

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, 2003
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

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Indicate by checkmark whether the registrant is an accelerated filer (as
defined in Rule 12b-2 of the Exchange Act). 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, 2003

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

FARMERS & MERCHANTS BANCORP, INC.
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ITEM 1 FINANCIAL STATEMENTS

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

	Sept 30, 2003	December 31, 2002	Sept 30, 2002
ASSETS:			
Cash and due from banks	\$ 15,531	\$ 18,508	\$ 18,783
Interest bearing deposits with banks	608	279	624
Federal funds sold	0	-	-
Investment Securities:			
U.S. Treasury	2,823	4,215	4,463
U.S. Government	113,212	117,021	102,489
State & political obligations	53,297	55,860	52,982
All others	1,973	1,697	3,523
Loans and leases (Net of reserve for loan losses of \$9,313, \$6,400 and \$6,133 respectively)	489,928	497,515	487,702
Bank premises and equipment-net	15,906	15,034	13,611
Accrued interest and other assets	18,526	16,357	12,444
TOTAL ASSETS	\$ 711,804	\$ 726,486	\$ 696,621
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES:			
Deposits:			
Demand	\$ 42,623	\$ 43,808	\$ 41,680
Time and savings	528,553	532,565	533,264
Federal funds purchased and securities sold under agreement to repurchase	29,531	38,200	24,098
Other borrowed money	27,139	28,696	14,694
Accrued interest and other liabilities	10,290	5,479	6,283
Total Liabilities	638,136	648,748	620,019
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	58,831	61,345	59,896
Accumulated other comprehensive income	2,160	3,716	4,029
Total Shareholders' Equity	73,668	77,738	76,602
LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 711,804	\$ 726,486	\$ 696,621

See Notes to Condensed Consolidated Unaudited Financial Statements.

Note: The December 31, 2002 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, 2003	Sept 30, 2002	Sept 30, 2003	Sept 30, 2002
INTEREST INCOME:				
Loans and leases	\$ 8,518	\$ 8,907	\$ 26,028	\$ 26,551
Investment Securities:				
U.S. Treasury securities	28	47	112	168
Securities of U.S. Government agencies	1,048	1,265	3,289	3,971
Obligations of states and political subdivisions	531	565	1,674	1,710
Other	45	85	119	274
Federal funds	7	8	24	48
Deposits in banks	5	4	22	22
Total Interest Income	10,182	10,881	31,268	32,744
INTEREST EXPENSE:				
Deposits	3,046	4,349	10,161	13,560
Borrowed funds	315	339	1,136	1,027
Total Interest Expense	3,361	4,688	11,297	14,587
NET INTEREST INCOME BEFORE				
PROVISION FOR LOAN LOSSES	6,821	6,193	19,971	18,157
PROVISION FOR LOAN LOSSES	675	537	5,373	1,585
NET INTEREST INCOME AFTER				
PROVISION FOR LOAN LOSSES	6,146	5,656	14,598	16,572
OTHER INCOME:				
Service charges	543	546	1,604	1,482
Other	1,044	569	2,905	2,038
Net securities gains (losses)	2	-	524	64
	1,589	1,115	5,033	3,584
OTHER EXPENSES:				
Salaries and wages	1,664	1,934	5,110	5,834
Pension and other employee benefits	462	503	1,443	1,426
Occupancy expense (net)	137	166	488	359
Other operating expenses	1,781	1,628	5,339	5,264
	4,044	4,231	12,380	12,883
INCOME BEFORE FEDERAL INCOME TAX				
FEDERAL INCOME TAXES	3,691	2,540	7,251	7,273
NET INCOME	1,100	760	1,691	1,973
	2,591	1,780	5,560	5,300
OTHER COMPREHENSIVE INCOME (NET OF TAX):				
Unrealized gains (losses) on securities	(1,529)	1,110	(1,556)	2,448
COMPREHENSIVE INCOME	\$ 1,062	\$ 2,890	\$ 4,004	\$ 7,748
NET INCOME PER SHARE (Based upon				
weighted average number of shares outstanding of 1,300,000	\$ 1.99	\$ 1.37	\$ 4.28	\$ 4.08
DIVIDENDS DECLARED	\$ 5.40	\$ 0.40	\$ 6.20	\$ 1.15

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, 2003 Sept 30, 2002

CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 5,560	\$ 5,300
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation and amortization	1,093	1,095
Premium amortization	439	451
Discount amortization	(56)	(61)
Provision for loan losses	5,373	1,585
Provision for deferred income taxes	(653)	(49)
(Gain) loss on sale of fixed assets	34	(53)
(Gain) loss on sale of investment securities	(524)	(64)
Changes in Operating Assets and Liabilities:	-	-
Accrued interest receivable and other assets	(1,516)	(295)
Accrued interest payable and other liabilities	4,811	3,113
Net Cash Provided by Operating Activities	14,561	11,022
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(1,999)	(2,321)
Proceeds from sale of fixed assets	-	-
Proceeds from maturities of investment securities:	13,160	45,998
Proceeds from sale of investment securities:	53,661	7,135
Purchase of investment securities-	(67,262)	(41,506)
Net increase in loans and leases	2,214	(21,044)
Net Change in Cash by Investing Activities	(226)	(11,738)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase in deposits	(5,197)	8,787
Net change in short-term borrowings	(8,669)	(2,441)
Increase in long-term borrowings	-	-
Payments on long-term borrowings	(1,557)	(2,716)
Payments of dividends	(1,560)	(1,495)
Net Cash Provided by Financing Activities	(16,983)	2,135
Net change in cash and cash equivalents	(2,648)	1,419
Cash and cash equivalents - Beginning of year	18,787	17,988
CASH AND CASH EQUIVALENTS - END OF THE YEAR	\$ 16,139	\$ 19,407
RECONCILIATION OF CASH AND CASH EQUIVALENTS:		
Cash and cash due from banks	\$ 15,531	\$ 18,783
Interest bearing deposits	608	624
Federal funds sold	-	-
	\$ 16,139	\$ 19,407

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, 2003 are not necessarily indicative of the results that are expected for the year ended December 31, 2003. 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, 2002.

