

PUBLIC DISCLOSURE

February 24, 2003

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

F&M Bank-Wisconsin
RSSD #282141

1601 S. Webster Avenue
Green Bay, WI 54310

Federal Reserve Bank of Chicago

230 South LaSalle Street
Chicago, Illinois 60604


NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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INSTITUTION RATING

INSTITUTION'S CRA RATING: F&M Bank-Wisconsin is rated "SATISFACTORY."

The following table indicates the performance level of F&M Bank-Wisconsin with respect to the lending, investment, and service test. 

F&M BANK-WISCONSIN			
PERFORMANCE LEVELS	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X		X
Low Satisfactory		X	
Needs to Improve			
Substantial Noncompliance			
* The lending test is weighted more heavily than the investment and service tests in determining the overall rating.			

Major factors supporting the institution's rating include:

- Good responsiveness to community credit needs as evidenced by noteworthy increases in 2001 in loan volumes for mortgage, small business, and small farm loans, as reported on the HMDA- and CRA-LARs;
- Excellent percentage of loans originated in the combined assessment area for all three loan categories;
- Strong borrower income distribution for most loan types in the non-MSA, Appleton and Green Bay assessment areas;
- Mixture of strong and generally strong geographic distribution for loans in the non-MSA and Green Bay assessment areas;
- Overall good level of community development lending in 2001;
- High loan-to-deposit ratio that exceeds the nationwide peer group;
- Generally strong distribution of branches and ATMs, with reasonable business hours and convenient alternate delivery systems;
- Generally strong level of community development services;

Additional factors considered in determining the overall rating include:

- Generally weak geographic distribution for HMDA and small business loans in the Appleton assessment area;
- Overall low volume of community development investments that reflects modest improvement over 2000 activity levels.

INSTITUTION

NOTE: This document includes references to exhibits and tables. Exhibits appear in the body of the document and tables are included in Appendix C at the back of this document.

DESCRIPTION OF INSTITUTION

F&M Bank-Wisconsin (F&M Bank), headquartered in Kaukauna, Wisconsin, had total assets of \$1.8 billion at December 31, 2002. It is a wholly owned subsidiary of Citizens Banking Corporation (CBC), a multi-bank holding company based in Flint, Michigan, with assets of \$7.6 billion at December 31, 2002. Affiliate banks include F&M Bank-Iowa, Citizens Bank, and Citizens Bank-Illinois, N.A. F&M Bank ranks ninth of 328 FDIC-insured financial institutions operating in Wisconsin based on its \$1.4 billion in FDIC-insured deposits at June 30, 2002. Its Community Reinvestment Act (CRA) performance was most recently evaluated at February 26, 2001 at which time it was rated satisfactory.

Delivery of financial products and services is accomplished through a network of 52 banking offices and 65 automatic teller machines located throughout the 32 Wisconsin counties that comprise the combined assessment area. No new branches have been opened since the previous examination, but eight were closed in November 2002. Two mortgage loan production offices were opened in September 2002 – one each in Green Bay and Milwaukee.

A broad selection of deposit and credit products is offered through this banking network. Deposit products include checking, savings, and time deposits typically offered by financial institutions. Credit products include secured and unsecured loans and lines of credit for personal, commercial, agricultural, and other purposes. A significant annual volume of residential mortgage loans is originated and sold in the secondary mortgage market. Various government-assisted loan programs, such as those offered through the Wisconsin Housing and Economic Development Authority (WHEDA), Small Business Administration (SBA), and Rural Development Corporation, are available to qualified loan applicants. No financial or legal impediments exist that would affect F&M Bank's ability to meet credit needs in the combined assessment area.

An analysis of the bank's financial statements at December 31, 2002 reveals the following loan portfolio distributions: commercial purpose loans represent 61% based on dollar amounts outstanding at that date, followed by loans secured by residential real estate at 24%, agricultural purpose loans at 11%, and loans to individuals at 4%. Loans to individuals are more significant than suggested based on the number of loans initiated each year. Loans secured by residential real estate are also more significant than the 24% figure shown above suggests because loans that are sold each year in the secondary market are not reflected in the loan portfolio.

DESCRIPTION OF THE COMBINED ASSESSMENT AREA

The combined assessment area, which includes 429 geographies [census tracts and block numbering areas (BNAs)] throughout a large portion of Wisconsin, consists of the six individual assessment areas described in Exhibit A. A map of the combined assessment area can be found in Appendix D at the back of this document.

Exhibit A DESCRIPTION OF THE COMBINED ASSESSMENT AREA	
Assessment Area Name	Description
Non-MSA	All of 20 counties and portions of 5 other counties in non-metropolitan areas of Wisconsin
Appleton	All of the Appleton-Oshkosh-Neenah metropolitan statistical area (MSA)
Green Bay	All of the Green Bay MSA
Waukesha	All of Waukesha County, which is part of the Milwaukee-Waukesha MSA
St. Croix	All of St. Croix County, which is part of the Minneapolis-St. Paul MSA
Douglas	11 of 15 census tracts in Douglas County, which is part of the Duluth-Superior MSA

Changes made to the combined assessment area since the previous examination include the addition of 58 census tracts in the Waukesha area and eight census tracts in the Appleton area, as well as a decrease of one geography in the non-MSA area.

Exhibit B details selected demographic characteristics of the combined assessment area, all non-metropolitan areas of Wisconsin (“the State”), and the State overall based upon 1990 census data.

Exhibit B SUMMARY OF POPULATION AND MEDIAN FAMILY INCOME LEVEL ⁽¹⁾								
Region	Population	Families	Median Family Income	% of Families in Each Income Level ⁽²⁾				
				Low – Income	Moderate-Income	Middle-Income	Upper-Income	Below Poverty Level
Combined assessment area	1,605,802	430,567	\$36,930	15.1	17.7	26.8	40.4	6.0
Non-metropolitan areas of the State	1,560,597	420,033	\$30,290	17.5	19.5	25.5	37.5	7.9
State overall	4,891,769	1,284,297	\$35,082	17.9	18.7	26.5	36.9	7.6

(1) Information in this table is based on 1990 census data.
(2) Income classifications are calculated as percentages of the median family income for each region. The appropriate percentages are: low-income – less than 50%; moderate-income – 50% but less than 80%; middle-income – 80% but less than 120%; and upper-income – 120% and above.

Median family income is higher in the combined assessment area, which includes almost one-third of the State’s population, than in all non-metropolitan areas in the State and the State overall. Also, the assessment area has a lower percentage of low- and moderate-income families and families with incomes below the poverty level than the other two areas.

Additional selected demographic information for the combined assessment area is included in Exhibit C.

Exhibit C COMBINED ASSESSMENT AREA DEMOGRAPHICS ⁽¹⁾								
Income Categories	Tract ⁽²⁾ Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	6	1.4	2,515	0.6	958	38.1	65,087	15.1
Moderate-income	51	11.9	32,676	7.6	4,189	12.8	76,191	17.7
Middle-income	294	68.5	290,695	67.5	17,979	6.2	115,344	26.8
Upper-income	77	18.0	104,681	24.3	2,550	2.4	173,945	40.4
Income not available	1	0.2	0	0.0	0	0.0	0	0.0
Total Assessment Area	429	100.0	430,567	100.0	25,676	6.0	430,567	100.0
	Housing Units by Tract		Housing Types by Tract					
			Owner-Occupied		Rental		Vacant	
	#	%	#	%	#	%	#	%
Low-income	6,457	0.9	1,608	0.4	3,003	1.9	1,846	1.8
Moderate-income	73,864	10.7	31,680	7.4	18,997	11.8	23,187	22.9
Middle-income	467,625	68.0	288,964	67.9	111,648	69.5	67,013	66.2
Upper-income	139,938	20.4	103,631	24.3	27,079	16.8	9,228	9.1
Total Assessment Area	687,884	100.0	425,883	100.0	160,727	100.0	101,274	100.0
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low-income	1,192	1.5	988	1.5	138	1.9	66	1.8
Moderate-income	6,508	8.3	5,747	8.5	435	6.0	326	8.6
Middle-income	52,515	66.6	45,399	67.0	4,457	61.2	2,659	70.5
Upper-income	18,578	23.6	15,606	23.0	2,254	30.9	718	19.1
Total Assessment Area	78,793	100.0	67,740	100.0	7,284	100.0	3,769	100.0
	Percentage of Total Businesses:			86.0		9.2		4.8

(1) Information regarding businesses by tract and revenue size is based on 2001 data. All other information is based on 1990 census data.
(2) The term "tract" is used in this exhibit for simplicity in the column headings. It is synonymous with geography.

The six low-income geographies are sparsely populated, as evidenced by the fact that there are only 2,515 families residing there. Mortgage lending opportunities in these geographies are likely to be limited not only because of the small population, but also because 38.1% of these families have incomes below the poverty level. The small number of owner-occupied housing units (1,608) is also a factor. Small business lending opportunities are also expected to be limited because there are fewer than 1,200 businesses operating there.

There are over 11,300 farms in the combined assessment area based on data from 2001. Most of these farms (72%) are located in the non-MSA assessment area, but only 700 of them are in low- or moderate-income geographies. Thus, opportunities to make agricultural loans in low- and moderate-income geographies in the non-MSA assessment area are likely to be relatively few. Over 96% of farms in the combined assessment area have annual revenues of \$1 million or less.

Competition for deposits and loans from other banks, thrift institutions, credit unions, mortgage companies, and other financial services providers is significant because F&M Bank operates in a large number of geographic areas throughout the State. The most significant of these competitors (with the

headquarters city shown parenthetically) includes M&I Marshall & Ilsley Bank (Milwaukee), Bank One, N.A. (Chicago), U.S. Bank N.A. (Cincinnati, OH), Associated Bank, N.A. (Green Bay), and Wells Fargo Bank Wisconsin, N.A. (Milwaukee). There are numerous other local and regional competitors in each of the assessment areas.

SCOPE OF EXAMINATION

This CRA performance evaluation includes an analysis of lending, investment, and service activities that occurred in 2001. The most significant data utilized for this evaluation included loans reported in the 2001 Home Mortgage Disclosure Act (HMDA) loan application register (LAR) and small business loans reported in the 2001 CRA-LAR. In addition, small farm loans reported in the 2001 CRA-LAR were evaluated for the non-MSA assessment area, as this was the only area where farm loan demand was significant. All other elements of the lending test and all aspects of the investment and service tests were also limited to 2001 activity in order to maintain a uniform time period for evaluating performance. The 2002 HMDA- and CRA-LARs were not finalized at the time of the examination; consequently, this data was not used in this performance evaluation.

Lending test performance included a review of loans reported on the 2001 HMDA- and CRA-LARs to ascertain their distribution inside and outside the combined assessment area. Those loans made inside the combined assessment area were then analyzed further to ascertain their geographic distribution and their distribution based on borrower income or gross annual revenues in each assessment area. Community development loans and loans that demonstrate innovative or flexible lending practices were also evaluated for the lending test, while qualified investments, donations, and grants were evaluated for the investment test. The distribution of branch offices by assessment area, products offered, alternate delivery systems, and community development service activities were evaluated for the service test.

An overall performance rating for each of the lending, investment, and service tests was assigned based on performance ratings determined on the three tests in each assessment area. Each assessment area's contribution to the overall rating was based on an informal weighting process that considered such characteristics as number of branches, population, loan demand, market share, and other factors. Most weight was given to performance in the non-MSA assessment area, the largest area with the most branches, largest population, and highest loan demand. The Appleton and Green Bay assessment areas received the next highest consideration, while the Waukesha, St. Croix, and Douglas assessment areas received the least weight. The discussion of the performance in these last three assessment areas is limited due to the smaller impact they have on the overall performance rating.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

Overall performance on the lending test is considered *high satisfactory* based on performance in each assessment area. Loan data for HMDA, small business and small farm loans that were considered in determining this overall rating are included in the CRA core tables in Appendix C. Community development loans and flexible and innovative lending activities are discussed in each assessment area's performance discussion and analysis.

The lending performance was deemed to be excellent in the non-MSA assessment area, and good in the Green Bay assessment area. Lending activities in the Appleton assessment area were adequate overall, but included some areas of weakness. Lending in the Douglas assessment area was good based on an analysis of the limited lending data available, which included 64 HMDA loans and 60 small business loans. HMDA and small business loan volumes in the Waukesha assessment area were too small to allow

for any meaningful analysis of the data, and HMDA loan volume in the St. Croix assessment area was similarly too low to be usable for performance analysis purposes. The 65 small business loans made in the St. Croix assessment area indicate a good performance level.

Lending Activity

Overall lending activity reflects good responsiveness to credit needs in the combined assessment area. Information concerning HMDA-reportable mortgage loans and CRA-reportable small business and small farm loans for 2000 and 2001 is provided in Exhibit D. The information for 2000 was considered at the previous CRA examination, and is provided here solely for comparison purposes and to identify trends in 2001.

Exhibit D								
SUMMARY OF LENDING ACTIVITY								
Loan Type	2000				2001			
	#	%	\$(000s)	%	#	%	\$(000s)	%
HMDA Loans								
Purchase	800	35.8	81,977	48.5	773	23.4	77,092	27.9
Home improvement	463	20.7	8,097	4.8	512	15.5	9,918	3.6
Refinance	966	43.3	77,822	46.0	2,005	60.7	184,886	67.1
Multifamily	5	0.2	1,212	0.7	12	0.4	3,776	1.4
Total HMDA loans	2,234	100.0	169,108	100.0	3,302	100.0	275,672	100.0
Small business loans	1,897		126,023		3,166		322,225	
Small farm loans	999		41,979		1,166		78,141	
Total Loans	5,130		337,110		7,634		676,038	

HMDA loan originations increased by 47.8% in number and 63.0% in dollar amount in 2001 compared to 2000. This growth occurred primarily in the category of refinanced loans. Small business loans showed the greatest growth between years, with the number and dollar amount increasing by 66.9% and 155.7%, respectively. The number of small farm loans grew by 16.7% in 2001 while the related dollar amount grew by 86.1%. The increase in loan activity for these loan types is significant and reflects a strong effort in responding to the community's credit demands.

An institution's loan-to-deposit ratio can also be a useful indicator of its lending performance. F&M Bank's average loan-to-deposit ratio of 97.4% for the four quarters of 2001 indicates a high level of commitment by management to reinvesting deposits into the community through the origination of loans. This ratio is generally consistent with the bank's largest competitors and well above its nationwide peer group average ratio of 84.0% for the same time period.

Assessment Area Concentration

Exhibit E details mortgage, small business, and small farm loans made in 2001 distributed between those made inside the combined assessment area and those made outside this area. The vast majority of these loans (ranging from 88%-91%, depending on loan type) were made to consumers, businesses, and farms located in the combined assessment area. Loans in the combined assessment area totaled over 6,800 transactions for \$600 million. This is considered an excellent performance.

Exhibit E LENDING INSIDE AND OUTSIDE THE ASSESSMENT AREA – 2001								
	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
HMDA loans-								
Purchase	689	89.1	67,494	87.5	84	10.9	9,598	12.5
Home improvement	461	90.0	8,828	89.0	51	10.0	1,090	11.0
Refinance	1,834	91.5	168,636	91.2	171	8.5	16,250	8.8
Multifamily	12	100.0	3,776	100.0	0	0.0	0	0.0
Total HMDA loans	2,996	90.7	248,734	90.2	306	9.3	26,938	9.8
Small business loans	2,793	88.2	282,730	87.7	373	11.8	39,495	12.3
Small farm loans	1,037	88.9	68,387	87.5	129	11.1	9,754	12.5
TOTAL LOANS	6,826	89.4	599,851	88.7	808	10.6	76,187	11.3

Geographic Distribution

The geographic distribution of HMDA- and CRA-reportable loans reflects an overall good level of lending in low- and moderate-income geographies. The actual number of loans made in the six low-income geographies in the combined assessment area was low, but considered reasonable given demographic and other considerations. Lending in moderate-income geographies was comparatively stronger than in low-income geographies.

