

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

X Quarterly Report Pursuant to Section 13 or 15(d)  
--- of the Securities Exchange Act of 1934

For the quarterly period ended September 30, 2001

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 X 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, 2001

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

FARMERS & MERCHANTS BANCORP, INC.  
INDEX

Form 10-Q Items	Page
-----	
PART I. FINANCIAL INFORMATION	
Item 1. Financial Statements (Unaudited)	
Condensed Consolidated Balance Sheets- September 30, 2001, December 31, 2000 and September 30, 2000	1
Condensed Consolidated Statements of Net Earnings- Nine Months Ended September 30, 2001 and September 30, 2000	2
Condensed Consolidated Statements of Cash Flows- Nine Months Ended September 30, 2001 and September 30, 2000	3
Notes to Condensed Financial Statements	4
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	5
PART II. OTHER INFORMATION	
Item 6. Exhibits and Reports on form 8-K	6
Signatures	7

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

	Sept 30, 2001	December 31, 2000	Sept 30, 2000
<b>ASSETS:</b>			
Cash and due from banks	\$ 10,643	\$ 17,951	\$ 17,829
Interest bearing deposits with banks	12,557	100	100
Federal funds sold	12,335	370	-
Investment Securities:			
U.S. Treasury	7,793	7,921	7,987
U.S. Government	92,214	61,057	56,431
State & political obligations	43,198	32,157	29,107
All others	10,064	15,097	12,077
Loans and leases	459,641	480,645	482,998
Bank premises and equipment-net	11,745	10,354	10,410
Accrued interest and other assets	14,422	9,508	10,479
<b>TOTAL ASSETS</b>	<b>\$ 674,612</b>	<b>\$ 635,160</b>	<b>\$ 627,418</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>LIABILITIES:</b>			
Deposits:			
Demand	\$ 37,576	\$ 40,729	\$ 41,792
Time and savings	518,114	475,734	465,574
Federal funds purchased and securities sold under agreement to repurchase	24,669	18,903	21,687
Other borrowed money	17,711	30,786	31,004
Accrued interest and other liabilities	4,867	4,020	4,723
<b>Total Liabilities</b>	<b>602,937</b>	<b>570,172</b>	<b>564,780</b>
<b>SHAREHOLDERS' EQUITY:</b>			
Common stock, no par value - authorized 1,500,000 shares; issued 1,300,000 shares	12,677	12,677	12,677
Undivided profits	56,020	51,416	50,199
Accumulated other comprehensive income	2,978	895	(238)
<b>Total Shareholders' Equity</b>	<b>71,675</b>	<b>64,988</b>	<b>62,638</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 674,612</b>	<b>\$ 635,160</b>	<b>\$ 627,418</b>

