CAPITAL PURCHASE PROGRAM (CPP) LENDING REPORT

Name of institution: Farmers & Merchants Financial Corporation
Person to be contacted about this report: Leon A. Drouhard, Chirman, President & CEO
Submission date: April 16, 2009

RSSD (for Bank Holding Companies):1059694
Holding Company Docket Number (for Thrift Holding Companies):
FDIC Certificate Number (for depository institutions): 17719

LENDING ACTIVITY (Thousands $)	2009 FEB	2009 MAR	Key	Comments
1. Loan Balances				
a. Average Consumer Loans	$3,647	$3,812		
b. Average Commercial Loans	$13,443	$13,321	Includes loans secured by farmland, non-farm non-residential loans, agricultural production lonas and commercial loans	
c. Total Loans (sum of lines a and b)	$17,090	$17,133		

2. General Market Commentary (optional)

General market conditions are being adversely affected by the downturn in the aircraft manufacturing sector/. The general trade area is beginning to feel stress in the commercial and residential area, and hence, like the rest of the country, consumer and commercial lending demand ahs waned. The agricultural market has remained stable despite the drop in commodity prices. Land values are holding at this time.