The geographic distribution of loans in the Appleton assessment area, however, was weak when evaluated in the context of the bank's presence in this market as measured by the number of branches and deposit market share. HMDA lending in moderate-income census tracts was judged to need improvement while small business lending in both low- and moderate-income census tracts was marginally adequate. Lending activity in low- and moderate-income census tracts was comparatively much weaker than aggregate.

HMDA loan volume in the Waukesha and St. Croix assessment areas, and small business loan volume in the Waukesha area, were too low to allow for any meaningful analysis and evaluation of lending performance. None of the 65 small business loans in St. Croix were in the two moderate-income census tracts, but this was deemed reasonable as these two geographies are on the opposite side of the county from the branch location.

Distribution by Borrower Income and Revenue Size of the Business

The distribution of HMDA, small business, and small farm loans based on borrower income characteristics was excellent in most instances for the three most significant assessment areas. Specifically, lending performance was strong in all respects in the non-MSA and Green Bay assessment areas and strong for small business loans in the Appleton area. The distribution of HMDA loans, based on borrower income in Appleton was judged to be good.

The distribution of loans based on borrower income characteristics in the other three assessment areas show mixed results. Lending activity in Waukesha was too low to provide meaningful analysis. An analysis of small business loans in St. Croix indicates a strong performance based on loan size and annual revenues of the borrower, but the 29 HMDA loans made here were too few for a meaningful analysis to be conducted. The distribution of HMDA loans by borrower income in the Douglas area reflects a varied performance. Specifically, none of the reported HMDA loans was made to low-income borrowers, which

is considered poor, but almost one-third of these loans went to moderate-income borrowers, which is considered strong. Small business lending, based on loan size and borrower revenues, in the Douglas area was good.

Community Development Lending

Three qualified community development loans totaling \$3.85 million were made in 2001. Two loans totaling \$2.25 million were made in the Green Bay area while the third loan for \$1.6 million was made in the non-MSA area. One loan supported the acquisition of a senior citizens housing project, another involved a commercial mortgage on a property in a targeted low-income redevelopment area, and the third was for the construction of a day-care facility in a moderate-income census tract.

This level of activity is deemed good considering three factors. First, only one year of lending activity is being evaluated at this time. Second, the number of qualified community development lending opportunities appears to be limited in most of these assessment areas based on a number of demographic and other considerations, including an economy that was weakening throughout 2001. Third, there were a significant number of financial institutions competing for this business.

The absence of any community development loans in the Appleton area was noted and is a source of concern given the bank's presence in this market. There were no indications, however, from interviews with local community representatives of any unmet community development loan opportunities in Appleton during 2001. The absence of such loans in the Waukesha, St. Croix, and Douglas assessment areas was also noted but is not a concern at this time.

Innovative or Flexible Lending

The use of innovative or flexible lending practices is demonstrated through the bank's participation in certain government-assisted loan programs and in its initiation of certain mortgage loan programs designed to help low- and moderate-income individuals acquire a home. These programs are described below:

- WHEDA loans. WHEDA works in cooperation with local lenders throughout the State by providing guarantees for loans offered under its "HOME" program to qualified low- and moderate-income first-time homebuyers. Features of this program include low down payment requirements and favorable interest rates. The bank originated 25 loans totaling \$1,555,000 under this program in 2001.
- Guaranteed Rural Development loans. This program, offered by the U.S. Department of Agriculture's Rural Development Corporation, provides loan guarantees for home purchases and improvements to low-income and other borrowers in rural locations. Four loans totaling \$291,000 were originated in 2001 within the combined assessment area, while two other loans totaling \$126,000 were made in areas that are outside this combined assessment area.
- SBA loans. Seven loans totaling \$1,067,000 were originated in 2001 under loan guarantee programs targeted to small businesses that may otherwise be unable to obtain conventional bank financing.
- "Open Door" loan program. This proprietary mortgage loan program of the bank and its affiliates allows low- and moderate-income borrowers to acquire a home with favorable down payment and loan-to-value requirements, but without having to purchase private mortgage insurance. Borrowers must complete a homeowner counseling program to qualify. Five loans totaling \$336,000 were originated in 2001 in the combined assessment area.

- “Advantage 100” loan program. This proprietary mortgage loan program is similar to the Open Door program with some distinguishing characteristics. Unique features include more freedom in obtaining down payment funds, more favorable underwriting guidelines, and a wider range of qualifying income levels. Two loans totaling \$149,000 were originated inside the combined assessment area in 2001, and two other loans totaling \$114,000 were made in areas that are outside this combined assessment area.

INVESTMENT TEST

Performance on the investment test is rated *low satisfactory*, which represents an improvement since the previous examination. There were two types of qualified investments at this examination. The first type is a long-term investment in the form of a mortgage-backed security (MBS) purchased in 2001. This particular security is backed by a pool of 10 residential mortgage loans, including four where the property is located in either the Green Bay or Appleton assessment areas. These four loans, totaling \$367,500, involved either borrowers who were designated as low- or moderate-income, or properties that were located in low- or moderate-income areas. The other six loans, totaling \$488,400, also involve low- and moderate-income borrowers or property locations, but they are located in areas of the State that are outside the six assessment areas.

The second type of qualified investment consists of charitable donations for purposes and to recipients that meet the standards defined in the CRA. Five qualified donations totaling \$11,500 were made in 2001 in the non-MSA, Appleton, and Green Bay assessment areas. No qualified donations were made in the other three assessment areas.

This information indicates that a stronger effort has been put forth in responding to the various needs of the communities within the combined assessment area in 2001 compared to 2000, when qualified investments totaled \$5,000. The “low satisfactory” rating recognizes this effort. Nevertheless, demographic information for the combined assessment area indicates a strong probability that affordable housing and human services needs exist among the low- and moderate-income population. The presence of just five qualified charitable donations in 2001 in this large combined assessment area is low for an institution with \$1.8 billion in assets. The acquisition of the MBS is a significant investment based on the dollar amount involved; notwithstanding, only a small number of people or families benefit from it. Greater numbers of people are more likely to benefit from qualified charitable donations.

SERVICE TEST

Performance on the service test is considered *high satisfactory*. This test included a review of the distribution of the bank’s branches and ATMs, branch hours of operation, products and services offered, alternative delivery systems, and community development services provided by bank representatives.

Retail Services

There were 59 full-service banking offices and one limited-service drive-up facility serving the combined assessment area during 2001. Only four locations do not have drive-up window availability. Five full-service branches and the limited-service drive-up facility are located in moderate-income geographies. There are no offices in low-income geographies. The locations of these banking offices provide reasonable access to the bank, and its products and services in each of the assessment areas. There were no branch openings or closings in 2001. Eight branches were closed in November 2002 and two mortgage loan production offices were opened in September 2002, but the impact of these changes has not been considered because this performance evaluation is focused only on 2001 activity.

Banking hours are generally consistent among the 60 locations, with variations being driven by market conditions such as competition and customer demand. All locations are open Monday through Friday and about one-third of them are open for two to four hours on Saturday mornings. The supermarket branch in Tomahawk and the drive-up windows at the Minocqua and Clear Lake branches maintain Sunday banking hours. The only communities that do not have access to a bank lobby or drive-up window on Saturday are Boulder Junction and Bagley. The six branches located in moderate-income geographies have banking hours, including Saturdays, that are comparable to the other branches.

The combined assessment area is also served by 42 full-service and 23 cash dispensing ATMs, including 37 located at a branch office and 28 at off-site locations. Every assessment area has at least one ATM. Four ATMs are located in moderate-income geographies. Depositors who hold an F&M Bank ATM card may use any ATM of its three affiliate banks in Iowa, Illinois, and Michigan at no cost.

Banking products and services offered include conventional deposit, loan, retirement, and other financial services typically found at commercial banks in the State, including the following products that are either targeted to or would appeal to either low- and moderate-income individuals or small businesses:

- Free “n” Easy Checking. This checking account features no maintenance fees, unlimited ATM withdrawals and no minimum balance.
- Small Business Checking. One small business checking account has a \$500 minimum balance with no fees for deposits made or checks written.
- Non-Profit Organization accounts. Non-profit organizations are provided with free checking accounts.
- “Open Door” and “Advantage 100” mortgage loans. These loan programs, discussed above as flexible and innovative lending practices, are specifically targeted to low- and moderate-income individuals and families.

Customers and prospective customers may access all products and services at any of the full-service branches. Certain services are also available at the 65 ATMs. In addition, many of these products and services may be accessed using the following alternate delivery systems:

- Bank Central. Bank customers can access this automated phone service 24 hours per day, seven days per week for a variety of inquiries and activities, such as obtaining updated account information, transferring money between accounts, paying bills, opening an account, applying for a loan, or obtaining current interest rate information. Certain of these activities may require the assistance of banking representatives, who are available through Bank Central, as follows:

	<u>Monday-Friday</u>	<u>Saturday</u>
Customer Service Representatives	6:30 a.m. to 10:30 p.m.	7:00 a.m. to 1:00 p.m.
Customer Sales Representatives	7:00 a.m. to 8:00 p.m.	8:00 a.m. to Noon

(Note: Hours are for the Central Time Zone)

- Internet Banking. The bank’s website at www.fmbanks.com provides 24 hour per day access for all customers with online capabilities. This website offers the following options to bank customers: access to account information, place stop payments on checks, transfer funds between accounts, apply for a loan, apply to open a deposit account, and obtain information about other bank products and services.

All of the above considerations indicate a good level of retail services provided throughout the combined assessment area.

Community Development Services

Bank representatives provide community development services within the combined assessment area by serving as directors, officers, committee chairmen, committee participants, or general volunteers for community groups and organizations. These organizations provide assistance to low- and moderate-income individuals, or promote the creation and retention of jobs in various counties and communities throughout the State. Examples of these organizations include Green Bay Neighborhood Housing Service, Mayors Research Board, Emergency Food and Shelter National Program, Operation Help, CAP Services, Waushara County Habitat for Humanity, and Elkhorn Community Development Corporation. Over 900 service hours have been provided on these activities in the non-MSA, Appleton, Green Bay, and St. Croix assessment areas. Although no such community development service activities were identified in the Waukesha and Douglas areas, the overall combined assessment area performance is considered good.

COMPLIANCE WITH ANTIDISCRIMINATION LAWS

F&M Bank is in compliance with the substantive portions of anti-discrimination laws and regulations, including the Equal Credit Opportunity and Fair Housing Acts. A review of loan policies and procedures, articulated lending standards, forms, denied loan applications, and a sample of loans originated since the previous examination revealed no patterns or practices of discriminatory treatment or other illegal credit practices on a prohibited basis. Interviews with community representatives revealed no evidence of discriminatory credit practices.

FULL REVIEW NON-METROPOLITAN AREA

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE NON-MSA ASSESSMENT AREA

The non-MSA assessment area consists of 216 geographies encompassing all or portions of 25 non-metropolitan counties. The 20 counties included in their entirety are Barron, Crawford, Door, Grant, Green, Iowa, Jefferson, Kewaunee, Lafayette, Langlade, Lincoln, Menominee, Oconto, Oneida, Polk, Portage, Vilas, Walworth, Waupaca, and Waushara. Portions of the following five counties are also included in this assessment area: Iron (2 of 4 BNAs), Manitowoc (3 of 19 BNAs), Marinette (3 of 17 BNAs), Shawano (2 of 11 BNAs), and Vernon (6 of 7 BNAs). Fifteen counties are located in the northeast and north central part of Wisconsin, with six others in the southwest corner, two in the southeastern portion abutting or near the Illinois border, and two in the west central portion abutting or near the Minnesota border. A map of the non-MSA assessment area can be found in Appendix D.

Changes made since the previous examination include the addition of three geographies in Lincoln County, four in Waupaca County, and one each in Oconto, Vilas, and Walworth counties and the deletion of eight geographies in Dunn County, two in Fond du Lac County, and one in Price County.

This large assessment area is served through 36 branch offices, including one limited-service drive-up facility, 28 full-service ATMs, and 19 cash dispensing ATMs. One of the cash dispensing ATMs is operated seasonally in Door County. Four branches and two ATMs are located in moderate-income geographies. There are no branches in five counties (Barron, Iron, Menominee, Shawano, and Vernon), but these areas have been included due to their proximity to branches located near county borders.

FDIC-insured deposit data as of June 30, 2002 indicates that there are 104 insured institutions operating in one or more of the 20 counties where F&M Bank maintains at least one branch location. Aggregating the deposits of these institutions reveals that F&M Bank holds 8.6% of all deposits in these counties, which is second to the 9.9% market share of the number one ranked institution. Very few of these 104 institutions operate in all 20 counties.

Selected information regarding this assessment area is shown in Exhibit F.

Exhibit F NON-MSA ASSESSMENT AREA DEMOGRAPHICS ⁽¹⁾								
Income Categories	Tract ⁽²⁾ Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	2	0.9	1,428	0.7	575	40.3	32,511	17.1
Moderate-income	27	12.5	13,059	6.9	1,569	12.0	36,461	19.2
Middle-income	164	75.9	147,946	78.0	11,445	7.7	47,889	25.3
Upper-income	23	10.7	27,288	14.4	1,106	4.1	72,860	38.4
Total Assessment Area	216	100.0	189,721	100.0	14,695	7.7	189,721	100.0
	Housing Units by Tract		Housing Types by Tract					
			Owner-Occupied		Rental		Vacant	
	#	%	#	%	#	%	#	%
Low-income	3,267	1.0	1,006	0.5	672	1.0	1,589	1.8
Moderate-income	39,875	11.4	14,274	7.4	3,964	5.8	21,637	24.9
Middle-income	263,267	75.4	151,079	78.0	54,309	79.3	57,879	66.6
Upper-income	42,617	12.2	27,278	14.1	9,502	13.9	5,837	6.7
Total Assessment Area	349,026	100.0	193,637	100.0	68,447	100.0	86,942	100.0
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low-income	129	0.3	104	0.3	11	0.5	14	0.6
Moderate-income	2,725	7.4	2,401	7.5	118	4.7	206	9.2
Middle-income	29,618	80.2	25,816	80.2	2,026	81.1	1,776	78.8
Upper-income	4,456	12.1	3,857	12.0	342	13.7	257	11.4
Total Assessment Area	36,928	100.0	32,178	100.0	2,497	100.0	2,253	100.0
	Percentage of Total Businesses:			87.1		6.8		6.1

(1) Information regarding businesses by tract and revenue size is based on 2001 data. All other information is based on 1990 census data.
(2) The term "tract" is used in this exhibit for simplicity in the column headings. It is synonymous with geography.

The preceding exhibit indicates that there are 29 low- and moderate-income geographies in this assessment area, which is approximately one-half of the 57 such geographies in the combined assessment area. In addition, 36.3% of all families in this assessment area are considered low- and moderate-income, including 7.7% that have incomes below the poverty level.