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

Refinancing of real estate loans remained brisk throughout the first two months of the period. September marked the slowing of the secondary mortgage revenue stream. The pipeline for secondary mortgages has shrunk considerably and the bank expects to resume to normal activity levels in origination during the last quarter.

Deposit balances decreased approximately \$11 million during the period in both demand and time and savings categories. Certificate of Deposit run-off was expected with the significant change in rates on the automatic renewals. This was offset by investment run-off and decreased loan volume. The net interest margin continued to improve as the liability cost was higher than the asset yield lost.

The loan loss reserve was increased during the quarter due to credit rating adjustments made on some associated personal loans of a reclassified commercial credit and the bank also adjusted the historical loss factor to encompass five years of data instead of six used previously. These two actions resulted in \$.5 million being added to the reserve during the quarter. The bank also replaced funds taken from reserve due to charge-offs as the increase in loan provision expense for the quarter was \$675,000. The bank feels the necessary provisions have been made and are confident the reserve is adequate.

The capital position of the bank remained strong as shown in the capital ratios listed below. Along with its regular dividend, the bank declared a one-time additional dividend of \$5 per share based on its strong excess capital position. The bank also recognized that it was an opportune time for our shareholders to receive the dividend based on the favorable personal tax changes concerning dividends.

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

The bank is positioned to have strong earnings through the remainder of the year. The banks financial ratios have continued to improve each month since the first quarter and this is expected to continue throughout the fourth quarter of 2003.

The following is a summary of five capital ratios as they are calculated from the September 30, 2003 financial statements:

Primary Ratio	11.51%
Total Capital Ratio	15.27%
Risk Based Capital Tier 1	14.39%
Risk Based Capital Tier 2	21.50%
Stockholders' Equity/Total Assets	10.35%

ITEM 3 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.

ITEM 3 MARKET RISK (Continued)

	0-90 days	90-365 days	1-5 Years	Over 5 Years	Total
Interest Bearing Dep	608				509
Investment Securities	9,039	25,387	86,948	49,652	171,305
Loans	116,690	80,198	88,412	207,373	492,673
Total Rate Sensitive Assets	126,337	105,585	175,360	257,025	664,487
Deposits	118,906	257,894	187,375	7,001	571,176
Fed Funds Purchased & agreements to repurchase	29,531				29,531
Other Borrowings		5,156	17,912	4,071	27,139
Total Rate Sensitive Liabilities	148,437	263,050	205,287	11,072	627,846
Gap	-22,100	-157,465	-29,927	245,953	36,641

ITEM 4 CONTROLS AND PROCEDURES

As of September 30, 2003, 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, 2003. There have been no significant changes in the Company's internal controls subsequent to September 30, 2003.

PART II

ITEM 1 LEGAL PROCEEDINGS

None

ITEM 2 CHANGES IN SECURITIES AND USE OF PROCEEDS

None

ITEM 3 DEFAULTS UPON SENIOR SECURITIES

None

ITEM 4 SUBMISSION OF MATTERS TO A VOTE OF SECURITIES HOLDERS

None

ITEM 5 OTHER INFORMATION

None

ITEM 6 EXHIBITS AND REPORTS ON FORM 8-K

EXHIBIT NO.	DESCRIPTION
EX-31.1	Certification of Chief Executive Officer pursuant to Section 302
EX-31.2	Certification of Chief Financial Officer pursuant to Section 302
EX-32	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

No reports on Form 8-K were filed by the registrant during the quarter ended September 30, 2003.

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 13, 2003

By: /s/ Joe E. Crossgrove
Joe E. Crossgrove
President and CEO

Date: November 13, 2003

By: /s/ Barbara J. Britenriker
Barbara J. Britenriker
Senior Vice-President and CFO

10-K EXHIBIT INDEX

EXHIBIT NO.	DESCRIPTION
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EX-31.2	Certification of Chief Financial Officer pursuant to Section 302
EX-32	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

CERTIFICATIONS

I, Joe E. Crossgrove, President and 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 registrants' disclosure controls and procedures as of a date within 90 days prior to the filing 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 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: November 13, 2003

 /s/ Joe E. Crossgrove

 President and CEO

CERTIFICATIONS

I, Barbara J. Britenriker, Senior Vice-President and 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 registrants' disclosure controls and procedures as of a date within 90 days prior to the filing 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 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: November 13, 2003

 /s/ Barbara J. Britenriker

 Senior Vice-President and CFO

ADDITIONAL EXHIBIT CERTIFICATIONS - ITEM 601(b)

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, 2003, 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.

Date: November 13, 2003 /s/ Joe E. Crossgrove

Joe E. Crossgrove, President and
Chief Executive Officer

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, 2003, as filed with the Securities and Exchange Commission ("the report"), I, Barbara J. Britenriker, Senior Vice-President and 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:

- 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.

Date: November 13, 2003 /s/ Barbara J. Britenriker

Barbara J. Britenriker, Senior
Vice-President Chief Financial Officer