

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

X Quarterly Report Pursuant to Section 13 or 15(d)

of the Securities Exchange Act of 1934
For the quarterly period ended June 30, 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.)

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 July 1, 2002

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

FARMERS & MERCHANTS BANCORP, INC.
INDEX

Form 10-Q Items -----	Page	
PART I.	FINANCIAL INFORMATION	
Item 1.	Financial Statements (Unaudited)	
	Condensed Consolidated Balance Sheets- June 30, 2002, December 31, 2001 and June 30, 2001	1
	Condensed Consolidated Statements of Income Six Months Ended June 30, 2002 and June 30, 2001	2
	Condensed Consolidated Statements of Cash Flows- Six Months Ended June 30, 2002 and June 30, 2001	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 8K	6
Signatures		7

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

	June 30, 2002	December 31, 2001	June 30, 2001
ASSETS:			
Cash and due from banks	\$ 16,295	\$ 17,842	\$ 21,337
Interest bearing deposits with banks	3,507	146	100
Federal funds sold	1,610	-	20,535
Investment Securities:			
U.S. Treasury	4,430	5,038	7,784
U.S. Government	108,795	108,994	80,354
State & political obligations	52,100	50,819	35,173
All others	3,558	8,112	8,918
Loans and leases	476,077	468,243	460,490
Bank premises and equipment-net	12,649	12,332	11,530
Accrued interest and other assets	12,671	12,100	10,370
TOTAL ASSETS	\$ 691,692	\$ 683,626	\$ 656,591
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES:			
Deposits:			
Demand	\$ 40,573	\$ 41,991	\$ 36,052
Time and savings	535,145	524,166	509,652
Federal funds purchased and securities sold under agreement to repurchase	19,827	26,539	19,585
Other borrowed money	16,726	17,410	18,339
Accrued interest and other liabilities	5,191	3,170	3,871
Total Liabilities	617,462	613,276	587,499
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	58,634	56,092	54,588
Accumulated other comprehensive income	2,919	1,581	1,827
Total Shareholders' Equity	74,230	70,350	69,092
LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 691,692	\$ 683,626	\$ 656,591

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		Six Months Ended	
	June 30, 2002	June 30, 2001	June 30, 2002	June 30, 2001
INTEREST INCOME:				
Loans and leases	\$ 8,558	\$ 10,652	\$ 17,644	\$ 21,474
Investment Securities:				
U.S. Treasury securities	49	121	121	245
Securities of U.S. Government agencies	1,356	1,044	2,707	2,013
Obligations of states and political subdivisions	576	422	1,145	809
Other	84	178	189	398
Federal funds	27	203	41	363
Deposits in banks	12	66	17	95
Total Interest Income	10,662	12,686	21,864	25,397
INTEREST EXPENSE:				
Deposits	4,543	5,958	9,210	11,996
Borrowed funds	340	583	689	1,430
Total Interest Expense	4,883	6,541	9,899	13,426
NET INTEREST INCOME BEFORE				
PROVISION FOR LOAN LOSSES	5,779	6,145	11,965	11,971
PROVISION FOR LOAN LOSSES	393	486	1,049	670
NET INTEREST INCOME AFTER				
PROVISION FOR LOAN LOSSES	5,386	5,659	10,916	11,301
OTHER INCOME:				
Service charges	499	471	936	909
Other	606	859	1,469	1,420
Net securities gains (losses)	13	153	63	204
	1,118	1,483	2,468	2,533
OTHER EXPENSES:				
Salaries and wages	1,992	1,768	3,900	3,552
Pension and other employee benefits	467	407	923	871
Occupancy expense (net)	86	252	194	237
Other operating expenses	1,803	1,733	3,636	3,408
	4,348	4,160	8,653	8,068
INCOME BEFORE FEDERAL INCOME TAX				
FEDERAL INCOME TAXES	2,156	2,982	4,731	5,766
NET INCOME	543	851	1,213	1,683
NET INCOME	1,613	2,131	3,518	4,083
OTHER COMPREHENSIVE INCOME (NET OF TAX):				
Unrealized gains (losses) on securities	1,464	184	1,338	932
COMPREHENSIVE INCOME	\$ 3,077	\$ 2,315	\$ 4,856	\$ 5,015
NET INCOME PER SHARE (Based upon				
weighted average number of shares outstanding of 1,300,000	\$ 1.24	\$ 1.64	\$ 2.71	\$ 3.14
DIVIDENDS DECLARED	\$ 0.40	\$ 0.35	\$ 0.75	\$ 0.70

See Notes to Condensed Consolidated Unaudited Financial Statements.