There are only 1,006 owner-occupied housing units in the two low-income geographies, where 40.3% of the families have incomes below the poverty level. One of these low-income geographies is Menominee County, which consists entirely of the Menominee Indian Reservation, and the other is in Vilas County. This information suggests that mortgage loan activity in these low-income areas may be minimal. Furthermore, Exhibit F shows that there are only 129 businesses operating in the low-income geographies, also suggesting a limited opportunity for commercial lending.

The population of this assessment area was 708,032 per 1990 census data but grew by 12.1% to approximately 793,700 per 2000 census data. By comparison, the population of the State increased by 9.6% during this time. However, population changes in the counties that comprise this assessment area were widely divergent. In absolute numbers, Walworth County had the largest population increase totaling 18,800 (25.0%) while the three BNAs in Marinette County that are within this assessment area

had a nominal population decline of 155 (1.2%). Lafayette and Grant counties experienced small population increases of less than 1% each, while 14 counties experienced increases in the range of 10%-32%.

Median family income, based on 1990 census data, was \$30,831, which is consistent with the \$30,290 for all non-metropolitan areas of the State. The Department of Housing and Urban Development (HUD) has estimated that median family income for all non-metropolitan areas of the State grew by 67.7% to \$50,800 in 2002. The median family income for this specific assessment area cannot be easily calculated at this time because of its diverse composition of whole and partial counties. Nevertheless, HUD data for each of the individual counties included in this assessment area reveals a wide range of income levels and growth rates since 1990. A general observation from an analysis of this income data is that non-MSA counties in the northern portion of the State generally have a lower median family income than counties in the southern portion. Specifically, 12 of the 15 lowest incomes are in northern counties while 4 of the 6 highest incomes are in southern counties.

Economic conditions in the non-MSA assessment area, as measured by unemployment rates, have been declining since 2000. Average unemployment rates for 2000, 2001, and 2002 for all 25 counties taken together were 3.9%, 5.1%, and 6.0%, respectively, which are 0.4%-0.5% higher than comparable unemployment rates for the State as a whole, but generally consistent with national unemployment rates. Nevertheless, there were significant differences in unemployment rates among these 25 counties. Unemployment rates have been comparatively low (in the range of 2.7% to 4.7%) in Iowa, Jefferson, and Walworth counties during this period while higher than average (in the range of 6.6% to 12.7%) in Iron and Menominee counties. The largest change occurred in Oconto County, which experienced an increase from 4.5% for 2000 to 8.6% for 2002.

The 349,026 housing units in the non-MSA assessment area carried a median value of \$53,180, according to 1990 census data. Preliminary 2000 census data indicates that there are now approximately 390,100 housing units with a median value of \$99,400, reflecting increases of 11.8% and 87.0%, respectively. The amount and percentage increase in both the number of housing units and their median value varied widely among the counties that comprise this assessment area.

A number of community representatives from various counties throughout the non-MSA assessment area were contacted during the examination to ascertain their knowledge of F&M Bank's participation in community development activities and efforts to meet credit needs of the area. Several of these representatives indicated that efforts in the area of community development lending, investment, and service activities are lower than in previous years. Other representatives indicated an adequate level of such activities by the bank, while the rest had no specific knowledge on the subject.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE NON-MSA ASSESSMENT AREA

LENDING TEST

Performance on the lending test in the non-MSA assessment area was excellent based on results of borrower income distribution for all three loan types – HMDA, small business, and small farm – as well as the geographic distribution for small business and small farm loans. Good performances were noted in the evaluation of the geographic distribution of HMDA loans, community development lending activity, flexible and innovative lending transactions, and overall lending activity in 2001.

Lending Activity

Lending activity in the non-MSA assessment area showed significant growth in 2001 for HMDA, small business, and small farm loans. Specifically, total HMDA lending increased by 508 loans and \$50.2 million in 2001 compared to 2000, with increases being reported in every geography income level. Small business loans reported in this assessment area increased by 628 loans totaling almost \$95 million in 2001, which included reasonable growth in low- and moderate-income geographies. Noteworthy increases in small farm lending volume were also reported, with 31 more farm loans totaling almost \$18.3 million being made in 2001.

A declining interest rate environment throughout 2001 was undoubtedly a contributing factor to these increased loan volumes. Much of this overall loan growth, however, is believed to have occurred as a result of expanded efforts by the bank to recapture market share that may have been lost in 2000. These efforts, as evidenced by the loan growth discussed above, indicate a good performance by the bank in responding to the credit needs of the community.

Geographic Distribution

The geographic distribution of loans in this assessment area, especially low- and moderate-income geographies, is excellent overall based on good performance for HMDA-reportable mortgage loans and an excellent performance for both CRA-reportable small business and small farm loans.

HMDA Data

The geographic distribution of 2001 HMDA-reportable loan activity in the non-MSA assessment area is shown in Table 1 in Appendix C. This information provides evidence of good performance in providing loans in low- and moderate-income geographies.

There were 172 loans totaling \$15 million in low- and moderate-income geographies in 2001 representing increases of 40 loans and \$3.8 million, respectively, compared to 2000. Loan volume grew at a proportionately faster rate in middle- and upper-income geographies. Consequently, loans in low- and moderate-income geographies now represent a slightly smaller proportion of total loan activity in 2001 than in 2000. Lending percentages in low- and moderate-income geographies are, however, slightly higher than the aggregate's comparable percentages.

The 15 loans in low-income geographies and the 157 loans in moderate-income geographies represent 7.2% and 6.1%, respectively, of all HMDA loans reported in 2001. These percentages represent the F&M Bank's market share of loans made in those geographies. They are considered reasonable, given the competition provided by numerous mortgage lenders that serve this diverse market area.

CRA Data-Small Business Loans

Table 2 in Appendix C details the geographic distribution of 2001 CRA-reportable small business loans, including aggregate data. An analysis of this information indicates excellent performance in providing small business loans in low- and moderate-income geographies in this assessment area within the context of available opportunities.

The data reveals that lending to small businesses during 2001 in the two low-income geographies consisted of just 16 loans, or 0.9% of F&M Bank's loan volume in this assessment area. This seemingly low activity level, in fact, reflects a strong performance level after considering certain demographic

characteristics and other considerations. There are only 129 businesses operating in these two geographies, and there were 31 small business data reporters serving the two counties (Vilas and Menominee) where these low-income geographies are located, indicating strong competition vying for a relatively small volume of loans. These 16 loans represent 19.0% of the total market demand, which is significant considering the number of competitors, and also reflect a 300% increase over the volume in 2000. The dollar amounts related to these loans grew from \$76,000 in 2000 to \$898,000 in 2001, a substantial increase.

Loan volume in moderate-income geographies was 145 loans, or 8.2% of 2001 loan volume, and is slightly higher than the 7.3% reported by all other lenders in the aggregate. These 145 loans represent 11.6% of the 1,250 loans reported in these geographies by all data reporters in 2001, which is significant in light of the number of competitors. They also represent a 58% increase over the number of loans made in 2000 and a 142% increase in the dollar amounts funded compared to 2000.

CRA Data-Small Farm Loans

Information used in analyzing lending performance regarding small farm loan activity in the non-MSA assessment area is presented in Table 3 in Appendix C. This analysis indicates an excellent performance in this assessment area in 2001.

The 28 small farm loans originated by the bank in moderate-income geographies in 2001 represent 3.4% of all farm loans made in this assessment area, which is comparable with the aggregate's 3.9%. These loans reflect an increase of approximately 55% in both number and dollar amount compared to 2000 activity levels. They also represent almost 24% of the number and 29% of the dollar amount of all reported small business loans in moderate-income geographies of this assessment area in 2001. Since there were 17 small farm data reporters in the nine counties that have moderate-income geographies in this assessment area, these 24% and 29% market shares are strong. The absence of loans by the bank in the low-income geographies is not a concern for this performance evaluation.

Distribution by Borrower Income and Revenue Size of the Business

Consumer mortgage loans, small business loans, and small farm loans made in 2001 in the non-MSA assessment area all reflect an excellent distribution based on the income characteristics of the borrower.

HMDA Data

The distribution of 2001 HMDA data, including aggregate, by borrower income levels can be found in Table 4 in Appendix C. An analysis of this information reveals an excellent performance level for this criterion. Specifically, almost 31% of the bank's HMDA loans were made to low- and moderate-income borrowers, which is consistent with the previous year's data, but well above the aggregate's 21% in these income categories.

F&M Bank's lending percentages in these categories of borrower are also considered to be excellent. Low- and moderate-income families and families with income below the poverty level represent 36.3% and 7.7%, respectively, of all families in this assessment area. A common observation is that low- and moderate-income families, especially those with incomes below the poverty level, typically do not own residential property. This is due to financial constraints related to their lower income levels, often combined with high housing prices and other rising costs of home ownership. The fact that the bank's lending to low- and moderate-income borrowers is approximately 31% indicates a strong effort in providing mortgage financing to low- and moderate-income borrowers.

CRA Data-Small Business Loans

Table 5 in Appendix C details the 2001 CRA-reportable small business lending activity by loan size and annual revenues of the borrower, including aggregate lending data. This data supports an excellent level of lending to small businesses based on the fact that over 87% of the 1,778 small business loans made in this assessment area in 2001 went to businesses with annual revenues of \$1 million or less. In addition, over 73% of these business loans were made in amounts up to \$100,000, and almost 92% were in amounts up to \$250,000. The 2001 figures reflect significant increases in both the number and dollar amount of loans made in all loan size tiers compared to the preceding year.

CRA Data-Small Farm Loans

Small farm lending data for 2001, sorted by loan size and borrower's annual revenues, is presented in Table 6 in Appendix C. The data in this table clearly shows an excellent performance in providing funding to small farms in small loan sizes. Loans to farms with annual revenues of \$1 million or less were 96% of reported transactions in 2001, with over 95% of these loans being made in amounts of \$250,000 or less. In fact, the majority of these loans were in amounts of \$100,000 or less. These percentages are comparable with aggregate lending data. It should be noted that aggregate data included a minimal volume of credit card transactions.

Community Development Lending

Opportunities for community development loans appear to be relatively few in the non-MSA assessment area. Management identified one loan in Jefferson County for \$1.6 million for the purchase of a senior citizens housing development, which includes below-market rents for low- and moderate-income residents. This is deemed a good performance, based on the limited opportunities and the size of this loan.

Innovative or Flexible Lending

Loan programs that illustrate flexible and innovative lending practices are described on pages 8 and 9. Fifteen WHEDA mortgage loans totaling \$436,000, four Guaranteed Rural Development loans totaling \$291,000 and one Advantage 100 loan for \$74,000 were made in the non-MSA assessment area in 2001.

INVESTMENT TEST

Qualified community development investment activity in the non-MSA assessment area is poor. Two qualified donations totaling \$6,000 were made during 2001 – one for \$3,500 in Kewaunee County and one for \$2,500 in Door County. This assessment area covers a large geographic area, which includes 29 low- and moderate-income geographies, almost 69,000 families that are designated as low- or moderate-income, and over 14,000 families with annual incomes below the poverty level. There are local and regional organizations operating within this assessment area that assist needy individuals with human services and housing needs. F&M Bank's asset size, as well as its deposit market share and the number of branches serving this assessment area, are strong indicators that the bank could provide more community development support within the assessment areas.

SERVICE TEST

Performance on the service test in the non-MSA assessment area is good based on retail services offered, delivery systems available, and the level of community development services provided by bank representatives.

Retail Services

Retail services in this assessment area are considered good, based on the number and location of branches and ATMs, hours of operation, products and services offered, and alternate delivery systems available. There were 41 full-service branches and one limited-service drive-up facility in the non-MSA assessment area during 2001. In addition, the 47 ATMs located in this assessment area included 24 at on-site and 23 at off-site locations; 28 are full-service machines and 19 provide cash dispensing service only. The ATM in Ephraim (in Door County) is in operation only during the tourist season. No branches were opened or closed in 2001.

Four branches and two ATMs are located in moderate-income geographies. There are no branches in the two low-income geographies. However, this is not a concern, as neither has a significant population and one consists entirely of the Menominee Indian Reservation. The branches in Manitowish Waters, Woodruff, and Minoqua are near the low-income geography in Vilas County, while the Antigo and Suring branches are near the Menominee low-income geography.

Hours of operation at these banking offices are generally consistent with offices in other assessment areas. The three offices in the bank's branch network that maintain Sunday banking hours (Tomahawk, Minocqua, and Clear Lake) are all located in this assessment area. Products and services offered, including those that are attractive to low- and moderate-income individuals and small businesses, and alternate delivery systems are the same throughout all assessment areas.

Community Development Services

Bank employees provided almost 600 hours of community development services in this assessment area in 2001, which is considered a good performance level. These hours primarily occurred in Grant, Lafayette, Oconto, Portage, Walworth, and Waushara counties. The types of services provided and examples of some of the organizations that benefited from these activities are discussed on page 11.

FULL REVIEW METROPOLITAN AREAS

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE APPLETON ASSESSMENT AREA

The Appleton assessment area includes the entire Appleton-Oshkosh-Neenah MSA, which encompasses Calumet, Outagamie, and Winnebago counties. The 81 census tracts that comprise this assessment area include one low-, eight moderate-, 66 middle-, and six upper-income geographies. The low- and moderate-income census tracts have relatively small population and comparatively few owner-occupied housing units; these areas generally include the central business districts of Appleton, Oshkosh, and Manasha. This assessment area is the second largest based on the number of geographies and 1990 population, but the third largest based on 2000 population.

This assessment area is served by eight full-service branches, seven full-service ATMs, and one cash dispensing ATM, none of which is located in a low- or moderate-income census tract. In addition, the New London office, which is included in the non-MSA assessment area, serves portions of Outagamie County.

Of the 33 FDIC-insured financial institutions operating at least one branch in this MSA as of June 30, 2002, F&M Bank is ranked fourth with its 9.5% share of FDIC-insured deposits. The three institutions with a greater market share hold 15.6%, 10.2%, and 10.0%, respectively, of all deposits in the county, while the top ten institutions collectively hold 72.9%.

Selected information regarding this assessment area is shown in Exhibit G.

Exhibit G APPLETON ASSESSMENT AREA DEMOGRAPHICS								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	1	1.2	145	0.2	35	24.1	12,824	15.4
Moderate-income	8	9.9	4,687	5.6	467	10.0	15,680	18.8
Middle-income	66	81.5	70,024	84.0	3,340	4.8	25,252	30.3
Upper-income	6	7.4	8,554	10.2	218	2.5	29,654	35.5
Total Assessment Area	81	100.0	83,410	100.0	4,060	4.9	83,410	100.0
	Housing Units by Tract		Housing Types by Tract					
			Owner-Occupied		Rental		Vacant	
	#	%	#	%	#	%	#	%
Low-income	860	0.7	75	0.1	696	2.0	89	1.8
Moderate-income	9,190	7.6	4,012	5.0	4,788	13.9	390	7.8
Middle-income	99,473	82.6	68,878	84.8	26,383	76.9	4,212	84.3
Upper-income	10,988	9.1	8,223	10.1	2,460	7.2	305	6.1
Total Assessment Area	120,511	100.0	81,188	100.0	34,327	100.0	4,996	100.0
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low-income	365	2.8	311	2.8	32	2.7	22	4.3
Moderate-income	1,171	9.1	1,052	9.4	73	6.1	46	9.0
Middle-income	9,236	71.3	8,076	71.8	790	65.7	370	72.7
Upper-income	2,176	16.8	1,798	16.0	307	25.5	71	14.0
Total Assessment Area	12,948	100.0	11,237	100.0	1,202	100.0	509	100.0
	Percentage of Total Businesses:			86.8		9.3		3.9
<i>Note: Information regarding businesses by tract and revenue size is based on 2001 data. All other information is based on 1990 census data.</i>								

Approximately one-third of the families in this assessment area are designated as low- or moderate-income, with 4.9% of all families having incomes below the poverty level. There are relatively few businesses (365) operating in the only low-income census tract, but three times as many businesses operating in the eight middle-income census tracts. The vast majority (86.8%) of all businesses have gross annual revenues of \$1 million or less.

