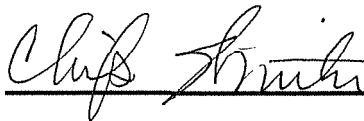


FARMERS & MERCHANTS BANK
STATEMENT OF CONDITION
JUNE 30, 2008

ASSETS		LIABILITIES AND CAPITAL	
CASH	2,247,000	DEPOSITS	101,028,000
SECURITIES	41,343,000	BORROWINGS	11,522,000
LOANS	77,447,000	OTHER LIABILITIES	1,041,000
FIXED ASSETS	2,845,000	TOTAL LIABILITIES	<u>113,591,000</u>
OTHER ASSETS	2,557,000	EQUITY CAPITAL	12,848,000
TOTAL ASSETS	<u>126,439,000</u>	TOTAL LIABILITIES AND CAPITAL	<u>126,439,000</u>

NOTES:

- 1) The bank's equity capital greatly exceeds the minimums set by the bank's governmental regulators.
- 2) The bank's profitability exceeds those of its peers.
- 3) The bank is routinely and frequently examined by its governmental regulators and is in good standing with them.



Chip Winter, Chief Financial Officer