

**FARMERS & MERCHANTS BANCSHARES, INC.**

	CPP Disbursement Date 03/06/2009	RSSD (Holding Company) 1134881	Number of Insured Depository Institutions 1	
<b>Selected balance and off-balance sheet items</b>				
	2008 \$ millions	2009 \$ millions	%chg from prev	
<b>Assets</b>	\$471	\$545	15.8%	
Loans	\$376	\$441	17.2%	
Construction & development	\$98	\$94	-3.9%	
Closed-end 1-4 family residential	\$27	\$33	25.0%	
Home equity	\$0	\$0	-100.0%	
Credit card	\$0	\$0		
Other consumer	\$9	\$9	-5.9%	
Commercial & Industrial	\$102	\$95	-7.3%	
Commercial real estate	\$109	\$174	59.4%	
Unused commitments	\$79	\$71	-10.3%	
Securitization outstanding principal	\$0	\$0		
Mortgage-backed securities (GSE and private issue)	\$1	\$7	691.6%	
Asset-backed securities	\$0	\$0		
Other securities	\$6	\$2	-66.8%	
Cash & balances due	\$33	\$54	64.4%	
<b>Residential mortgage originations</b>				
Closed-end mortgage originated for sale (quarter)	\$0	\$0		
Open-end HELOC originated for sale (quarter)	\$0	\$0		
Closed-end mortgage originations sold (quarter)	\$0	\$0		
Open-end HELOC originations sold (quarter)	\$0	\$0		
<b>Liabilities</b>	\$415	\$481	15.9%	
Deposits	\$414	\$479	15.9%	
Total other borrowings	\$0	\$0		
FHLB advances	\$0	\$0		
<b>Equity</b>				
Equity capital at quarter end	\$56	\$64	15.5%	
Stock sales and transactions with parent holding company (cumulative through calendar year)	\$1	\$7	NA	
<b>Performance Ratios</b>				
Tier 1 leverage ratio	8.2%	8.5%	--	
Tier 1 risk based capital ratio	9.4%	10.0%	--	
Total risk based capital ratio	10.0%	10.8%	--	
Return on equity <sup>1</sup>	2.1%	0.1%	--	
Return on assets <sup>1</sup>	0.3%	0.0%	--	
Net interest margin <sup>1</sup>	3.4%	4.1%	--	
Coverage ratio ((ALL+Alloc transfer risk)/Noncurrent loans)	40.8%	58.9%	--	
Loss provision to net charge-offs (qtr)	0.0%	371.2%	--	
Net charge-offs to average loans and leases <sup>1</sup>	0.0%	0.4%	--	
<sup>1</sup> Quarterly, annualized.				
	<b>Noncurrent Loans</b>		<b>Gross Charge-Offs</b>	
<b>Asset Quality (% of Total Loan Type)</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>	<b>2009</b>
Construction & development	6.0%	1.9%	0.0%	0.5%
Closed-end 1-4 family residential	0.0%	5.0%	0.0%	0.0%
Home equity	0.0%	0.0%	0.0%	0.0%
Credit card	0.0%	0.0%	0.0%	0.0%
Other consumer	0.4%	0.6%	0.1%	0.0%
Commercial & Industrial	0.4%	2.3%	0.1%	0.0%
Commercial real estate	0.0%	0.0%	0.0%	0.0%
Total loans	1.7%	1.5%	0.0%	0.1%