The population was 315,121 according to 1990 census data, which increased by 13.7% to approximately 358,400 based on preliminary 2000 census information. Median family income was \$37,202 in 1990 but HUD's estimate of median family income for 2002 was \$61,900, reflecting an increase of 66.4% since 1990. This increase is generally consistent with the 68.8% increase for the State overall and significantly higher than the 54.4% for the nation.

Employment in the MSA varies by county. Calumet County, which has the smallest population, is heavily focused on goods production, which provides approximately 45% of all jobs in the county, including a large concentration in durable goods. Outagamie County, on the other hand, has the largest population and a significant focus on service industry employment opportunities, which account for 72% of all jobs in the county. In Winnebago County, 60% of all employment opportunities are in the service industry and approximately two-thirds of manufacturing jobs are in the production of non-durable goods.

Thus, on a combined basis, this MSA provides a diversified employment picture. Nevertheless, declining employment opportunities have been reported in the recent past in most sectors of the market. Included among the many companies that employ more than 1,000 employees are Tecumseh Products Co. (small engine manufacturing), Kimberly-Clark Corp. (paper and paper products), Oshkosh Truck Corp. (truck manufacturing), Thedacare, Inc. (general medical/hospitals), Aid Association for Lutherans (insurance), and Appleton Area School District (education).

Unemployment data for this MSA reveals a three-year pattern of increasing unemployment rates that was observed in the non-MSA assessment area. Specifically, the annual unemployment rates for 2000, 2001, and 2002 were 2.6%, 3.7%, and 5.0%, respectively, which compare favorably with the unemployment rates for the State and the nation.

Preliminary 2000 census data shows that there are now approximately 143,100 housing units in the Appleton MSA compared to 120,511 in 1990. This 18.7% increase is greater than the 13.7% population increase during the same time period indicating a strong demand for new housing. In addition, 2000 census data indicates that the median value of owner-occupied housing units was \$102,600 compared to \$62,000 in 1990, reflecting an increase of 65.5% since 1990. Despite the increasing levels of unemployment in this assessment area over the past three years, home sales in all three counties have continued to increase each year in both number and median sales price, according to data obtained from the Wisconsin Realtors Association (WRA). A significant contributing factor would appear to be low mortgage rates that have been common throughout 2001 and 2002, making home ownership more affordable to more people.

Two community representatives contacted during the examination, had no specific knowledge of F&M Bank's community development outreach efforts.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE APPLETON ASSESSMENT AREA

LENDING TEST

Overall lending performance in the Appleton area is considered adequate. The distribution of HMDA and small business loans, based on borrower income characteristics, was good and excellent, respectively. Offsetting this favorable performance were a poor geographic distribution of HMDA loans, a marginally adequate geographic distribution of small business loans, an adequate level of overall lending activity, and the absence of any community development loans in 2001.

Lending Activity

Lending activity indicates an adequate performance in meeting the credit needs of the community. HMDA activity grew by 318 loans and \$31.5 million in 2001 compared to 2000, but none of this increase went to borrowers living in low- and moderate-income census tracts. Similarly, small business lending increased by 190 loans and \$38.2 million in 2001, but very little of this growth (7 loans for \$763,000) occurred in low- and moderate-income areas. A reasonable portion of the loan growth for both loan types was realized by low- and moderate-income borrowers and by businesses with annual revenues of \$1 million or less. Nevertheless, overall lending levels and loan market share are low relative to its deposit market share and the number of offices operated in the area.

Geographic Distribution

The geographic distribution of 2001 HMDA-reportable loans was poor, as indicated by a small and declining loan volume in moderate-income census tracts. The geographic distribution of small business loans in low- and moderate-income census tracts was marginally adequate in 2001. Details of this analysis are discussed below.

HMDA Data

The geographic distribution of HMDA-reportable loans in the Appleton assessment area, as well as related aggregate lending data, for 2001 can be found in Table 7 in Appendix C.

Aggregate lending data reveals that mortgage lending in 2001 in the only low-income census tract consisted of 23 loans, which is a reflection of the demographic composition of the area. Specifically, there were only 75 owner-occupied housing units here, with 88% of the families residing in this census tract being designated as either low- or moderate-income, per 1990 census data. The absence of any HMDA-reportable loan originations by F&M Bank in this low-income census tract is not a concern based on this analysis, especially when combined with the fact that there were 149 lenders competing for mortgage business in this assessment area in 2001.

Aggregate mortgage lending was considerably stronger in moderate-income census tracts, with 839 loans originated in 2001 compared to 579 in 2000. Despite this 45% increase in loan demand, the number of loans made by the bank in these moderate-income geographies decreased by one loan in 2001. This minor decline at a time when overall loan demand increased significantly, combined with the small number of originations (10 loans in 2001), indicates poor performance in meeting the mortgage loan needs of the residents of these areas.

CRA Data

Table 8 in Appendix C includes information used to evaluate the geographic distribution of 2001 CRA-reportable small business loans in this assessment area. An analysis of this data indicates a marginally adequate lending performance in low- and moderate-income census tracts.

There were 30 loans made in low- and moderate-income census tracts representing 5.4% of all CRA-reportable small business loans reported by the bank in 2001, which is less than the 9.7% reported by all other lenders in the aggregate. The dollar amount of these 30 loans represents just 2.2% of all loan originations in 2001 compared to 8.1% for all other lenders in the aggregate. These loans represent 4.4% of the 683 loans made by all CRA data reporters.

Distribution by Borrower Income and Revenue Size of the Business

HMDA loans analyzed indicate a good distribution among borrowers of different income levels, and small business loans reflect an excellent distribution among businesses of different revenue sizes.

HMDA Data

The distribution of 2001 HMDA-reportable loans by borrower income, with related aggregate lending data, can be found in Table 9 in Appendix C. An analysis of this data indicates a good performance level.

Lending to low- and moderate-income individuals is comparable to aggregate lending data for 2001. Specifically, loans to low- and moderate-income borrowers together represented 30.8% of HMDA loan activity compared to 29.5% for all other lenders in the aggregate. This 30.8%, however, represents a significant decline from the 41.4% figure noted at the previous examination based on 2000 HMDA data and is an unfavorable trend for CRA performance evaluation purposes.

Lending to low- and moderate-income borrowers is good. Demographic data shows that 34.2% of the families in this assessment area are designated as low- and moderate-income, with 4.9% of all families having incomes below the poverty level. Typically, low- and moderate-income families, especially those with incomes below the poverty level, have a more difficult time achieving home ownership than middle- and upper-income families due to limited financial resources. The fact that 30.8% of HMDA-reportable loans were made to low- and moderate-income borrowers is considered a good performance.

CRA Data

Table 10 in Appendix C details reportable small business lending based on loan size and annual revenues of the borrower, including aggregate data, for 2001. An analysis of this data indicates an excellent lending performance.

The number of loans made by the bank increased in 2001 for every loan size tier shown in Table 10, and the related dollar amounts increased in all but one of these tiers. Over 87% of these small business loans were in amounts of \$250,000 or less. In addition, 73.5% of small business loans were made to businesses with annual revenues of \$1 million or less, which is an improved performance from 2000 when 66% of loans made were to businesses with revenues in this range. Clearly, a strong effort was made in 2001 to provide funding to businesses of all sizes, and especially to smaller ones, in this assessment area.

There is a large volume of business credit cards reported in the aggregate lending data for Appleton. When the aggregate data shown in Table 10 is adjusted to exclude the approximately 2,200 credit cards reported by the seven large credit card issuers, the aggregate's revised percentage of loans made in loan amounts of \$250,000 or less is 88.8%, which is comparable to F&M Bank's performance. The revised aggregate data based on borrower's annual revenue shows that 57% of loans made by the aggregate went to businesses with annual revenues of \$1 million or less. By comparison the bank's lending percentage of over 73% is much stronger.

Community Development Lending

There were no community development loans here in 2001 despite the fact that this is a very significant assessment area based on deposit market share, number of branches, and population. The presence of nine low- and moderate-income census tracts combined with the fact that over 34% of the families in this assessment area are designated low- or moderate-income are indications that qualified community development loan opportunities are likely to exist from time-to-time. Discussions with community representatives, however, did not identify any unmet lending opportunities in this regard.

Innovative or Flexible Lending

Loan programs that illustrate flexible and innovative lending practices are described on pages 8 and 9. Six WHEDA loans totaling \$436,000, five SBA loans totaling \$924,000, five Open Door loans totaling \$336,000, and one Advantage 100 loan for \$75,000 were made in the Appleton assessment area.

INVESTMENT TEST

Two qualified investments were identified in 2001. The MBS acquisition that was discussed on page 9 included a \$116,800 loan made to a moderate-income borrower in Appleton. A \$1,000 donation was made to a shelter that assists women and children who are victims of domestic abuse. This performance is considered good on the basis of the MBS. The presence, however, of only one qualified charitable donation in a market where qualified investment opportunities appear to exist is not commensurate with F&M Bank's asset size and market presence.

SERVICE TEST

Performance on the service test in the Appleton assessment area is generally good based on a good level of retail services and delivery systems that are consistent throughout the combined assessment area. Community development services provided by the bank, however, were considered adequate.

Retail Services

Retail services in the Appleton area are considered good. This area was served by 10 full-service branches, seven full-service ATMs, and one cash dispensing ATM in 2001. Two of the ATMs were at off-site locations. Four branches are in Outagamie County, with three branches each in Winnebago and Calumet counties. None of the branches or ATMs is located in a low- or moderate-income geography. The Oshkosh branch, however, is located in proximity to the only low-income area and to five of the eight moderate-income geographies in this assessment area. No branches were opened or closed in 2001.

Banking hours are comparable to those at other branches in other assessment areas, and the products, services, and alternate delivery systems are the same throughout Wisconsin.

Community Development Services

Organizations in Appleton were the beneficiaries of approximately 200 hours of community development services from bank representatives in 2001. These activities related to affordable housing loan presentations and small business development. This is an adequate level of service.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE GREEN BAY ASSESSMENT AREA

This assessment area includes the entire Green Bay MSA, which encompasses the 49 census tracts of Brown County, which include two low-, 10 moderate-, 28 middle-, and eight upper-income geographies. There is also one census tract that has no income designation because it consists primarily of a correctional institution. The 1990 population of 194,594 grew by 16.5% to approximately 226,800 at the 2000 census. Five full-service branch offices, four full-service ATMs, and three cash dispensing ATMs serve this assessment area. One branch and an on-site full-service ATM are located in a moderate-income census tract.

FDIC data as of June 30, 2002 indicates that the bank holds 1.6% of all insured deposits in this MSA, ranking it 14th of 22 FDIC-insured institutions. By comparison, the top two institutions hold 33.5% and 13.5%, respectively, while the 15 institutions with the smallest market share collectively hold less than 20% of these deposits.

Selected information regarding this assessment area is shown in Exhibit H.

Exhibit H GREEN BAY ASSESSMENT AREA DEMOGRAPHICS								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	2	4.1	489	1.0	165	33.7	8,670	17.1
Moderate-income	10	20.4	10,219	20.1	1,579	15.5	9,078	17.9
Middle-income	28	57.2	29,119	57.4	1,370	4.7	14,521	28.6
Upper-income	8	16.3	10,905	21.5	273	2.5	18,463	36.4
Income not available	1	2.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	49	100.0	50,732	100.0	3,387	6.7	50,732	100.0
	Housing Units by Tract		Housing Types by Tract					
			Owner-Occupied		Rental		Vacant	
	#	%	#	%	#	%	#	%
Low-income	1,515	2.0	240	0.5	1,165	4.7	110	4.5
Moderate-income	16,642	22.3	9,177	19.4	6,832	27.5	633	25.7
Middle-income	42,608	57.0	27,601	58.2	13,594	54.7	1,413	57.4
Upper-income	13,975	8.7	10,405	21.9	3,266	13.1	304	12.4
Total Assessment Area	74,740	100.0	47,423	100.0	24,857	100.0	2,460	100.0
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low-income	548	6.4	453	6.2	71	7.2	24	8.8
Moderate-income	1,349	15.8	1,203	16.5	124	12.6	22	8.0
Middle-income	5,216	60.9	4,425	60.6	622	63.1	169	61.7
Upper-income	1,445	16.9	1,218	16.7	168	17.1	59	21.5
Total Assessment Area	8,558	100.0	7,299	100.0	985	100.0	274	100.0
	Percentage of Total Businesses:			85.3		11.5		3.2

Note: Information regarding businesses by tract and revenue size is based on 2001 data. All other information is based on 1990 census data.

The two low-income census tracts include Green Bay's central business district and adjoining neighborhoods. This explains the relatively small number of families residing here (165, or just 1.0% of all families in this assessment area) and the comparatively greater number of businesses (548, or 6.4% of all businesses operating in this assessment area). Low- and moderate-income families represent 35.0% of all families in this assessment area, while 6.7% of all families have annual incomes that place them below the poverty level. Information in Exhibit H above reveals two other important facts about the low-income census tracts that would indicate a low mortgage loan demand – one-third of the families in this census tract have annual incomes below the poverty level, and there are only 240 owner-occupied housing units.

HUD's estimate of the 2002 median family income for the Green Bay MSA was \$61,900, an increase of 66.8% since 1990, which is almost identical to the Appleton assessment area's figures. This growth rate is generally consistent with income growth for the State as a whole (68.8%) and for all metropolitan areas of the State (69.4%), and is very strong compared to national data (54.4%).

The service industry represents 75% of employment opportunities in the Green Bay MSA, while goods production represents the remaining 25%. The health services sector provides more employment opportunities than any other sector and has also had the largest one-year and five-year growth patterns as of March 2001. Large employers in this field include Bellin Memorial Hospital and St. Vincent Hospital. Other large employers include Georgia Pacific (paper products), Green Bay Public Schools (education), Employers Health Insurance Co. (insurance), Oneida Tribe of Indians of Wisconsin (casino/hotel), and Shopko Stores, Inc. (retail merchandising), each with over 1,000 employees.

Unemployment statistics for this MSA are very similar to those of the Appleton MSA – 2.7% for 2000, 3.8% for 2001, and 5.0% for 2002, and reflect the same increasing trend noted throughout the State and the country. Declines in employment opportunities in the past year or two have been reported in the manufacturing sector, especially durable goods, and the finance, insurance and real estate sectors.

The general decline in economic conditions is not mirrored in housing data, however. The number of housing units increased by 20.7% to 90,200 in 2000 compared to 1990, and the related median value increased by 81.7% to \$116,100 in 2000. In addition, sales data provided by the WRA for 2001 and the first nine months of 2002 indicate that the number of homes sold and their median value continued to increase even as unemployment grew. As noted previously, near record low mortgage rates during the past two years is a likely contributing factor.

