRYAN CUB SCOUTS VISIT BRYAN E. HIGH OFFICE

David Frazer, AVP/Mgr. And Tiger Cubs of Pack 321

CHRISTMAS CLUB OPEN HOUSE
AT MONTPELIER W. MAIN OFFICE

Lance Nofziger, AC/Mgr.,
and Open House helper Velma Overmier

NAPOLEON OFFICE HOSTED
5TH ANNIVERSARY CELEBRATION

Stephen Jackson, AVP/Mgr. And Diana Dennie, AC/Asst. Mgr.

PAUL TRODER RETIRES FROM
BRYAN ADVISORY BOARD

Michael Smith, AC/Bryan SouthTowne Mgr.;
Joe Crossgrove, Pres./CEO; Paul Troder,
David Frazer, AVP/Bryan E. High Mgr.;
Richard Bruce, AVP/Commercial Loan Officer

F & M RECEIVED ARCHBOLD CHAMBER OF COMMERCE MEMBER OF THE YEAR AWARD

Fred Witte, Chamber Co-Administrator; Joe Crossgrove, Pres./CEO; Eugene Bernath, F & M Bancorp, Inc. Chairman; Mari Yoder, Chamber Co-Administrator

MONTPELIER EASTSIDE MANAGER VISITS WITH GUEST AT OPEN HOUSE

Roger Goebel and John Fee, AVP/Mgr.

F & M SUPPORTS FULTON CO. FAIR JR. LIVESTOCK SALE

Allen Lantz and Cynthia Knauer representing F & M, Joel Brown, Joe Radabaugh, Daryl Nofziger, and Shanna Roth with her Grand Champion Beef Feeder

SWANTON EMPLOYEES EXPERIENCE 1ST OPEN HOUSE CELEBRATION

Heather Waldron Teller; Vicky Bratton, Loan Secretary; Kathy Keeler, Teller; Hoilyn McKibben, Teller Carrol Muston, New Accts. Rep; Debra Kauffman, AC/Asst. Mgr.; Barry Gray, AC/Mgr.; Judy Carpenter, Teller Supervisor; Joanne Pero, Teller

F & M DONATES TO WILLIAM CO. FAIR FOUNDATION

Art Follett, Williams Co. Fair Foundation president, Lewis Hilkert, VP/Branch Mgr. West Unity Ronald Short, AVP/Branch Mgr. Stryker; Michael Smith, AC/Branch Mgr. Bryan SouthTowne; David Frazer, AVP/Branch Mgr. Bryan E. High

ITEM 9. DISAGREEMENTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

No disagreements exist on accounting and financial disclosures or related matters.

No change of accountants has been made since 1982.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

BOARD OF DIRECTORS

The information called for herein is presented below:

Name	Age	Principal Occupation or Employment for Past Five Years	Year First Became Director
Eugene Bernath	67	Farmer Chairman of the Board, Farmers & Merchants Bancorp, Inc. The Farmers & Merchants State Bank	1978
Dexter Benecke	58	President, Viking Trucking, Inc.	1999
Jerry L. Boyers	67	President, Edifice Construction Management	1976
Joe E. Crossgrove	63	President, Chief Executive Officer The Farmers & Merchants State Bank	1992
Robert G. Frey	60	President, E.H. Frey & Sons, Inc.	1987
Julian Giovarelli	69	President, GIO Sales, Inc.	2000
Jack C. Johnson	48	President, Hawk's Clothing, Inc. Partner, REJO Partnership	1991
Dean E. Miller	56	President, MBC Holdings, Inc.	1986
Dale L. Nafziger	70	Vice-President, Homestead Ice Cream Co.	1969
Anthony J. Rupp	51	President, Rupp Furniture Co.	2000
David P. Rupp Jr.	59	Attorney, Plassman, Rupp, Hensel & Short	2001
James C. Saneholtz	54	President, Saneholtz-McKarns, Inc.	1995
Maynard Sauder	68	President, Sauder Woodworking Co.	1980
Merle J. Short	60	Farmer, President of Promow, Inc.	1987
Steven J. Wyse	56	President, SteelinQ Systems, Inc.	1991

EXECUTIVE OFFICERS

Name	Age	Principal Occupation for Past Five Years
Eugene Bernath	67	Farmer Chairman of the Board Farmers & Merchants State Bank
Joe E. Crossgrove	63	President, Chief Executive Officer The Farmers & Merchants State Bank (since 1991) Executive Vice President and Treasurer of Farmers & Merchants Bancorp, Inc. Director and Vice President of Farmers & Merchants Life Insurance Co.
Rex D. Rice	41	Vice President Chief Lending Officer
Edward Leininger	44	Vice President Commercial Loan Officer
Allen G. Lantz	47	Vice President Branch Manager
Lewis Hilkert	50	Vice President Branch Manager
Carol England	60	Assistant Vice President Corporate Secretary Branch Manager
Ronald D. Short	48	Assistant Vice President Branch Manager
Cynthia Knauer	54	Assistant Vice President Branch Manager
Dave Frazier	42	Assistant Vice President Branch Manager
John Fee	40	Assistant Vice President Branch Manager
Steve Jackson	46	Assistant Vice President Branch Manager

