

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

Quarterly Report Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934
For the quarterly period ended September 30, 2002

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

34-1469491

(State or other jurisdiction of
incorporation or organization)

(I.R.S Employer
Identification No.)

307-11 North Defiance Street, Archbold, Ohio

43502

(Address of principal executive offices)

(Zip Code)

(419) 446-2501

Registrant's telephone number, including area code

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

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

Indicate the number of shares of each of the issuers classes of common stock, as
of the latest practicable date:

Common Stock, No Par Value

1,300,000

Class

Outstanding as of October 1, 2002

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

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

	Sept 30, 2002	December 31, 2001	Sept 30, 2001
ASSETS:			
Cash and due from banks	\$ 18,783	\$ 17,842	\$ 10,643
Interest bearing deposits with banks	624	146	12,557
Federal funds sold	0	-	12,335
Investment Securities:			
U.S. Treasury	4,463	5,038	7,793
U.S. Government	102,489	108,994	92,214
State & political obligations	52,982	50,819	43,198
All others	3,523	8,112	10,064
Loans and leases	487,702	468,243	460,189
Bank premises and equipment-net	13,611	12,332	11,745
Accrued interest and other assets	12,444	12,100	13,874
TOTAL ASSETS	\$ 696,621	\$ 683,626	\$ 674,612
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES:			
Deposits:			
Demand	\$ 41,680	\$ 41,991	\$ 37,576
Time and savings	533,264	524,166	518,114
Federal funds purchased and securities sold under agreement to repurchase	24,098	26,539	24,669
Other borrowed money	14,694	17,410	17,711
Accrued interest and other liabilities	6,283	3,170	4,867
Total Liabilities	620,019	613,276	602,937
SHAREHOLDERS' EQUITY:			
Common stock, no par value - authorized 1,500,000 shares; issued 1,300,000 shares	12,677	12,677	12,677
Undivided profits	59,896	56,092	56,020
Accumulated other comprehensive income	4,029	1,581	2,978
Total Shareholders' Equity	76,602	70,350	71,675
LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 696,621	\$ 683,626	\$ 674,612

See Notes to Condensed Consolidated Unaudited Financial Statements.

Note: The December 31, 2001 Balance Sheet has been derived from the audited financial statements of that date.

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

	Three Months Ended		Nine Months Ended	
	Sept 30, 2002	Sept 30, 2001	Sept 30, 2002	Sept 30, 2001
INTEREST INCOME:				
Loans and leases	\$ 8,907	\$ 9,910	\$26,551	\$31,384
Investment Securities:				
U.S. Treasury securities	47	123	168	368
Securities of U.S. Government agencies	1,265	1,163	3,971	3,176
Obligations of states and political subdivisions	565	477	1,710	1,287
Other	85	187	274	585
Federal funds	8	88	48	451
Deposits in banks	4	81	22	176
Total Interest Income	10,881	12,029	32,744	37,427
INTEREST EXPENSE:				
Deposits	4,349	5,685	13,560	17,681
Borrowed funds	339	493	1,027	1,923
Total Interest Expense	4,688	6,178	14,587	19,604
NET INTEREST INCOME BEFORE				
PROVISION FOR LOAN LOSSES	6,193	5,851	18,157	17,823
PROVISION FOR LOAN LOSSES	537	152	1,585	822
NET INTEREST INCOME AFTER				
PROVISION FOR LOAN LOSSES	5,656	5,699	16,572	17,001
OTHER INCOME:				
Service charges	546	500	1,482	1,409
Other	569	592	2,038	2,013
Net securities gains (losses)	-	204	64	227
	1,115	1,296	3,584	3,649
OTHER EXPENSES:				
Salaries and wages	1,934	1,844	5,834	5,396
Pension and other employee benefits	503	476	1,426	1,347
Occupancy expense (net)	166	262	359	367
Other operating expenses	1,628	1,765	5,264	5,173
	4,231	4,347	12,883	12,283
INCOME BEFORE FEDERAL INCOME TAX	2,540	2,648	7,273	8,367
FEDERAL INCOME TAXES	760	713	1,973	2,396
NET INCOME	1,780	1,935	5,300	5,971
OTHER COMPREHENSIVE INCOME (NET OF TAX):				
Unrealized gains (losses) on securities	1,110	1,150	2,448	2,083
COMPREHENSIVE INCOME	\$ 2,890	\$ 3,085	\$ 7,748	\$ 8,054
NET INCOME PER SHARE (Based upon				
weighted average number of shares outstanding of 1,300,000	\$ 1.37	\$ 1.49	\$ 4.08	\$ 4.59
DIVIDENDS DECLARED	\$ 0.40	\$ 0.35	\$ 1.15	\$ 1.05

See Notes to Condensed Consolidated Unaudited Financial Statements.