Two community representatives contacted during the examination expressed first-hand knowledge of the bank, and stated positive comments about its efforts in supporting community development activities.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE GREEN BAY ASSESSMENT AREA

LENDING TEST

Performance on the lending test in the Green Bay assessment area in 2001 is considered good. Lending activity, especially loan growth, was good. Lending to mortgage borrowers based on income levels and to small businesses based on loan size and annual revenues was excellent. Community development lending was also considered excellent. The distribution of HMDA loans and small business loans among census tracts of all income levels, especially low- and moderate-income geographies, was good. Flexible and innovative lending activities were adequate.

Lending Activity

Loan activity in this assessment area reflects significant growth in 2001, especially in light of the fact that the bank has a small deposit market share here. This indicates a good performance.

HMDA loan activity in 2001 increased by 135 loans and almost \$10.9 million, with 21 of these loans for \$1.3 million occurring in low- and moderate-income census tracts. Thirty more loans went to low- and moderate-income borrowers in 2001 compared to 2000. Small business loan growth was even more pronounced, with an increase of 194 loans for \$27.1 million, including 32 loans totaling \$5.1 million going to businesses in low- and moderate-income geographies. Loans to businesses with annual revenues of \$1 million or less increased by more than 170 loans in 2001.

Geographic Distribution

The geographic distribution of loans reviewed reflects good penetration in low- and moderate-income geographies in the Green Bay assessment area as noted below.

HMDA Data

Information utilized to analyze lending performance based on the geographic distribution of HMDA-reportable loans in this assessment area is provided in Table 11 in Appendix C.

Only two loans were made in low- and moderate-income census tracts in 2001. Such a small number is neither unexpected nor a cause for concern due to the presence of a low number of owner-occupied housing units and a very high percentage of families with incomes below the poverty level. In fact, all HMDA reporters collectively reported only 73 loans here in 2001.

The 44 loans made in moderate-income census tracts represent 15.3% of all HMDA-reportable loans reported by the bank, which compares favorably with the aggregate's 13.6% figure. In addition, these 44 loans represent 1.7% of all reported loans in moderate-income census tracts. The dollar amount of these loans compares favorably with aggregate data (9.7% v. 8.8%).

This analysis indicates a good performance in making HMDA-reportable loans in low- and moderate-income geographies in the Green Bay assessment area.

CRA Data

Table 12 in Appendix C summarizes the geographic distribution of small business loans, including aggregate lending data. It reflects that the 52 loans made by F&M Bank in low- and moderate-income census tracts represent 16.5% of its total loan volume in 2001. This is identical with its lending percentage in 2000, but lower than the 22.8% reported by all other lenders in the aggregate.

It should be noted, however, that there was an increased effort by the bank to make loans in these low- and moderate-income areas in 2001, as evidenced by the presence of 10 more loans in low-income areas and 22 more loans in moderate-income area compared to 2000. On the basis of this data, a good level of performance was achieved.

Distribution by Borrower Income and Revenue Size of the Business

Lending activity reviewed indicates an excellent distribution among borrowers of different income levels and businesses of different revenue levels in this assessment area.

HMDA Data

The distribution of the 2001 HMDA-reportable lending by borrower income, and the related aggregate lending data, can be found in Table 13 in Appendix C.

The 9.4% of loans made to low-income borrowers compares favorably with the aggregate's comparable figure of 6.9%. It is also considered good in relation to the demographic composition of the area where low-income families represent 17.1% of the population but where 6.7% have incomes below the poverty level. Furthermore, the percentage of loans made to moderate-income borrowers of 24.0% also exceeds the comparable aggregate figure of 21.7% and is especially strong compared to the demographic composition of the assessment area. Four more loans were made to low-income borrowers and 26 more loans were made to moderate-income borrowers in 2001 compared to 2000. This information collectively indicates an excellent lending performance in meeting the mortgage loan needs of low- and moderate-income borrowers in this assessment area.

CRA Data

Table 14 in Appendix C summarizes the 2001 small business lending reported by loan size and annual revenues of the borrower. An analysis of this data indicates that the bank's lending to small businesses is considered excellent.

An important factor in this performance analysis is the fact that the number and dollar amount of loans made in each loan tier increased significantly in 2001. The increase in the number of loans ranged from 129% to 268% while the increase in the dollar amounts funded ranged from 117% to 280%. This shows a much stronger effort in providing small businesses with loans in 2001 than in the preceding year.

The majority (64.4%) of loans made in 2001 were in amounts up to \$100,000, with an additional 22.9% in amounts in the range of \$100,000 to \$250,000. A substantial portion of these loans are being made in the smaller size ranges where small businesses appear to have the greatest credit needs. These percentages are very similar to those noted in the Appleton assessment area. A substantial majority (79.0%) of reported small business loans were to borrowers with annual revenues of \$1 million or less, indicating a very strong effort at making loans to small businesses.

Aggregate data, as previously noted, includes a significant number of credit card transactions that have the effect of skewing loan distribution percentages higher in the lowest loan size tier, while understating the number of loans to borrowers with annual revenues of \$1 million or less. Adjusting aggregate data shown in Table 14 by eliminating these credit card transactions only enhances F&M Bank's already strong performance.

Community Development Lending

Community development lending in the Green Bay assessment area in 2001 is considered excellent as evidenced by the presence of two qualified loans totaling \$2.25 million. One loan in the amount of \$2 million involves a commercial mortgage on a two-story office building in a targeted low-income redevelopment area. This property houses the borrower's business, which employs 18, as well as several other small tenants. The remaining \$250,000 is a loan for the construction of a day care facility in a moderate-income census tract.

Innovative or Flexible Lending

Loan programs that illustrate flexible and innovative lending practices are described on pages 8 and 9. Three WHEDA loans totaling \$201,000 and two SBA loans totaling \$143,000 were made in the Green Bay assessment area in 2001.

INVESTMENT TEST

Qualified investment activities include three loans totaling \$250,700 that were part of the MBS pool discussed on page 9, and two donations totaling \$4,500. This performance is deemed good primarily on the strength of the amount invested in the MBS. The fact that 25% of the census tracts and 35% of families in this assessment area are designated low- or moderate-income is an indication that qualified donation opportunities are likely to exist. The granting of only two qualified donations in 2001 is not consistent with F&M Bank's asset size.

SERVICE TEST

Performance on the service test in the Green Bay assessment area is generally good based on retail services that are considered good, and an adequate level of community development services in 2001.

Retail Services

Retail services are considered good based on the products, services, alternate delivery systems, and hours of operation. This area was served by five branches in 2001, including one that is located in a moderate-income census tract as well as being close to several other low- and moderate-income census tracts on the east side of the Fox River. Another branch is located in reasonable proximity to several other low- and moderate-income census tracts on the west side of the river. No branches were opened or closed in 2001.

There are also seven ATMs in this assessment area, including one in a moderate-income census tract and three at off-site locations. Four ATMs are full-service and three are cash dispensing only.

Community Development Services

Bank representatives in this assessment provided an estimated 92 hours in community development services on affordable housing related initiatives. This is an adequate performance level.

LIMITED REVIEW METROPOLITAN AREAS

The Waukesha, St. Croix, and Douglas assessment areas are each served by only one branch and one ATM. F&M Bank's general presence in these markets is relatively small based on deposit and loan market share. In fact, the number of HMDA and small businesses loans made in 2001 was generally low, often too low to allow for any significant conclusions about lending performance in these areas. As a result, the overall CRA performance rating on each of the three performance tests is marginally impacted by performance in these assessment areas. A brief description of these three assessment areas is presented below, while performance data for the lending test is provided in Tables 15 through 26 in Appendix C. Conclusions regarding performance on these tests are included in Exhibit M in this section. A detailed discussion of this performance data, however, is not provided in this document.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE WAUKESHA ASSESSMENT AREA

The Waukesha assessment area has been redefined significantly since the previous examination, when it included just four census tracts. It now includes the 62 census tracts that comprise all of Waukesha County, one of the most affluent counties in the State, and part of the four-county Milwaukee-Waukesha MSA. It is the second largest of the six assessment areas based on its population in 2000. Waukesha County's population grew by 18.4% to almost 360,800 between 1990 and 2000, a growth rate well in excess of the 9.6% for the State overall. Only Milwaukee and Dane counties have a larger population and only Dane County experienced a larger population increase between census periods.

There are no low-income census tracts and only one small moderate-income census tract in this assessment area. This market is served by one full-service office and one full-service ATM in Menomonee Falls, located in the northeast corner of the county. The southern portion of the county is also served by the East Troy office in Walworth County, which is part of the non-MSA assessment area.

F&M Bank has a very small market penetration as of June 30, 2002, holding less than 0.3% of all FDIC-insured deposits in the county. This is due in part to the fact that this branch office has only been open since June 2000. In addition, there are at least 38 other financial institutions competing for deposits, including a number of very large banks. In fact, the five institutions with the largest market share hold over 54% of deposits in the county, while the 20 institutions with the smallest market share collectively account for 12% of these deposits.

Selected information regarding this assessment area is shown in Exhibit J.

Exhibit J WAUKESHA ASSESSMENT AREA DEMOGRAPHICS								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	N/A	N/A	N/A	N/A	N/A	N/A	6,656	7.9
Moderate-income	1	1.6	186	0.2	34	18.3	10,499	12.4
Middle-income	22	35.5	27,759	32.8	905	3.3	21,939	25.9
Upper-income	39	62.9	56,617	67.0	907	1.6	45,468	53.8
Total Assessment Area	62	100.0	84,562	100.0	1,846	2.2	84,562	100.0
	Housing Units by Tract		Housing Types by Tract					
			Owner-Occupied		Rental		Vacant	
	#	%	#	%	#	%	#	%
Low-income	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Moderate-income	674	0.6	91	0.1	518	2.2	65	1.5
Middle-income	39,319	35.6	25,394	31.0	12,251	50.9	1,674	37.5
Upper-income	70,459	63.8	56,443	68.9	11,293	46.9	2,723	61.0
Total Assessment Area	110,452	100.0	81,928	100.0	24,062	100.0	4,462	100.0
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low-income	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Moderate-income	309	1.9	283	2.1	21	1.0	5	1.0
Middle-income	5,592	34.7	4,625	34.5	782	35.2	185	36.7
Upper-income	10,218	63.4	8,487	63.4	1,417	63.8	314	62.3
Total Assessment Area	16,119	100.0	13,395	100.0	2,220	100.0	504	100.0
	Percentage of Total Businesses:			83.1		13.8		3.1

Note: Information regarding businesses by tract and revenue size is based on 2001 data. All other information is based on 1990 census data.

The relative affluence of Waukesha County can be seen in selected data provided in Exhibit J above. For example, only 20.3% of the population is considered to be low- or moderate-income, with just 2.2% having incomes that fall below the poverty level. This compares favorably with statewide data, which indicates that almost 36% of families is designated as low-and-moderate-income and 7.6% of families have annual incomes below the poverty level. In addition, almost 54% of the population is considered to be upper-income with 67% of all families in the county residing in upper-income census tracts.

Mortgage lending opportunities in the moderate-income census tract will be minimal, as there are only 91 owner-occupied housing units there. Small business lending opportunities are also expected to be comparatively few based on the fact that there are only 309 businesses, or 1.9% of all businesses in the assessment area, operating there. This moderate-income census tract is located seven or eight miles from the branch office, another factor which may limit the amount of lending activity in the area.

Median family income for the combined Milwaukee-Waukesha MSA for 2002 is estimated by HUD to be \$67,200, a 72.3% increase since 1990. This is the highest growth rate reported for any metropolitan area in the State and is well above the national growth rate of 54.4%. Median family income estimates for Waukesha County only were not available, but it is reasonable to believe that it would be much higher than \$67,200.

Waukesha County employment is divided into approximately 70% service and 30% manufacturing industries. Employment opportunities overall have risen significantly in the county over the past decade as agricultural areas have been converted to industrial parks, retail centers, and other non-farm uses. The largest employers in the county include Kohl's Department Stores, Inc. (retail), Quad Graphics, Inc. (commercial printing), General Electric Co. (x-ray and irradiation equipment), and Waukesha Memorial Hospital (medical). Examining employment in Waukesha County alone, however, does not give a full and complete picture because of the enormous employment opportunities that exist in the four-county MSA, where the service industry represents 77% of job opportunities with goods production providing the other 23%. Employers in this larger market area run the gamut from multi-national companies to numerous small businesses.

Unemployment data for Waukesha County and for the four-county MSA has been increasing over the last three years, as it has throughout the State and the nation. The only difference is that unemployment in Waukesha County is generally lower than most other areas. Specifically, the annual unemployment rates for 2000, 2001, and 2002 in Waukesha County were 2.5%, 3.3%, and 4.5%, respectively, while the comparable rates for the entire Milwaukee-Waukesha MSA were 3.8%, 4.7%, and 6.0%, respectively. The manufacturing sector consistently lost jobs in 2001 throughout the entire MSA while service industry positions increased overall, and in three of the four counties. Milwaukee County lost almost 2,200 service sector jobs, which was more than offset by an increase of over 2,400 service sector jobs in Waukesha County.

The housing sector of the Waukesha County economy has been very strong as evidenced by the fact that the number of housing units increased by 27% since 1990. In addition, the median value of owner-occupied housing units increased by 77% to \$170,400 in 2000. The fact that the number of housing units increased by 27% during the same period when the county's population grew by 18% indicates a strong demand for new housing. Recent home sales data from the WRA indicates that the number of homes sold has continued to increase since 2000, and the median sales prices for these homes has also increased significantly.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE ST. CROIX ASSESSMENT AREA

The St. Croix assessment area includes all of St. Croix County, which is a small portion of the Minneapolis-St. Paul MSA. St. Croix County is the only Wisconsin county included in this MSA of almost three million people in 2000. The assessment area includes two moderate-, seven middle-, and one upper-income census tract. The two moderate-income census tracts are located in the eastern part of the county, while the bank's one full-service branch and one full-service ATM operating in this county are located on its western edge.

The population of this assessment area was 50,251 according to 1990 census data but grew by 25.7% to 63,155 in 2000. This is the second largest growth rate of Wisconsin's 72 counties during this decade. Despite this growth, there are no large population centers, as no community has a population greater than 9,000 at the 2000 census. The three largest municipalities – the city of Hudson, the town of Hudson, and the city of New Richmond – together account for 21,300 people, or about one-third of the county's population; all three communities are located in the western portion of the county. The remainder of the population is widely dispersed throughout the rest of the county.

FDIC-insured deposit information as of June 30, 2002 indicates that F&M Bank's presence in this assessment area is very limited as evidenced by the fact that the bank holds just 0.8% of all deposits and ranks 13th of 15 institutions operating in the county. The five institutions with the largest market shares account for over 71% of deposits in the county.

Selected information regarding this assessment area is shown in Exhibit K.