Deborah Shinabery	45	Assistant Vice President Branch Manager
Randal H. Schroeder	40	Assistant Vice President Chief Operations Officer
George Jelen	49	Assistant Vice President Mortgage Loan Officer
Barbara Britenriker	39	Assistant Vice President Chief Financial Officer Comptroller
Michael D. Culler	42	Assistant Vice President Chief Agricultural Finance Officer
Diann K. Meyer	40	Assistant Vice President Human Resource Officer
Gloria Gunn	43	Assistant Vice President Assistant Branch Manager
Richard Bruce	53	Assistant Vice President Commercial Loan Officer
Kent Roth	36	Auditor Bank Security Officer
Marilyn Johnson	44	Compliance Officer
Jean Horwath	49	Assistant Cashier Assistant Branch Manager
Diane Swisher	43	Assistant Cashier Assistant Branch Manager
Patti Rosebrock	43	Assistant Cashier Assistant Branch Manager
Michael T. Smith	34	Assistant Cashier Branch Manager
Debra Kauffman	40	Assistant Cashier Assistant Branch Manager Assistant Corporate Secretary
J. Scott Miller	44	Assistant Cashier Assistant Agri-Finance Officer
Judith Warncke	53	Assistant Cashier Marketing Officer

Diana Dennie	38	Assistant Cashier Branch Manager
Jerry Borton	51	Assistant Cashier Loan Officer
Jane Bruner	40	Assistant Cashier Operations Supervisor
Patricia Burkholder	37	Assistant Cashier Assistant Branch Manager
Barry Gray	40	Assistant Cashier Assistant Branch Manager
Lesley Shirkey	31	Asset Recovery Officer
Brett Kahrs	36	Brokerage Officer
Carol Church	41	Assistant Cashier Assistant Branch Manager
Ruth Ford	47	Assistant Branch Manager
Lance Nofziger	30	Branch Manager
Michael Schnitkey	32	Assistant Cashier Agricultural Finance Officer
Gregory Sims	30	Assistant Branch Manager
Ruth Ann Dunn	46	Assistant Cashier Administrative Agri Assistant
Sue Dieringer	42	Assistant Cashier Consumer Loan Officer
Kelby Schmucker	33	Credit Analyst

ITEM 11. MANAGEMENT REMUNERATION AND TRANSACTIONS

The information called for herein is presented in the proxy statement to be furnished in connection with the solicitation of proxies on behalf of the Board of Directors of the Registrant for use at its Annual Meeting to be held on April 7, 2001 is incorporated herein by reference.

The directors of Farmers & Merchants Bancorp, Inc. are also the directors of The Farmers & Merchants State Bank and Farmers & Merchants Life Insurance Co.

The Board of Directors are the same for both Farmers & Merchants Bancorp, Inc. and its wholly-owned subsidiary, The Farmers & Merchants State Bank. The Board of Directors met twenty-six times during the 2000 calendar year. All but two of the current directors of the Corporation attended at least seventy-five percent of the meetings of the Board. James Provost was in attendance at sixty-seven percent of the meetings and Steve Wyse was in attendance at sixty-nine percent of the meetings. Average attendance at Board meetings held during the year was eighty-seven percent.

Directors received, as directors' fees, $300 for each board meeting, plus a bonus of $600 for 2000.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information called for herein is presented in the proxy statement to be furnished in connection with the solicitation of proxies on behalf of the Board of Directors of the Registrant for use at its Annual Meeting to be held Saturday, April 7, 2001, is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

TRANSACTIONS WITH MANAGEMENT AND OTHER

There are no transactions to report.

CERTAIN BUSINESS RELATIONSHIPS

No family relationships exist between any executive officers of the Bank.

LOANS TO RELATED PARTIES

This information is presented on page 40, Note 5 of the Annual Report to shareholders, and is incorporated herein by reference.

CERTAIN BUSINESS RELATIONSHIPS

The company retained the law firm of Plassman, Rupp, Hensal and Short in 1988. One of the principals, Harold Plassman was a member of the Board of Directors during 2000. David P. Rupp Jr. who is a nominee for the Board of Directors for 2001 is also an attorney with Plassman, Rupp, Hensal and Short. During 2000 the company paid fees to Plassman, Rupp, Hensal and Short for routine legal services. It is the company's intention to retain the law firm in 2001.