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

	Nine Months Ended	
	Sept 30, 2002	Sept 30, 2001
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 5,300	\$ 5,971
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation and amortization	1,095	916
Premium amortization	451	223
Discount amortization	(61)	(68)
Provision for loan losses	1,585	822
Provision for deferred income taxes	(49)	14
(Gain) loss on sale of fixed assets	(53)	6
(Gain) loss on sale of investment securities	(64)	(227)
Changes in Operating Assets and Liabilities:		
Accrued interest receivable and other assets	(295)	(4,928)
Accrued interest payable and other liabilities	3,113	847
Net Cash Provided by Operating Activities	11,022	3,576
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(2,321)	(2,313)
Proceeds from sale of fixed assets	-	-
Proceeds from maturities of investment securities:	45,998	28,759
Proceeds from sale of investment securities:	7,135	2,105
Purchase of investment securities-	(41,506)	(65,748)
Net increase in loans and leases	(21,044)	20,182
Net Cash Used by Investing Activities	(11,738)	(17,015)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase in deposits	8,787	39,227
Net change in short-term borrowings	(2,441)	5,766
Increase in long-term borrowings	-	-
Payments on long-term borrowings	(2,716)	(13,075)
Payments of dividends	(1,495)	(1,365)
Net Cash Provided by Financing Activities	2,135	30,553
Net change in cash and cash equivalents	1,419	17,114
Cash and cash equivalents - Beginning of year	17,988	18,241
CASH AND CASH EQUIVALENTS - END OF THE YEAR	\$ 19,407	\$ 35,355
RECONCILIATION OF CASH AND CASH EQUIVALENTS:		
Cash and cash due from banks	\$ 18,783	\$ 10,643
Interest bearing deposits	624	12,557
Federal funds sold	-	12,335
	\$ 19,407	\$ 35,535

See Notes to Condensed Consolidated Unaudited Financial Statements.

Notes to Condensed Consolidated Unaudited Financial Statements

NOTE 1 BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions for Form 10Q and Rule 10-01 of Regulation S-X; accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments, consisting of normal recurring accruals, considered necessary for a fair presentation have been included. Operating results for the nine months ended September 30, 2002 are not necessarily indicative of the results that are expected for the year ended December 31, 2002. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's annual report on Form 10-K for the year ended December 31, 2001.

Farmers & Merchants Bancorp, Inc. was incorporated on February 25, 1985, under the laws of the State of Ohio. Farmers & Merchants Bancorp, Inc., and its subsidiaries The Farmers & Merchants State Bank and Farmers & Merchants Life Insurance Company are engaged in commercial banking and life and disability insurance, respectively. The executive offices of Farmers & Merchants Bancorp, Inc. are located at 307-11 North Defiance Street, Archbold, Ohio 43502.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity for the nine months ended September 30, 2002 comes primarily from net income from operations of \$5.3 million. This compares with net income of \$5.9 million for the same period in 2001. In addition, funds were purchased from correspondents, and the Federal Home Loan Bank when needed.

During the year loan balances were increased by 19.5 million. These increases have occurred due to normal lending operations and the conscious decision to retain a certain number of fixed rate mortgages on the Bank's books to help bolster the net interest margin, without substantially affecting the Bank's interest rate risk. Deposits have maintained a steady growth to offset these loans and maintain a good liquidity position.

The following is a summary of five capital ratios as they are calculated from the September 30, 2002 financial statements:

Primary Ratio	11.79%
Total Capital Ratio	14.16%
Risk Based Capital Tier 1	16.19%
Risk Based Capital Tier 2	21.05%
Stockholders' Equity/Total Assets	10.99%

MARKET RISK

Market risk is the exposure to loss resulting from changes in interest rates and equity prices. The primary market risk to which the Company is subject is interest rate risk. The majority of the Company's interest rate risk arises, from the instruments, positions and transactions entered into for the purposes other than trading such as loans, available for sale securities, interest bearing deposits, short term borrowings and long term borrowings. Interest rate risk occurs when interest bearing assets and liabilities reprice at different times as market interest rates change. For example, if fixed rate assets are funded with variable rate debt, the spread between asset and liability rates will decline or turn negative if rates increase.