Exhibit K ST. CROIX ASSESSMENT AREA DEMOGRAPHICS								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	N/A	N/A	N/A	N/A	N/A	N/A	2,347	17.6
Moderate-income	2	20.0	2,468	18.5	213	8.6	2,640	19.7
Middle-income	7	70.0	9,579	71.7	364	3.8	3,676	27.5
Upper-income	1	10.0	1,317	9.8	46	3.5	4,701	35.2
Total Assessment Area	10	100.0	13,364	100.0	623	4.7	13,364	100.0
	Housing Units by Tract		Housing Types by Tract					
			Owner-Occupied		Rental		Vacant	
	#	%	#	%	#	%	#	%
Low-income	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Moderate-income	3,409	18.4	2,491	18.9	760	17.2	158	17.9
Middle-income	13,211	71.3	9,439	71.4	3,108	70.2	664	75.4
Upper-income	1,899	10.3	1,282	9.7	558	12.6	59	6.7
Total Assessment Area	18,519	100.0	13,212	100.0	4,426	100.0	881	100.0
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low-income	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Moderate-income	474	17.1	407	17.1	42	17.5	25	15.8
Middle-income	2,019	72.7	1,725	72.5	178	74.2	116	73.4
Upper-income	283	10.2	246	10.4	20	8.3	17	10.8
Total Assessment Area	2,776	100.0	2,378	100.0	240	100.0	158	100.0
Percentage of Total Businesses:			85.7		8.6		5.7	
<i>Note: Information regarding businesses by tract and revenue size is based on 2001 data. All other information is based on 1990 census data.</i>								

Exhibit K reveals that 37.3% of families in the assessment area are designated as low- or moderate-income. Only 4.7% of the assessment area's families have incomes that place them below the poverty level, which is lower than the statewide percentage of 7.6%. The bank's small market presence and the fact that its only branch is located on the opposite side of the county from these moderate-income geographies makes it less likely that it will generate mortgage loans in these moderate-income census tracts.

Median family income for this county was \$42,047 compared to \$43,063 for the entire MSA and \$35,082 for the entire State according to 1990 census data. A 2002 median family income estimate for St. Croix County was not available. It is reasonable to believe that the 2002 median family income for St. Croix County would approximate the MSA's \$76,700 figure, as it did in 1990.

St. Croix County's economy is closely allied with that of the Minneapolis-St. Paul MSA. The rapid population growth in the assessment area is largely related to workers who commute to the Twin Cities area where a large number of employment opportunities in all industries exist. In addition, there were approximately 26,800 job opportunities in St. Croix County in 2001. These included approximately

18,400 service industry positions, with the two largest sectors being eating and drinking establishments and health services. Durable goods manufacturing positions have declined between 2000 and 2001, but non-durable goods production is an area of recent growth.

Unemployment rates in this assessment area and in the larger MSA reflect the same upward trend previously noted. These rates for 2000, 2001, and 2002 were 2.5%, 4.5%, and 6.7%, respectively, for St. Croix County and 2.7%, 4.3%, and 6.1%, respectively, for the Minneapolis-St. Paul MSA. The 2002 unemployment rates now exceed Wisconsin's statewide unemployment rate of 5.5%.

The number of available housing units in St. Croix County increased between 1990 and 2000 by 31.0%, a faster rate than the population growth rate of 25.7% indicating a strong demand for housing. The median value of owner-occupied housing increased significantly (87.5%) during this time period, as well. Home sales data from the WRA for 2001 and 2002 indicates that the number of homes sold increased by 50% in 2001 compared to 2000 but then declined by 11.1% in 2002 compared to 2001. This decline in 2002 may be related to the increasing unemployment rate, or it could be a leveling out effect following 2001's high demand. The median sales price, however, continued to increase throughout this two-year period.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE DOUGLAS ASSESSMENT AREA

The Douglas assessment area is the smallest assessment area and is part of the Duluth-Superior MSA. It includes 11 of Douglas County's 15 census tracts (but two of the four excluded census tracts have no population). These 11 census tracts are located in the northern part of the county and include one low-, three moderate-, and seven middle-income geographies. The low- and moderate-income census tracts are located in the city of Superior. Service to this assessment area is provided through one full-service branch and one full-service on-site ATM located in a moderate-income census tract.

The assessment area's population grew by a nominal 1.8% to 33,678 in 2000. This population represents approximately 78% of the entire population of Douglas County, and less than 14% of the population of the Duluth-Superior MSA.

Information regarding FDIC-insured deposits at June 30, 2002 indicates that there were seven insured financial institutions operating in Douglas County. F&M Bank held 6% of all insured deposits, ranking it fifth. The four institutions with a greater market share collectively held 87% of these deposits, with the top ranked bank having a dominant 41% market share.

Selected information regarding this assessment area is shown in Exhibit L.

Exhibit L DOUGLAS ASSESSMENT AREA DEMOGRAPHICS								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	1	9.1	453	5.2	183	40.4	2,079	23.7
Moderate-income	3	27.3	2,057	23.4	327	15.9	1,833	20.9
Middle-income	7	63.6	6,268	71.4	555	8.9	2,067	23.5
Upper-income	N/A	N/A	N/A	N/A	N/A	N/A	2,799	31.9
Total Assessment Area	11	100.0	8,778	100.0	1,065	12.1	8,778	100.0
	Housing Units by Tract		Housing Types by Tract					
			Owner-Occupied		Rental		Vacant	
	#	%	#	%	#	%	#	%
Low-income	815	5.6	287	3.4	470	10.2	58	3.8
Moderate-income	4,074	27.8	1,635	19.2	2,135	46.3	304	19.8
Middle-income	9,747	66.6	6,573	77.4	2,003	43.5	1,171	76.4
Upper-income	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total Assessment Area	14,636	100.0	8,495	100.0	4,608	100.0	1,533	100.0
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low-income	150	10.2	120	9.6	24	17.1	6	8.4
Moderate-income	480	32.8	401	32.0	57	40.7	22	31.0
Middle-income	834	57.0	732	58.4	59	42.2	43	60.6
Upper-income	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total Assessment Area	1,464	100.0	1,253	100.0	140	100.0	71	100.0
	Percentage of Total Businesses:			85.6		9.6		4.8
<i>Note: Information regarding businesses by tract and revenue size is based on 2001 data. All other information is based on 1990 census data.</i>								

The Douglas assessment area is not only the smallest one but it is also the most disadvantaged economically, as evidenced by certain information shown in Exhibit L. Low- and moderate-income families and families with annual incomes below the poverty level represent 44.6% and 12.1%, respectively, of all families residing here. These figures are significantly higher than in any of the other assessment areas and higher than the comparable State figures of 36.7% and 7.6%, respectively.

Another indication of generally weak economic conditions is the median family income of \$22,174, according to 1990 census data, which is 89.3% of the median family income for the entire Duluth-Superior MSA and 77.8% of the median family income for all of Wisconsin. Median family income for the MSA increased by 86.2% to \$50,800, according to HUD estimates for 2002. This is a significant growth rate that is well above increases experienced by all other Wisconsin MSAs, the State overall, and the nation. The reasons for this unusually high increase in the MSA is not readily apparent. There is no reason to believe, however, that the income growth in the assessment area would be materially different than the entire MSA. Nevertheless, the \$50,800 estimate for the MSA is lower than for any other Wisconsin MSA and is the same as the median family income estimate for all non-metropolitan areas of the State. Even with the large increase since 1990, the figure is still comparatively low.

Employment opportunities in Douglas County are heavily focused in service industries, which account for almost 88% of job opportunities in 2001. The majority of these positions are in educational activities and at eating and drinking establishments. Job opportunities in durable goods production continue a decline that has been present for a number of years. More employment opportunities exist in the Duluth area, which is the larger and more affluent portion of the MSA.

Although the unemployment rate for Douglas County has increased each year since 2000, the extent of this increase is less than in any of the other five assessment areas and the State overall. The Douglas County rate grew from 4.5% for 2000 to 5.9% for 2002, an increase of 140 basis points. The unemployment rate for the other assessment areas and the State overall increased from 200 to 420 basis points during the same period. However, Douglas County had the highest unemployment rate for 2000 and the second highest rate for 2002 of any of these other areas.

The number of available housing units in Douglas County actually decreased slightly by 254 units to 20,356 in 2000. Since the population increased by 1,529 between 1990 and 2000, the declining availability of housing may have put upward pressure on home prices, which were comparatively low in 1990 when the median owner-occupied home value was \$38,700. In fact, the comparable figure for the 2000 census was \$69,900, reflecting an increase of 80.6% since 1990. Recent home sales in Douglas County for 2001 and 2002 were not readily available.

Conclusions regarding performance on the lending, investment, and service tests in the Waukesha, St. Croix, and Douglas assessment areas are summarized in Exhibit M.

Exhibit M			
PERFORMANCE CONCLUSIONS IN THE			
WAUKESHA, ST. CROIX, AND DOUGLAS ASSESSMENT AREAS			
Assessment Area	Lending Test	Investment Test	Service Test
Waukesha	<i>N/A ⁽¹⁾</i>	<i>N/A ⁽²⁾</i>	<i>Consistent</i>
St. Croix	<i>Consistent</i>	<i>Below ⁽³⁾</i>	<i>Consistent</i>
Douglas	<i>Consistent</i>	<i>Below ⁽³⁾</i>	<i>Consistent</i>
<p><i>(1) Lending volume was too small to allow for any meaningful conclusions under the lending test. There were just 18 loans reported on the HMDA-LAR and 16 small business loans reported on the CRA-LAR in 2001. Furthermore, there were no low-income census tracts in this assessment area and just one moderate-income census tract that is 7-8 miles away from the only branch office located in this assessment area. Waukesha County is an affluent area, offering limited community development loan opportunities. Finally, F&M Bank has a very small presence in this market, not only because the branch just opened in June 2000, but also because there are many competitors operating here. For all these reasons, a rating of "N/A" was assigned.</i></p> <p><i>(2) An "N/A" rating was also assigned at this time for the investment test because this branch has not been open very long and the demographics of this assessment area indicate minimal investment opportunities in Waukesha County.</i></p> <p><i>(3) There were no investments and donations in these assessment areas in 2001. While the bank's presence in these two markets is relatively small, the absence of any qualified charitable donations or other investments indicates an inadequate performance.</i></p>			

CRA APPENDIX A

SCOPE OF EXAMINATION

A discussion of the scope of this examination has been included in the body of this document and can be found starting on page 5.

CRA APPENDIX B

GLOSSARY

Aggregate lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Block numbering area (“BNA”): A statistical subdivision of a county for grouping and numbering blocks in nonmetropolitan counties where local census statistical area committees have not established census tracts. A BNA does not cross county lines.

Census tract: A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status and living conditions to allow for statistical comparisons.

Community development: Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration’s Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

Consumer loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage or adoption. The number of family households always equals the number of families; however, a family household may also include nonrelatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into “male householder” (a family with a male householder and no wife present) or “female householder” (a family with a female householder and no husband present).

Full review: Performance under the lending, investment and service tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity and responsiveness).

Geography: A census tract or a block numbering area delineated by the U.S. Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (“HMDA”): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include data such as race, gender and income of applications, amount of loan requested, and disposition of the application (for example, approved, denied, and withdrawn).

Home mortgage loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes and refinancings of home improvement and home purchase loans.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Limited review: Performance under the lending, investment and service tests is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

Low-income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

Market share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Metropolitan area (“MA”): Any primary metropolitan statistical area (“PMSA”), metropolitan statistical area (“MSA”), or consolidated metropolitan statistical area (“CMSA”), as defined by the Office of Management and Budget, with a population of 250 thousand or more, and any other area designated as such by the appropriate federal financial supervisory agency.

Middle-income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography

Moderate-income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

Other products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

Owner-occupied units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution’s CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

Small loan(s) to business(es): A loan included in “loans to small businesses” as defined in the Consolidated Report of Condition and Income (“Call Report”) and the Thrift Financial Reporting (“TFR”) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as “small business loans” if the loans are reported on the TFR as nonmortgage, commercial loans.

Small loan(s) to farm(s): A loan included in “loans to small farms” as defined in the instructions for preparation of the Call Report. These loans have original amounts of \$500 thousand or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

Upper-income: Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of a geography.

CRA APPENDIX C

CRA CORE TABLES

Table 1								
Assessment Area: Non-MSA Loan Analysis: Geographic Distribution Universe Analyzed: HMDA Loans – 2001								
Census Tract Income Designation	F&M Bank-Wisconsin				Aggregate ⁽¹⁾			
	#	%	\$(000)	%	#	%	\$(000)	%
Low	15	0.8	1,960	1.3	193	0.5	22,221	0.6
Moderate	157	8.1	13,070	8.6	2,417	6.5	234,668	6.2
Middle	1,497	77.5	111,156	73.0	28,237	75.6	2,778,424	73.0
Upper	263	13.6	26,081	17.1	6,479	17.4	771,377	20.2
Totals	1,932	100.0	152,267	100.0	37,326	100.0	3,806,690	100.0

(1) Aggregate lending data includes all loan originations of all HMDA-reportable lenders in the non-MSA assessment area, excluding F&M Bank-Wisconsin's loan originations for the entire year.

Table 2								
Assessment Area: Non-MSA Loan Analysis: Geographic Distribution Universe Analyzed: CRA Small Business Loans ⁽¹⁾ – 2001								
Census Tract Income Category	F&M Bank Wisconsin				Aggregate ⁽²⁾			
	#	%	\$(000)	%	#	%	\$(000)	%
Low	16	0.9	898	0.6	68	0.4	2,371	0.3
Moderate	145	8.2	14,306	8.9	1,105	7.3	45,103	6.2
Middle	1,448	81.4	127,373	79.3	11,721	77.4	554,548	76.4
Upper	169	9.5	18,080	11.2	2,257	14.9	124,184	17.1
Totals	1,778	100.0	160,657	100.0	15,151	100.0	726,206	100.0

(1) A small business loan has an original amount of \$1 million or less.
(2) Aggregate lending data includes the small business loans of all lenders in the non-MSA assessment area who report such information. F&M Bank-Wisconsin's small business loan activity has been excluded from these aggregate totals.

Table 3								
Assessment Area: Non-MSA Loan Analysis: Geographic Distribution Universe Analyzed: CRA Small Farm Loans ⁽¹⁾ – 2001								
Census Tract Income Category	F&M Bank Wisconsin				Aggregate ⁽²⁾			
	#	%	\$(000)	%	#	%	\$(000)	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	28	3.4	1,802	3.6	90	3.9	4,469	3.2
Middle	761	92.8	44,954	90.3	1,969	86.2	115,979	84.0
Upper	31	3.8	3,049	6.1	226	9.9	17,728	12.8
Totals	820	100.0	49,805	100.0	2,285	100.0	138,176	100.0

(1) A small farm loan has an original amount of \$1 million or less.
(2) Aggregate lending data includes the small farm loans of all lenders in the non-MSA assessment area who report such information. F&M Bank-Wisconsin's small farm loan activity has been excluded from these aggregate totals.

Table 4 Assessment Area: Non-MSA Loan Analysis: Borrower Income Distribution Universe Analyzed: HMDA Loans – 2001									
Census Tract Income Designation	Demo-graphic Data ⁽¹⁾ (%)	F&M Bank-Wisconsin				Aggregate ⁽²⁾			
		#	%	\$(000)	%	#	%	\$(000)	%
Low	17.1	206	10.7	8,788	5.9	1,971	5.5	99,454	2.8
Moderate	19.2	387	20.2	22,429	15.2	5,624	15.7	382,487	10.7
Middle	25.3	634	33.1	44,770	30.3	10,778	30.2	902,165	25.3
Upper	38.4	691	36.0	71,961	48.6	17,387	48.6	2,183,131	61.2
Totals	100.0	1,918	100.0	147,948	100.0	35,760	100.0	3,567,237	100.0

(1) This is the percentage distribution of all families in the assessment area based on their annual incomes at the 1990 census. Those families with incomes below the poverty level represent 7.7% of all families in this non-MSA assessment area, and are included in the low-income figures.

(2) Aggregate lending data includes all loan originations of all HMDA-reportable lenders in the non-MSA excluding F&M Bank-Wisconsin's loan originations for the entire year.

