

FARMERS & MERCHANTS BANCORP INC  
Form 10-Q  
October 30, 2013  
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**SECURITIES AND EXCHANGE COMMISSION**

**WASHINGTON, D.C. 20549**

**FORM 10-Q**

**Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934  
For the quarterly period September 30, 2013**

**or**

**Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_**

**Commission File Number 0-14492**

**FARMERS & MERCHANTS BANCORP, INC.**

**(Exact name of registrant as specified in its charter)**

**OHIO**  
**(State or other jurisdiction of**  
**incorporation or organization)**

**34-1469491**  
**(IRS Employer**  
**Identification No.)**

**307 North Defiance Street, Archbold, Ohio**  
**(Address of principal executive offices)**  
**(419) 446-2501**

**43502**  
**(Zip Code)**

**Registrant's telephone number, including area code**

**(Former name, former address and former fiscal year, if changed since last report.)**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or Section 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer", and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer   
Non-accelerated filer  (Do not check if a smaller reporting company) Smaller reporting company   
Indicated by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

Indicate the number of shares of each of the issuer's classes of common stock, as of the latest practicable date:

**Common Stock, No Par Value**  
**Class**

**4,660,938**  
**Outstanding as of October 30, 2013**



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FORM 10Q

FARMERS & MERCHANTS BANCORP, INC.

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101.DEF	XBRL Taxonomy Extension Definition Linkbase Document (1)
101.LAB	XBRL Taxonomy Extension Label Linkbase Document (1)
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document (1)

- (1) Pursuant to Rule 406T of Regulation S-T, the interactive Data Files in Exhibit 101 hereto are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities act of 1933, as amended, are deemed not filed for purposes of Section 18 of the Exchange Act of 1934, as amended, and otherwise are not subject to liability under those sections.

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FARMERS & MERCHANTS BANCORP, INC.

## CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

**Farmers & Merchants Bancorp, Inc. and Subsidiary**Condensed Consolidated Balance Sheets  
(in thousands of dollars)  
September 30, 2013 December 31, 2012

<b>Assets</b>			
Cash and due from banks	\$	15,928	\$ 25,620
Interest bearing deposits with banks		5,101	11,941
Federal Funds Sold		506	6,531
<b>Total cash and cash equivalents</b>		<b>21,535</b>	<b>44,092</b>
Securities - available for sale (Note 2)		337,298	355,905
Other Securities, at cost		4,216	4,365
Loans, net (Note 4)		518,296	496,178
Bank premises and equipment		18,452	17,599
Goodwill		4,074	4,074
Mortgage Servicing Rights		2,084	2,063
Other Real Estate Owned		2,361	2,310
Accrued interest and other assets		19,842	20,074
<b>Total Assets</b>	\$	<b>928,158</b>	\$ 946,660
<b>Liabilities and Stockholders Equity</b>			
<b>Liabilities</b>			
<b>Deposits</b>			
Noninterest-bearing	\$	103,535	\$ 103,966
<b>Interest-bearing</b>			
NOW accounts		199,090	196,971
Savings		201,568	192,808
Time		241,375	269,507
<b>Total deposits</b>		<b>745,568</b>	<b>763,252</b>
Federal funds purchased and securities sold under agreement to repurchase		61,322	51,312
FHLB Advances		7,100	11,600
Dividend payable		928	931
Accrued expenses and other liabilities		5,459	9,326
<b>Total liabilities</b>		<b>820,377</b>	<b>836,421</b>

**Stockholders Equity**

Common stock - No par value - authorized 6,500,000 shares; issued & outstanding 5,200,000 shares	12,677	12,677
Treasury Stock - 539,062 shares 2013, 510,742 shares 2012	(11,108)	(10,588)
Unearned Stock Awards - 32,040 shares 2013, 30,670 shares 2012	(645)	(584)
Retained earnings	106,589	102,641
Accumulated other comprehensive income	268	6,093
<b>Total stockholders equity</b>	<b>107,781</b>	<b>110,239</b>
<b>Total Liabilities and Stockholders Equity</b>	<b>\$ 928,158</b>	<b>\$ 946,660</b>

See Notes to Condensed Consolidated Unaudited Financial Statements.

Note: The December 31, 2012 Balance Sheet has been derived from the audited financial statements of that date.





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Salaries and Wages	2,460	2,303	7,156	6,782
Pension and other employee benefits	819	713	2,273	2,285
Occupancy expense (net)	291	268	909	1,059
Furniture and equipment	350	371	1,057	1,072
Data processing	301	292	911	843
Franchise taxes	255	237	765	710
FDIC Assessment	146	126	406	345
Mortgage servicing rights amortization	88	177	345	549
Other general and administrative	1,382	1,240	4,165	3,690
<b>Total Noninterest Expense</b>	<b>6,092</b>	<b>5,727</b>	<b>17,987</b>	<b>17,335</b>
<b>Income Before Federal Income Taxes</b>	<b>2,856</b>	<b>3,388</b>	<b>9,452</b>	<b>10,160</b>
<b>Federal Income Taxes</b>	<b>791</b>	<b>947</b>	<b>2,732</b>	<b>2,897</b>
<b>Net Income</b>	<b>\$ 2,065</b>	<b>\$ 2,441</b>	<b>\$ 6,720</b>	<b>\$ 7,263</b>
<b>Other Comprehensive Income (Net of Tax):</b>				
Unrealized gains (loss) on securities	\$ (159)	\$ 589	\$ (5,825)	\$ 7,353
<b>Comprehensive Income</b>	<b>\$ 1,906</b>	<b>\$ 3,030</b>	<b>\$ 895</b>	<b>\$ 14,616</b>
<b>Net Income Per Share</b>	<b>\$ 0.45</b>	<b>\$ 0.52</b>	<b>\$ 1.44</b>	<b>\$ 1.55</b>
<b>Weighted Average Shares Outstanding</b>	<b>4,682,655</b>	<b>4,685,879</b>	<b>4,682,092</b>	<b>4,698,364</b>
<b>Dividends Declared</b>	<b>\$ 0.20</b>	<b>\$ 0.20</b>	<b>\$ 0.60</b>	<b>\$ 0.58</b>

See Notes to Condensed Consolidated Unaudited Financial Statements

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FARMERS &amp; MERCHANTS BANCORP, INC.

## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	Condensed Consolidated Statements of Cash Flows (in thousands of dollars) Nine Months Ended	
	September 30, 2013	September 30, 2012
<b>Cash Flows from Operating Activities</b>		
Net income	\$ 6,720	\$ 7,263
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	916	899
Accretion and amortization of securities	1,714	2,346
Amortization of servicing rights	345	549
Amortization of core deposit intangible	234	234
Stock Based Compensation	(202)	(123)
Provision for loan loss	582	442
Gain on sale of loans held for sale	(978)	(1,385)
Originations of loans held for sale	(54,874)	(100,759)
Proceeds from sale of loans held for sale	57,957	104,147
Loss on sale of other assets	147	486
Gain on sales of investment securities	(732)	(199)
Change in operating assets and other liabilities, net	(117)	(682)
Net cash provided by operating activities	11,712	13,218
<b>Cash Flows from Investing Activities</b>		
Activity in securities:		
Maturities, prepayments and calls	28,722	30,404