PART IV

ITEM 14. EXHIBITS, FINANCIAL SCHEDULES AND REPORTS ON FORM 8-K

(a) The following documents are filed as part of this report:

(b) Reports on Form 8-K
None

(c) Exhibits required by Item 601.
None required

(d) Schedules required by Regulation S-X
The Condensed Financial Information of the Registrant required by this report are included in the Annual Report to Shareholders, Note 18, pages 50 through 53.

(e) Signatures — Page 74

(f) Other schedules required to be filed as part of this report.

PART IV

ITEM 14. EXHIBITS, FINANCIAL SCHEDULES AND REPORTS ON FORM 8-K

SCHEDULE OF PROPERTY AND EQUIPMENT
(In Thousands)

Exhibit 1

	Year Ended December 31, 2000			
	Beginning Balance	Additions	Retirements	Ending Balance
Land	$ 1,983	$ 656	$ 25	$ 2,614
Building	9,123	251	25	9,349
Equipment	6,031	416	57	6,390
	$17,137	$ 1,323	$ 107	$18,353

	Year Ended December 31, 1999			
	Beginning Balance	Additions	Retirements	Ending Balance
Land	$ 1,681	$ 302	$ -	$ 1,983
Building	8,030	1,093	-	9,123
Equipment	5,867	621	457	6,031
	$15,578	$ 2,016	$ 457	$17,137

	Year Ended December 31, 1998			
	Beginning Balance	Additions	Retirements	Ending Balance
Land	$ 1,472	$ 209	$ -	$ 1,681
Building	7,398	676	44	8,030
Equipment	4,606	1,827	566	5,867
	$13,476	$ 2,712	$ 610	$15,578

SCHEDULE OF ACCUMULATED DEPRECIATION - PROPERTY AND EQUIPMENT

Exhibit 2

	Year Ended December 31, 2000			
	Beginning Balance	Depreciation	Retirements	Ending Balance
Land	$ -	$ -	$ -	$ -
Building	2,668	286	10	2,944
Equipment	4,293	810	48	5,055
	$6,961	$1,096	$ 58	$ 7,999

	Year Ended December 31, 1999			
	Beginning Balance	Depreciation	Retirements	Ending Balance
Land	$ -	$ -	$ -	$ -
Building	2,406	262	-	2,668
Equipment	3,742	981	430	4,293
	$6,148	$1,243	$ 430	$ 6,961

	Year Ended December 31, 1998			
	Beginning Balance	Depreciation	Retirements	Ending Balance
Land	$ -	$ -	$ -	$ -
Building	2,234	216	44	2,406
Equipment	3,577	727	562	3,742
	$5,811	$ 943	$ 606	$ 6,148

FARMERS & MERCHANTS BANCORP, INC.

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, hereunto duly authorized.

Farmers & Merchants Bancorp, Inc.

By: /s/ Joe E. Crossgrove Date: 3/14/01

Joe E. Crossgrove
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

/s/ Joe E. Crossgrove Date: 3/14/01

Joe E. Crossgrove, Director
Chief Executive Officer

/s/ Eugene D. Bernath Date: 3/14/01

Eugene D. Bernath
Director and Chairman

/s/ Dexter Benecke Date: 3/14/01

Dexter Benecke, Director

/s/ Jerry Boyers Date: 3/14/01

Jerry Boyers, Director

/s/ Robert Frey Date: 3/14/01

Robert Frey, Director

/s/ Julian Giovarelli Date: 3/14/01

Julian Giovarelli, Director

/s/ Jack C. Johnson Date: 3/14/01

Jack C. Johnson, Director

/s/ Dean Miller Date: 3/14/01

Dean Miller, Director

/s/ Dale L. Nafziger Date: 3/14/01

Dale L. Nafziger, Director

/s/ Barbara Britenriker Date: 3/14/01

Barbara Britenriker
Chief Accounting Officer

/s/ Kent Roth Date: 3/14/01

Kent Roth, Auditor

/s/ Anthony J. Rupp Date: 3/14/01

Anthony J. Rupp, Director

/s/ David P. Rupp Jr. Date: 3/14/01

David P. Rupp Jr., Director

/s/ James Saneholtz Date: 3/14/01

James Saneholtz, Director

/s/ Maynard Sauder Date: 3/14/01

Maynard Sauder, Director

/s/ Merle J. Short Date: 3/14/01

Merle J. Short, Director

/s/ Steven J. Wyse Date: 3/14/01

Steven J. Wyse, Director