Table 5 Assessment Area: Non-MSA Loan Analysis: Borrower Income Distribution Universe Analyzed: CRA Small Business Loans ⁽¹⁾ – 2001									
Original Loan Size	F&M Bank-Wisconsin				Aggregate ⁽²⁾				
	#	%	\$	%	#	%	\$	%	
<=\$100,000	1,307	73.5	45,004	28.0	13,367	88.2	202,498	27.9	
>\$100,000-\$250,000	323	18.2	52,614	32.8	1,071	7.1	178,672	24.6	
>\$250,000-\$1,000,000	148	8.3	63,039	39.2	713	4.7	345,036	47.5	
Total	1,778	100.0	160,657	100.0	15,151	100.0	726,206	100.0	
Borrower's Annual Revenue	#	%	\$	%	#	%	\$	%	
<=\$1,000,000	1,556	87.5	123,574	76.9	7,306	48.2	411,030	56.6	

(1) A small business loan has an original amount of \$1 million or less.

(2) Aggregate lending data includes all loan originations of all CRA-reportable lenders in the non-MSA assessment area, excluding F&M Bank-Wisconsin's loan originations.

Table 6 Assessment Area: Non-MSA Loan Analysis: Borrower Income Distribution Universe Analyzed: CRA Small Farm Loans ⁽¹⁾ – 2001									
Original Loan Size	F&M Bank-Wisconsin				Aggregate ⁽²⁾				
	#	%	\$	%	#	%	\$	%	
<=\$100,000	679	82.8	21,350	42.9	1,889	82.7	56,354	40.8	
>\$100,000-\$250,000	105	12.8	16,292	32.7	295	12.9	46,625	33.7	
>\$250,000-\$1,000,000	36	4.4	12,163	24.4	101	4.4	35,197	25.5	
Total	820	100.0	49,805	100.0	2,285	100.0	138,176	100.0	
Borrower's Annual Revenue	#	%	\$	%	#	%	\$	%	
<=\$1,000,000	787	96.0	45,418	91.2	2,109	92.3	121,551	88.0	

(1) A small farm loan has an original amount of \$1 million or less..

(2) Aggregate lending data includes all loan originations of all CRA-reportable lenders in the non-MSA assessment area, excluding F&M Bank-Wisconsin's loan originations.

Table 7 Assessment Area: Appleton Loan Analysis: Geographic Distribution Universe Analyzed: HMDA Loans – 2001								
Census Tract Income Designation	F&M Bank-Wisconsin				Aggregate ⁽¹⁾			
	#	%	\$(000)	%	#	%	\$(000)	%
Low	0	0.0	0	0.0	23	0.1	1,827	0.1
Moderate	10	1.5	567	1.0	829	3.5	55,484	2.5
Middle	594	89.3	51,510	86.5	19,381	82.6	1,738,022	79.4
Upper	61	9.2	7,415	12.5	3,245	13.8	392,625	18.0
Totals	665	100.0	59,492	100.0	23,478	100.0	2,187,958	100.0

(1) Aggregate lending data includes all loan originations of all HMDA-reportable lenders in the Appleton assessment area, excluding F&M Bank-Wisconsin's loan originations for the entire year.

Table 8 Assessment Area: Appleton Loan Analysis: Geographic Distribution Universe Analyzed: CRA Small Business Loans ⁽¹⁾ – 2001								
Census Tract Income Category	F&M Bank Wisconsin				Aggregate ⁽²⁾			
	#	%	\$(000)	%	#	%	\$(000)	%
Low	3	0.6	112	0.2	126	1.9	8,155	1.8
Moderate	27	4.8	1,371	2.0	527	7.8	28,746	6.3
Middle	449	80.3	53,243	79.2	4,934	73.1	318,381	70.1
Upper	80	14.3	12,497	18.6	1,164	17.2	98,915	21.8
Totals	559	100.0	67,223	100.0	6,751	100.0	454,197	100.0

(1) A small business loan has an original amount of \$1 million or less.
(2) Aggregate lending data includes the small business loans of all lenders in the Appleton assessment area who report such information. F&M Bank-Wisconsin's small business loan activity has been excluded from these aggregate totals.

Table 9 Assessment Area: Appleton Loan Analysis: Borrower Income Distribution Universe Analyzed: HMDA Loans – 2001									
Census Tract Income Designation	Demo- graphic Data ⁽¹⁾ (%)	F&M Bank-Wisconsin				Aggregate ⁽²⁾			
		#	%	\$(000)	%	#	%	\$(000)	%
Low	15.4	56	8.4	2,800	4.7	1,452	6.7	76,490	4.0
Moderate	18.8	149	22.4	10,100	17.0	4,990	22.8	340,907	17.7
Middle	30.3	232	34.9	18,885	31.7	7,369	33.7	600,599	31.2
Upper	35.5	228	34.3	27,707	46.6	8,053	36.8	908,520	47.1
Totals	100.0	665	100.0	59,492	100.0	21,864	100.0	1,926,516	100.0

(1) This is the percentage distribution of all families in the assessment area based on their annual incomes at the 1990 census. Those families with incomes below the poverty level represent 4.9% of all families in this Appleton assessment area, and are included in the low-income figures.
(2) Aggregate lending data includes all loan originations of all HMDA-reportable lenders in the Appleton excluding F&M Bank-Wisconsin's loan originations for the entire year.

Table 10								
Assessment Area: Appleton Loan Analysis: Borrower Income Distribution Universe Analyzed: CRA Small Business Loans ⁽¹⁾ – 2001								
Original Loan Size	F&M Bank-Wisconsin				Aggregate ⁽²⁾			
	#	%	\$	%	#	%	\$	%
<=\$100,000	361	64.6	12,686	18.9	5,662	83.9	97,262	21.4
>\$100,000-\$250,000	128	22.9	21,037	31.3	580	8.6	99,523	21.9
>\$250,000-\$1,000,000	70	12.5	33,500	49.8	509	7.5	257,412	56.7
Total	559	100.0	67,223	100.0	6,751	100.0	454,197	100.0
Borrower's Annual Revenue								
	#	%	\$	%	#	%	\$	%
<=\$1,000,000	411	73.5	38,975	58.0	3,250	48.1	224,067	49.3

(1) A small business loan has an original amount of \$1 million or less.
(2) Aggregate lending data includes all loan originations of all CRA-reportable lenders in the Appleton assessment area, excluding F&M Bank-Wisconsin's loan originations.

Table 11								
Assessment Area: Green Bay Loan Analysis: Geographic Distribution Universe Analyzed: HMDA Loans – 2001								
Census Tract Income Designation	F&M Bank-Wisconsin				Aggregate ⁽¹⁾			
	#	%	\$(000)	%	#	%	\$(000)	%
Low	2	0.7	147	0.5	71	0.4	3,971	0.2
Moderate	44	15.3	2,454	9.2	2,540	13.6	172,457	8.6
Middle	194	67.3	18,596	69.6	11,954	63.9	1,328,674	66.0
Upper	48	16.7	5,526	20.7	4,135	22.1	506,806	25.2
Totals	288	100.0	26,723	100.0	18,700	100.0	2,011,908	100.0

(1) Aggregate lending data includes all loan originations of all HMDA-reportable lenders in the Green Bay assessment area, excluding F&M Bank-Wisconsin's loan originations for the entire year.

Table 12								
Assessment Area: Green Bay Loan Analysis: Geographic Distribution Universe Analyzed: CRA Small Business Loans ⁽¹⁾ – 2001								
Census Tract Income Category	F&M Bank Wisconsin				Aggregate ⁽²⁾			
	#	%	\$(000)	%	#	%	\$(000)	%
Low	15	4.8	2,900	6.9	558	9.9	17,374	4.2
Moderate	37	11.7	3,766	9.0	723	12.9	50,636	12.3
Middle	220	69.8	29,269	69.9	3,275	58.3	254,521	61.6
Upper	43	13.7	5,944	14.2	1,061	18.9	90,600	21.9
Totals	315	100.0	41,879	100.0	5,617	100.0	413,131	100.0

(1) A small business loan has an original amount of \$1 million or less.
(2) Aggregate lending data includes the small business loans of all lenders in the Green Bay assessment area who report such information. F&M Bank-Wisconsin's small business loan activity has been excluded from these aggregate totals.

Table 13									
Assessment Area: Green Bay									
Loan Analysis: Borrower Income Distribution									
Universe Analyzed: HMDA Loans – 2001									
Census Tract Income Designation	Demo-graphic Data ⁽¹⁾ (%)	F&M Bank-Wisconsin				Aggregate ⁽²⁾			
		#	%	\$(000)	%	#	%	\$(000)	%
Low	17.1	27	9.4	1,374	5.1	1,185	6.9	70,771	4.0
Moderate	17.9	69	24.0	4,342	16.3	3,750	21.7	300,541	16.8
Middle	28.6	79	27.4	7,065	26.4	5,687	33.0	530,925	29.7
Upper	36.4	113	39.2	13,942	52.2	6,631	38.4	884,848	49.5
Totals	100.0	288	100.0	26,723	100.0	17,253	100.0	1,787,085	100.0

(1) This is the percentage distribution of all families in the assessment area based on their annual incomes at the 1990 census. Those families with incomes below the poverty level represent 6.7 % of all families in this Green Bay assessment area, and are included in the low-income figures.

(2) Aggregate lending data includes all loan originations of all HMDA-reportable lenders in the Green Bay excluding F&M Bank-Wisconsin's loan originations for the entire year.

Table 14									
Assessment Area: Green Bay									
Loan Analysis: Borrower Income Distribution									
Universe Analyzed: CRA Small Business Loans ⁽¹⁾ – 2001									
Original Loan Size	F&M Bank-Wisconsin				Aggregate ⁽²⁾				
	#	%	\$	%	#	%	\$	%	
<=\$100,000	197	62.6	7,689	18.3	4,601	81.9	85,825	20.8	
>\$100,000-\$250,000	70	22.2	11,927	28.5	546	9.7	92,080	22.3	
>\$250,000-\$1,000,000	48	15.2	22,263	53.2	470	8.4	235,226	56.9	
Total	315	100.0	41,879	100.0	5,617	100.0	413,131	100.0	
Borrower's Annual Revenue	#	%	\$	%	#	%	\$	%	
<=\$1,000,000	249	79.0	28,301	67.6	2,618	46.6	193,329	46.8	

(1) A small business loan has an original amount of \$1 million or less.

(2) Aggregate lending data includes all loan originations of all CRA-reportable lenders in the Green Bay assessment area, excluding F&M Bank-Wisconsin's loan originations.

Table 15									
Assessment Area: Waukesha									
Loan Analysis: Geographic Distribution									
Universe Analyzed: HMDA Loans – 2001									
Census Tract Income Designation	F&M Bank-Wisconsin				Aggregate ⁽¹⁾				
	#	%	\$(000)	%	#	%	\$(000)	%	
Low	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Moderate	0	0.0	0	0.0	36	0.1	3,942	0.1	
Middle	12	66.7	1,964	66.5	9,200	32.8	1,242,628	29.8	
Upper	6	33.3	988	33.5	18,844	67.1	2,924,555	70.1	
Totals	18	100.0	2,952	100.0	28,080	100.0	4,171,125	100.0	

N/A – Not applicable because there are no low-income geographies in this assessment area.

(1) Aggregate lending data includes all loan originations of all HMDA-reportable lenders in the Waukesha assessment area, excluding F&M Bank-Wisconsin's loan originations for the entire year.

Table 16								
Assessment Area: Waukesha Loan Analysis: Geographic Distribution Universe Analyzed: CRA Small Business Loans ⁽¹⁾ – 2001								
Census Tract Income Category	F&M Bank Wisconsin				Aggregate ⁽²⁾			
	#	%	\$(000)	%	#	%	\$(000)	%
Low	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Moderate	0	0.0	0	0.0	123	1.1	5,991	0.8
Middle	8	50.0	937	43.3	3,734	35.0	253,136	33.9
Upper	8	50.0	1,229	56.7	6,814	63.9	488,512	65.3
Totals	16	100.0	2,166	100.0	10,671	100.0	747,639	100.0

N/A – Not applicable because there are no low-income geographies in this assessment area.
⁽¹⁾ A small business loan has an original amount of \$1 million or less.
⁽²⁾ Aggregate lending data includes the small business loans of all lenders in the Waukesha assessment area who report such information. F&M Bank-Wisconsin's small business loan activity has been excluded from these aggregate totals.

Table 17									
Assessment Area: Waukesha Loan Analysis: Borrower Income Distribution Universe Analyzed: HMDA Loans – 2001									
Census Tract Income Designation	Demo- graphic Data ⁽¹⁾ (%)	F&M Bank-Wisconsin				Aggregate ⁽²⁾			
		#	%	\$(000)	%	#	%	\$(000)	%
Low	7.9	0	0.0	0	0.0	1,067	4.0	80,462	2.1
Moderate	12.4	3	17.6	374	13.9	4,136	15.4	418,332	10.7
Middle	25.9	2	11.8	349	13.0	8,478	31.6	1,034,455	26.4
Upper	53.8	12	70.6	1,963	73.1	13,125	49.0	2,379,603	60.8
Totals	100.0	17	100.0	2,686	100.0	26,806	100.0	3,912,852	100.0

⁽¹⁾ This is the percentage distribution of all families in the assessment area based on their annual incomes at the 1990 census. Those families with incomes below the poverty level represent 2.2% of all families in this Waukesha assessment area, and are included in the low-income figures.
⁽²⁾ Aggregate lending data includes all loan originations of all HMDA-reportable lenders in the Waukesha excluding F&M Bank-Wisconsin's loan originations for the entire year.

Table 18									
Assessment Area: Waukesha Loan Analysis: Borrower Income Distribution Universe Analyzed: CRA Small Business Loans ⁽¹⁾ – 2001									
Original Loan Size	F&M Bank-Wisconsin				Aggregate ⁽²⁾				
	#	%	\$	%	#	%	\$	%	
<=\$100,000	7	43.8	308	14.2	8,878	83.2	153,881	20.6	
>\$100,000-\$250,000	7	43.8	1,099	50.7	937	8.8	163,062	21.8	
>\$250,000-\$1,000,000	2	12.4	759	35.1	856	8.0	430,696	57.6	
Total	16	100.0	2,166	100.0	10,671	100.0	747,639	100.0	
Borrower's Annual Revenue	#	%	\$	%	#	%	\$	%	
<=\$1,000,000	7	43.8	1,266	58.4	4,324	40.5	276,845	37.0	

⁽¹⁾ A small business loan has an original amount of \$1 million or less.
⁽²⁾ Aggregate lending data includes all loan originations of all CRA-reportable lenders in the Waukesha assessment area, excluding F&M Bank-Wisconsin's loan originations.

Table 19 Assessment Area: St. Croix Loan Analysis: Geographic Distribution Universe Analyzed: HMDA Loans – 2001								
Census Tract Income Designation	F&M Bank-Wisconsin				Aggregate ⁽¹⁾			
	#	%	\$(000)	%	#	%	\$(000)	%
Low	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Moderate	2	6.9	332	8.3	983	13.7	99,309	11.2
Middle	23	79.3	3,097	77.6	4,826	67.1	600,077	67.5
Upper	4	13.8	561	14.1	1,377	19.2	189,225	21.3
Totals	29	100.0	3,990	100.0	7,186	100.0	888,611	100.0

N/A – Not applicable because there are no low-income geographies in this assessment area.
⁽¹⁾ Aggregate lending data includes all loan originations of all HMDA-reportable lenders in the St. Croix assessment area, excluding F&M Bank-Wisconsin's loan originations for the entire year.