See Notes to Condensed Consolidated Unaudited Financial Statements.  
Note: The December 31, 2000 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, 2001	Sept 30, 2000	Sept 30, 2001	Sept 30, 2000
<b>INTEREST INCOME:</b>				
Loans and leases	\$ 9,910	\$ 10,872	\$ 31,384	\$ 31,417
Investment Securities:				
U.S. Treasury securities	123	125	368	356
Securities of U.S. Government agencies	1,163	832	3,176	2,433
Obligations of states and political subdivisions	477	357	1,287	1,116
Other	187	190	585	681
Federal funds	88	44	451	110
Deposits in banks	81	1	176	3
Total Interest Income	12,029	12,421	37,427	36,116
<b>INTEREST EXPENSE:</b>				
Deposits	5,685	5,763	17,681	16,308
Borrowed funds	493	892	1,923	2,308
Total Interest Expense	6,178	6,655	19,604	18,616
<b>NET INTEREST INCOME BEFORE</b>				
PROVISION FOR LOAN LOSSES	5,851	5,766	17,823	17,500
PROVISION FOR LOAN LOSSES	152	630	822	1,093
<b>NET INTEREST INCOME AFTER</b>				
PROVISION FOR LOAN LOSSES	5,699	5,136	17,001	16,407
<b>OTHER INCOME:</b>				
Service charges	500	472	1,409	1,278
Other	592	380	2,013	1,092
Net securities gains (losses)	23	-	227	-
	1,115	852	3,649	2,370
<b>OTHER EXPENSES:</b>				
Salaries and wages	1,844	1,687	5,396	4,986
Pension and other employee benefits	476	415	1,347	1,153
Occupancy expense (net)	130	225	367	325
Other operating expenses	1,765	1,472	5,173	4,531
	4,215	3,799	12,283	10,995
<b>INCOME BEFORE FEDERAL INCOME TAX</b>				
	2,599	2,189	8,367	7,782
<b>FEDERAL INCOME TAXES</b>				
	713	615	2,396	2,192
<b>NET INCOME</b>				
	1,886	1,574	5,971	5,590
<b>OTHER COMPREHENSIVE INCOME (NET OF TAX):</b>				
Unrealized gains (losses) on securities	1,150	620	2,083	523
<b>COMPREHENSIVE INCOME</b>				
	\$ 3,036	\$ 2,194	\$ 8,054	\$ 6,113
<b>NET INCOME PER SHARE (Based upon</b>				
weighted average number of shares outstanding of 1,300,000	\$ 1.49	\$ 1.21	\$ 4.59	\$ 4.30
<b>DIVIDENDS DECLARED</b>				
	\$ 0.35	\$ 0.35	\$ 1.05	\$ 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, 2001	Sept 30, 2000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 5,971	\$ 5,590
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation and amortization	916	825
Premium amortization	223	139
Discount amortization	(68)	(50)
Provision for loan losses	822	1,093
Provision for deferred income taxes	14	(119)
(Gain) loss on sale of fixed assets	6	17
(Gain) loss on sale of investment securities	(227)	-
Changes in Operating Assets and Liabilities:		
Accrued interest receivable and other assets	(4,928)	(1,704)
Accrued interest payable and other liabilities	847	(369)
Net Cash Provided by Operating Activities	3,576	5,422
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(2,313)	(1,076)
Proceeds from sale of fixed assets	-	-
Proceeds from maturities of investment securities:	28,759	11,073
Proceeds from sale of investment securities:	2,105	-
Purchase of investment securities-	(65,748)	(17,835)
Net increase in loans and leases	20,182	(20,144)
Net Cash Used by Investing Activities	(17,015)	(27,982)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase in deposits	39,227	4,200
Net change in short-term borrowings	5,766	14,344
Increase in long-term borrowings	-	-
Payments on long-term borrowings	(13,075)	5,965
Payments of dividends	(1,365)	(1,365)
Net Cash Provided by Financing Activities	30,553	23,144
Net change in cash and cash equivalents	17,114	584
Cash and cash equivalents - Beginning of year	18,421	17,345
CASH AND CASH EQUIVALENTS - END OF THE YEAR	\$ 35,535	\$ 17,929
RECONCILIATION OF CASH AND CASH EQUIVALENTS:		
Cash and cash due from banks	\$ 10,643	\$ 17,829
Interest bearing deposits	12,557	100
Federal funds sold	12,335	-
	\$ 35,535	\$ 17,929

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 10-Q 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, 2001 are not necessarily indicative of the results that are expected for the year ended December 31, 2001. 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, 2000.

ITEM 2 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

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

LIQUIDITY AND CAPITAL RESOURCES

Liquidity for the nine months ended September 30, 2001 comes primarily from net income from operations of \$6 million. This compares with net income of \$5.6 million for the same period in 2000. In addition, funds were purchased from correspondents, and the Federal Home Loan Bank when needed.

During the year loan balances were reduced by 21 million. This was primarily due to the payoff of several participation loans with another institution, and also the refinancing of variable rate mortgages that were on the banks books into fixed rate loans that were sold on the secondary market. This also added substantially to the banks liquidity position as is reflected by the amount of federal funds sold.

The following is a summary of five capital ratios as they are calculated from the June 30, 2001 financial statements:

Primary Ratio	11.57%
Total Capital Ratio	14.17%
Risk Based Capital Tier 1	14.98%
Risk Based Capital Tier 2	20.19%
Stockholders' Equity/Total Assets	10.62%

PART II

EXHIBIT AND REPORTS ON FORM 8-K

ITEM 6

(A)

The following documents are filed as part of this report:

(B)

Reports on Form 8-K

No reports on Form 8-K were filed by the registrant during the quarter ended September 30, 2000



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 10, 2001

By: /s/ Joe E. Crossgrove

-----  
Joe E. Crossgrove  
President and Cashier

Date: November 10, 2001

By: /s/ Randal H. Schroeder

-----  
Randal H. Schroeder  
Asst. Vice-President  
and Chief Operating Officer