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

	Six Months Ended	
	June 30, 2002	June 30, 2001
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 3,518	\$ 4,083
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation and amortization	730	568
Premium amortization	409	142
Discount amortization	(58)	(80)
Provision for loan losses	1,049	670
Provision for deferred income taxes	10	(88)
(Gain) loss on sale of fixed assets	(10)	11
(Gain) loss on sale of investment securities	(63)	(204)
Changes in Operating Assets and Liabilities:		
Accrued interest receivable and other assets	(581)	(774)
Accrued interest payable and other liabilities	2,021	(149)
Net Cash Provided by Operating Activities	7,025	4,179
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(1,037)	(1,755)
Proceeds from sale of fixed assets	-	-
Proceeds from maturities of investment securities:	35,822	19,451
Proceeds from sale of investment securities:	7,135	2,105
Purchase of investment securities-	(37,893)	(36,300)
Net increase in loans and leases	(8,883)	19,485
Net Cash Used by Investing Activities	(4,856)	2,986
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase in deposits	9,561	29,241
Net change in short-term borrowings	(6,712)	682
Increase in long-term borrowings	-	-
Payments on long-term borrowings	(684)	(12,447)
Payments of dividends	(910)	(910)
Net Cash Provided by Financing Activities	1,255	16,566
Net change in cash and cash equivalents	3,424	23,731
Cash and cash equivalents - Beginning of year	17,988	18,241
CASH AND CASH EQUIVALENTS - END OF THE YEAR	\$ 21,412	\$ 41,972
RECONCILIATION OF CASH AND CASH EQUIVALENTS:		
Cash and cash due from banks	\$ 16,295	\$ 21,337
Interest bearing deposits	3,507	100
Federal funds sold	1,610	20,535
	\$ 21,412	\$ 41,972

See Notes to Condensed Consolidated Unaudited Financial Statements.

FARMERS & MERCHANTS BANCORP, INC.

Notes to Condensed Consolidated Unaudited Financial Statements

NOTE 1 BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions for Form 10Q and Rule 10-01 of Regulation S-X; accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments, consisting of normal recurring accruals, considered necessary for a fair presentation have been included. Operating results for the six months ended June 30, 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.

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 six months ended June 30, 2002 comes primarily from net income from operations of \$3.5 million. This compares with net income of \$4.1 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 8.9 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 June 30, 2002 financial statements:

Primary Ratio	11.52%
Total Capital Ratio	13.91%
Risk Based Capital Tier 1	15.85%
Risk Based Capital Tier 2	20.73%
Stockholders' Equity/Total Assets	10.73%

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	3,507				3,507
Investment Securities	8,108	15,930	104,746	40,099	168,883
Loans	116,286	176,504	85,581	100,157	478,528
Total Rate Sensitive Assets	127,901	192,434	190,327	140,256	650,918
Deposits	127,052	213,654	235,012	0	575,718
Fed Funds Purchased & agreements to repurchase	19,827				19,827
Other Borrowings		5,000	624	11,102	16,726
Total Rate Sensitive Liabilities	146,879	218,654	235,636	11,102	612,271
Gap	-18,978	-26,220	-45,309	129,154	38,647

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 June 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, theunto duly authorized.

Farmers & Merchants Bancorp, Inc.,

Date: August 10, 2002

By: /s/ Joe E. Crossgrove

Joe E. Crossgrove
President and Cashier

Date: August 10, 2002

By: /s/ Randal H. Schroeder

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

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 June 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.

Joe E. Crossgrove

Joe E. Crossgrove, President
And Chief Executive Officer

Date: August 10, 2002

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 June 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.

Barbara Britenriker

Barbara Britenriker,
Chief Financial Officer

Date: August 10, 2002