Table 20 Assessment Area: St. Croix Loan Analysis: Geographic Distribution Universe Analyzed: CRA Small Business Loans ⁽¹⁾ – 2001								
Census Tract Income Category	F&M Bank Wisconsin				Aggregate ⁽²⁾			
	#	%	\$(000)	%	#	%	\$(000)	%
Low	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Moderate	0	0.0	0	0.0	118	13.2	3,177	12.4
Middle	38	58.5	3,673	61.9	646	72.2	18,688	73.3
Upper	27	41.5	2,264	38.1	131	14.6	3,638	14.3
Totals	65	100.0	5,937	100.0	895	100.0	25,503	100.0

N/A – Not applicable because there are no low-income geographies in this assessment area.
⁽¹⁾ A small business loan has an original amount of \$1 million or less.
⁽²⁾ Aggregate lending data includes the small business loans of all lenders in the St. Croix assessment area who report such information. F&M Bank-Wisconsin's small business loan activity has been excluded from these aggregate totals.

Table 21 Assessment Area: St. Croix Loan Analysis: Borrower Income Distribution Universe Analyzed: HMDA Loans – 2001									
Census Tract Income Designation	Demo- graphic Data ⁽¹⁾ (%)	F&M Bank-Wisconsin				Aggregate ⁽²⁾			
		#	%	\$(000)	%	#	%	\$(000)	%
Low	17.6	4	13.8	370	9.3	713	10.3	55,534	6.5
Moderate	19.7	12	41.4	1,064	26.6	1,957	28.2	208,395	24.3
Middle	27.5	7	24.1	1,053	26.4	2,541	36.6	314,182	36.7
Upper	35.2	6	20.7	1,503	37.7	1,730	24.9	277,860	32.5
Totals	100.0	29	100.0	3,990	100.0	6,941	100.0	855,971	100.0

⁽¹⁾ This is the percentage distribution of all families in the assessment area based on their annual incomes at the 1990 census. Those families with incomes below the poverty level represent 4.7% of all families in this St. Croix assessment area, and are included in the low-income figures.
⁽²⁾ Aggregate lending data includes all loan originations of all HMDA-reportable lenders in the St. Croix excluding F&M Bank-Wisconsin's loan originations for the entire year.

Table 22								
Assessment Area: St. Croix Loan Analysis: Borrower Income Distribution Universe Analyzed: CRA Small Business Loans ⁽¹⁾ – 2001								
Original Loan Size	F&M Bank-Wisconsin				Aggregate ⁽²⁾			
	#	%	\$	%	#	%	\$	%
<=\$100,000	50	76.9	1,733	29.2	833	93.1	9,612	37.7
>\$100,000-\$250,000	10	15.4	1,598	26.9	41	4.6	6,921	27.1
>\$250,000-\$1,000,000	5	7.7	2,606	43.9	21	2.3	8,970	35.2
Total	65	100.0	5,937	100.0	895	100.0	25,503	100.0
Borrower's Annual Revenue								
	#	%	\$	%	#	%	\$	%
<=\$1,000,000	57	87.7	5,016	84.5	365	40.8	12,044	47.2

(1) A small business loan has an original amount of \$1 million or less.
(2) Aggregate lending data includes all loan originations of all CRA-reportable lenders in the St. Croix assessment area, excluding F&M Bank-Wisconsin's loan originations.

Table 23								
Assessment Area: Douglas Loan Analysis: Geographic Distribution Universe Analyzed: HMDA Loans – 2001								
Census Tract Income Designation	F&M Bank-Wisconsin				Aggregate ⁽¹⁾			
	#	%	\$(000)	%	#	%	\$(000)	%
Low	0	0.0	0	0.0	33	2.0	1,963	1.8
Moderate	19	29.7	997	30.1	254	15.8	14,588	13.3
Middle	45	70.3	2,313	69.9	1,326	82.2	92,985	84.9
Upper	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Totals	64	100.00	3,310	100.0	1,613	100.0	109,536	100.0

N/A – Not applicable because there are no upper-income geographies in this assessment area.
(1) Aggregate lending data includes all loan originations of all HMDA-reportable lenders in the Douglas assessment area, excluding F&M Bank-Wisconsin's loan originations for the entire year.

Table 24								
Assessment Area: Douglas Loan Analysis: Geographic Distribution Universe Analyzed: CRA Small Business Loans ⁽¹⁾ – 2001								
Census Tract Income Category	F&M Bank Wisconsin				Aggregate ⁽²⁾			
	#	%	\$(000)	%	#	%	\$(000)	%
Low	10	16.7	1,762	36.2	50	12.0	1,527	15.2
Moderate	27	45.0	1,370	28.1	112	26.9	3,810	37.9
Middle	23	38.3	1,736	35.7	254	61.1	4,715	46.9
Upper	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Totals	60	100.0	4,868	100.0	416	100.0	10,052	100.0

N/A – Not applicable because there are no upper-income geographies in this assessment area.
(1) A small business loan has an original amount of \$1 million or less.
(2) Aggregate lending data includes the small business loans of all lenders in the Douglas assessment area who report such information. F&M Bank-Wisconsin's small business loan activity has been excluded from these aggregate totals.

Table 25									
Assessment Area: Douglas									
Loan Analysis: Borrower Income Distribution									
Universe Analyzed: HMDA Loans – 2001									
Census Tract Income Designation	Demo-graphic Data ⁽¹⁾ (%)	F&M Bank-Wisconsin				Aggregate ⁽²⁾			
		#	%	\$(000)	%	#	%	\$(000)	%
Low	23.7	0	0.0	0	0.0	149	9.4	6,172	5.8
Moderate	20.9	20	32.2	1,006	32.1	367	23.3	19,156	18.2
Middle	23.5	21	33.9	1,090	34.7	494	31.4	31,699	30.1
Upper	31.9	21	33.9	1,040	33.2	565	35.9	48,405	45.9
Totals	100.0	62	100.0	3,136	100.0	1,575	100.0	105,432	100.0

(1) This is the percentage distribution of all families in the assessment area based on their annual incomes at the 1990 census. Those families with incomes below the poverty level represent 12.1% of all families in this Douglas assessment area, and are included in the low-income figures.

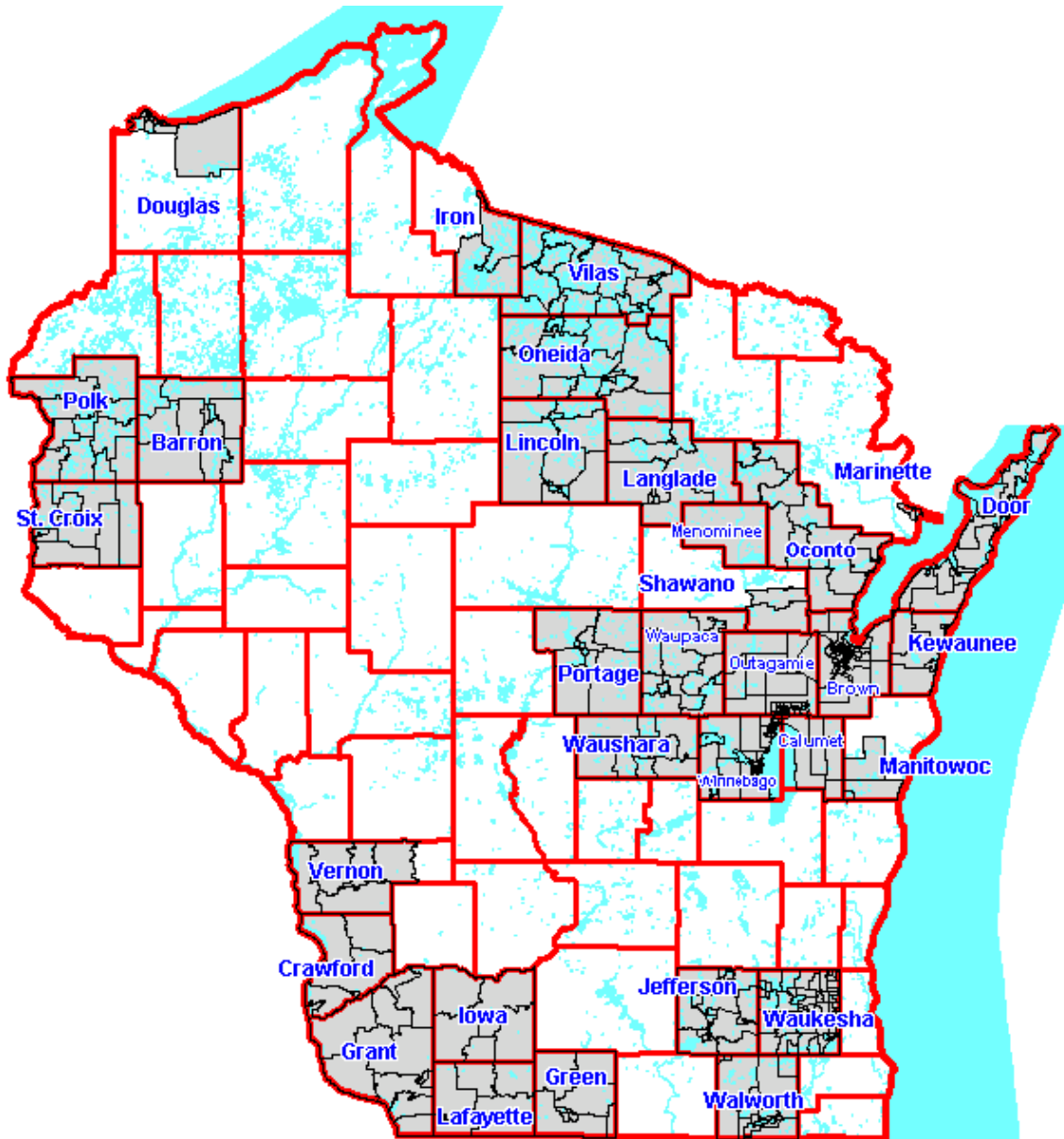
(2) Aggregate lending data includes all loan originations of all HMDA-reportable lenders in the Douglas excluding F&M Bank-Wisconsin's loan originations for the entire year.

Table 26									
Assessment Area: Douglas									
Loan Analysis: Borrower Income Distribution									
Universe Analyzed: CRA Small Business Loans ⁽¹⁾ – 2001									
Original Loan Size	F&M Bank-Wisconsin				Aggregate ⁽²⁾				
	#	%	\$	%	#	%	\$	%	
<=\$100,000	46	76.7	1,326	27.2	394	94.7	4,267	42.4	
>\$100,000-\$250,000	11	18.3	1,922	39.5	14	3.4	2,331	23.2	
>\$250,000-\$1,000,000	3	5.0	1,620	33.3	8	1.9	3,454	34.4	
Total	60	100.0	4,868	100.0	416	100.0	10,052	100.0	
Borrower's Annual Revenue	#	%	\$	%	#	%	\$	%	
<=\$1,000,000	42	70.0	3,109	63.9	159	38.2	4,269	42.5	

(1) A small business loan has an original amount of \$1 million or less.

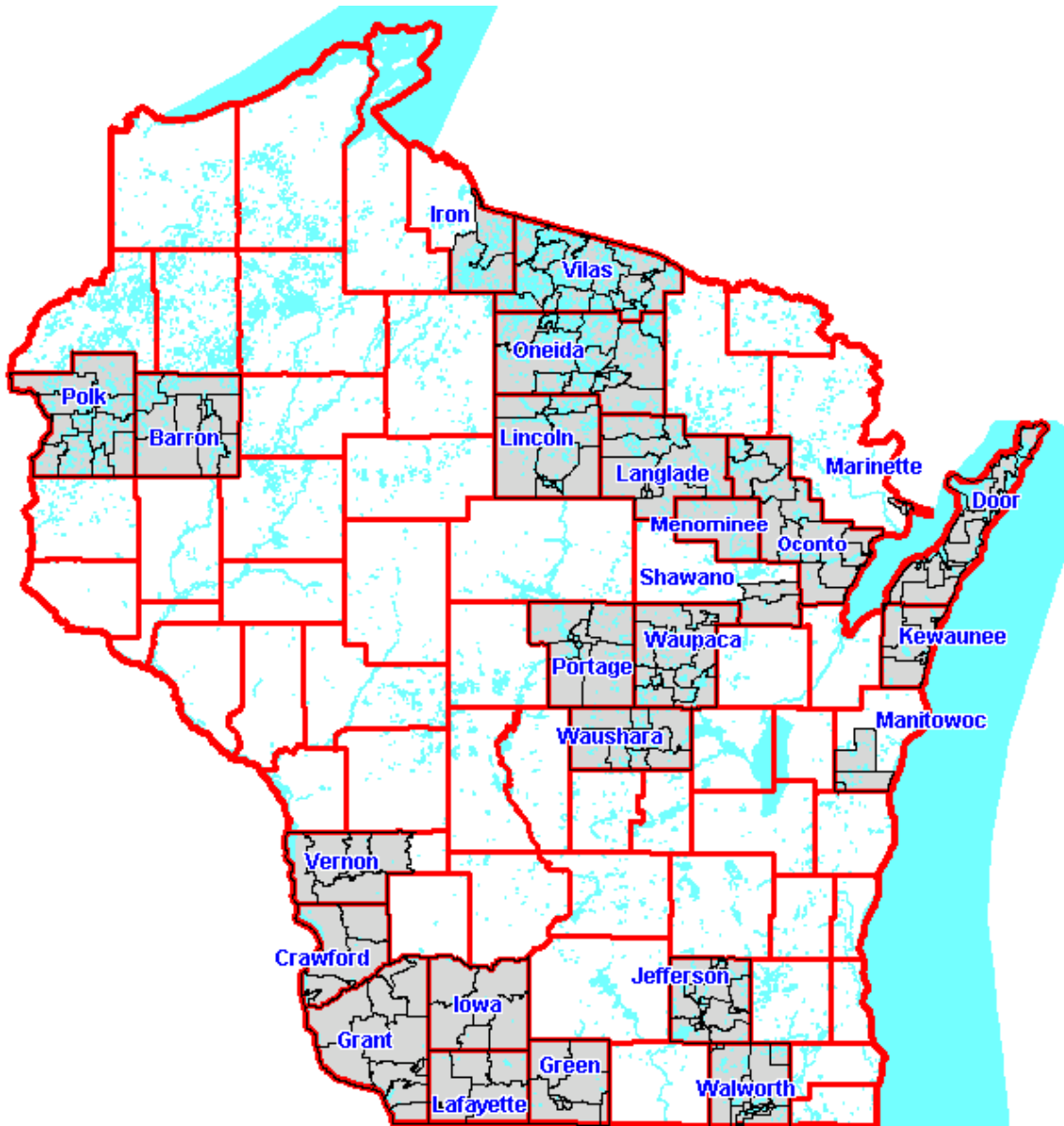
(2) Aggregate lending data includes all loan originations of all CRA-reportable lenders in the Douglas assessment area, excluding F&M Bank-Wisconsin's loan originations.

CRA APPENDIX D
ASSESSMENT AREA MAPS
COMBINED ASSESSMENT AREA



Note: Shaded areas represent F&M Bank's combined assessment area.

NON-MSA ASSESSMENT AREA



Note: Shaded areas represent F&M Bank-Wisconsin's non-MSA assessment area.