Interest rate risk is managed within an overall asset/liability framework for the Company. The principal objectives of asset/liability management are to manage sensitivity of net interest spreads and net income to potential changes in interest rates. Funding positions are kept within predetermined limits designed to ensure that risk-taking is not excessive and that liquidity is properly managed. The Company employs a sensitivity analysis in the form of a net interest income to help in the analysis.

	0-90 days	90-365 days	1-5 Years	Over 5 Years	Total
Interest Bearing Dep	624				624
Investment Securities	8,048	15,741	100,106	39,562	163,457
Loans	115,556	157,625	90,613	125,745	489,539
Total Rate Sensitive Assets	124,228	173,366	190,719	165,307	653,620
Deposits	142,599	208,798	223,547	0	574,944
Fed Funds Purchased & agreements to repur	24,098				24,098
Other Borrowings		5,000	414	9,280	14,694
Total Rate Sensitive Liabilities	166,697	213,798	223,961	9,280	613,736
Gap	-42,469	-40,432	-33,242	156,027	39,884

PART II

EXHIBIT AND REPORTS ON FORM 8-K

ITEM 6

(A)

The following documents are filed as part of this report:

None

(B)

Reports on Form 8-K

No reports on Form 8-K were filed by the registrant during the quarter ended September 30, 2002

SIGNATURES

Pursuant to the requirements of Section 13 or 15 (d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Farmers & Merchants Bancorp, Inc.,

Date: November 1, 2002

By: /s/ Joe E. Crossgrove

Joe E. Crossgrove
President and Cashier

Date: November 1, 2002

By: /s/ Randal H. Schroeder

Randal H. Schroeder
Vice-President
and Sr. Operations Officer

As of September 30, 2002, an evaluation was performed under the supervision and with the participation of the Company's management, including the CEO and CFO, of the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on that evaluation, the Company's management, including the CEO and CFO, concluded that the Company's disclosure controls and procedures were effective as of September 30, 2002. There have been no significant changes in the Company's internal controls or in the other factors that could significantly affect internal controls subsequent to September 30, 2002.

I, Joe E. Crossgrove, President/CEO, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Farmers & Merchants Bancorp, Inc.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: 11-1-02

/s/ Joe E. Crossgrove

Joe E. Crossgrove
President/CEO

* Provide a separate certification for each principal executive officer and principal financial officer of the registrant. See Rules 13a-14 and 15d-14. The required certification must be in the exact form set forth above.

I, Barbara J. Britenriker, Sr. VP/CFO certify that:

1. I have reviewed this quarterly report on Form 10-Q of Farmers & Merchants Bancorp, Inc.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: 11-1-02

/s/ Barbara J. Britenriker

Barbara J. Britenriker
Sr. VP/CFO

* Provide a separate certification for each principal executive officer and principal financial officer of the registrant. See Rules 13a-14 and 15d-14. The required certification must be in the exact form set forth above.

EXHIBIT INDEX

EXHIBIT NO.	DESCRIPTION
99.1	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
99.2	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the Quarterly Report of Farmers & Merchants Bancorp, Inc. on Form 10-Q for the period ending September 30, 2002, as filed with the Securities and Exchange Commission ("the Report"), I, Joe E. Crossgrove, President and Chief Executive Officer, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Farmers & Merchants Bancorp, Inc. as of the dates and for the periods expressed in the Report.

/s/ Joe E. Crossgrove

Joe E. Crossgrove, President
And Chief Executive Officer

Date: 11-1-02

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the Quarterly Report of Farmers & Merchants Bancorp, Inc. on Form 10-Q for the period ending September 30, 2002, as filed with the Securities and Exchange Commission ("the Report"), I, Barbara Britenriker, Chief Financial Officer, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

3. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
4. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Farmers & Merchants Bancorp, Inc. as of the dates and for the periods expressed in the Report.

/s/ Barbara Britenriker

Barbara Britenriker,
Chief Financial Officer

Date: 11-1-02
