

## **PUBLIC DISCLOSURE**

October 18, 1999

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### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

#### **F&M BANK - KAUKAUNA**

RSSD Number: 566449

P.O. Box 920  
Kaukauna, Wisconsin 54130-0920

FEDERAL RESERVE BANK  
OF CHICAGO

230 South LaSalle  
Chicago, Illinois 60604

Note: 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.

## **GENERAL INFORMATION**

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operations of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the Community Reinvestment Act (CRA) performance of **F&M Bank-Kaukauna, Kaukauna, Wisconsin** prepared by the **Federal Reserve Bank of Chicago**, the institution's supervisory agency, as of **October 18, 1999**. The agency evaluates performance in the bank's assessment area, as it is delineated by the institution, rather than individual branches. This assessment area evaluation did not include visits to the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 228.

**INSTITUTION'S RATING:** This institution is rated Satisfactory.

F&M Bank-Kaukauna has a generally strong record of serving the assessment area in which it operates, based upon a review of its lending, qualified investments and services activities. A significant percentage of the bank's loans were originated within its assessment area. Management has been active in meeting community credit needs within its assessment area as demonstrated by its lending to low- and moderate-income individuals, small farms and small businesses. The bank had a low volume of qualified investments and did not have any community development lending; however, the number of qualified community development investment and lending opportunities are limited within the bank's assessment area. The bank provides a generally strong level of community development services that benefit low- and moderate-income individuals and families. In addition, the bank's accessibility of delivery systems and reasonableness of business hours provide adequate access to individuals and businesses in the assessment area.

The following table details the performance level of **F&M Bank-Kaukauna, Kaukauna, Wisconsin**, with respect to the lending, investment and service tests. Based on the component test ratings for large banks, the assigned composite rating is Satisfactory.

PERFORMANCE LEVELS	F&M BANK-KAUKAUNA		
	PERFORMANCE TESTS		
	Lending Test	Investment Test	Service Test
Outstanding			
High Satisfactory	X		X
Low Satisfactory		X	
Needs to Improve			
Substantial Noncompliance			

\*Note: The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

**DESCRIPTION OF F&M BANK-KAUKAUNA’S ASSESSMENT AREA**

F&M Bank-Kaukauna’s assessment area is comprised of 18 census tracts: 2 tracts in Brown County (the Green Bay, Wisconsin metropolitan statistical area (MSA)); 4 tracts in Calumet County; and 12 tracts in Outagamie County. Calumet and Outagamie Counties are part of the Appleton-Oshkosh-Neenah MSA. All of the census tracts are considered middle-income with the exception of census tract 125.00 in Outagamie County, which is an upper-income census tract. The assessment area is located in eastern-central Wisconsin just southwest of Green Bay. All 18 tracts will be considered together as one assessment area since the majority of the assessment area census tracts are within the Appleton-Oshkosh-Neenah MSA.

The bank has offices in Kaukauna, Little Chute and on the eastern edge of Appleton. Each community has experienced steady growth since 1990. The population of Kaukauna is 12,732 and the population of Little Chute is 10,436, based upon 1998 estimates. The population growth of Kaukauna and Little Chute between 1990 and 1998 was 6.3 and 13.3 percent, respectively. Appleton has a 1998 estimated population of 69,607, with a growth rate of 6.0 percent between 1990 and 1998. Appleton and Kaukauna are growing at a similar pace as that of the State of Wisconsin, which had a population growth rate of 7.0 percent between 1990 and 1998, while Little Chute had experienced more significant growth. The population of the bank’s assessment area overall was 77,497, based upon 1990 census data in comparison.

Historically low unemployment rates are an indicator of the strong local economy at this time. The unadjusted unemployment rates for the Appleton-Oshkosh-Neenah MSA in September 1999 and September 1998 were 1.9 percent and 2.8 percent, respectively, according to the state’s Department of Workforce Development (DWD). The unadjusted unemployment rates for Brown County in September 1999 and September 1998 were 1.7 percent and 2.5 percent, respectively. Both compare favorably to the state’s unadjusted unemployment figures of 2.0 percent and 3.0 percent, respectively, for the same periods. The state’s September 1999 unadjusted employment rate of 2.0 percent was second lowest in the nation, according to the DWD. These low unemployment levels are an indication of not only a strong economy, but also are representative of specific types of labor shortages within the bank’s assessment area.

The major employers within the bank’s assessment area are shown in the following table:

<b>Table 1 Major Employers within F&amp;M Bank-Kaukauna’s Assessment Area</b>		
<b>Employer-Location</b>	<b>Number of Employees</b>	<b>Type of Business or Industry</b>
Kimberly-Clark Corporation Neenah, Wisconsin	5,800	Fiber-based consumer, hygienic, and industrial products
Appleton Papers, Inc. Appleton, Wisconsin	4,300	Paper processing
Wisconsin Tissue Menasha, Wisconsin	1,400	Paper processing
Menasha Corporation Neenah, Wisconsin	1,312	Corrugated boxes

<b>Table 1</b> <b>Major Employers within F&amp;M Bank-Kaukauna's Assessment Area</b>		
<b>Employer-Location</b>	<b>Number of Employees</b>	<b>Type of Business or Industry</b>
Anchor Food Products, Inc. Appleton, Wisconsin	1,220	Frozen foods

The Appleton area is experiencing significant commercial and population growth according to the Outagamie County Workforce Profile Report by the DWD as of July 1999. The areas west of Highway 41 and on the east side of the city are areas in which the majority of new commercial growth has been centered during the past few years. In addition, housing growth continues to be strong north and east of the city of Appleton. The presumption is that growth in the areas between Appleton and Kaukauna will continue indefinitely.

The strong labor market has had a significant impact on the area housing market. There has been a recent boom in both new home construction and rehabilitation projects in the Appleton-Oshkosh-Neenah MSA. Recent statistics from the Wisconsin Realtors Association indicate that the median sales price in 1998 was \$96,400 in Outagamie County, \$119,400 in Calumet County, and \$107,600 in the Green Bay MSA. Generally, housing is available in all price ranges, including the low-end. The price range for a single family home in Kaukauna is anywhere between \$35,000 and \$120,000 depending on its age, according to a community representative involved in residential home sales. Most available single-family homes are priced in the \$50,000 to \$90,000 range whereas newly constructed single-family home prices generally start around \$110,000.

One measure of housing affordability is the housing affordability ratio. Affordability ratios are calculated by dividing the median family income by the median housing value for a given area. A higher ratio in an area indicates that housing is generally more affordable compared to an area with a lower one. The housing affordability ratio for the assessment area in its entirety is 55 percent which is higher than that of the State at 47 percent based upon 1990 census data, thus housing is generally more affordable within the assessment area, compared with the State. There are 16,701 housing units within the bank's assessment area, based upon 1990 census data. Over 77 percent are owner-occupied, 20.2 percent are rental units, and only 2.5 percent are vacant. The owner-occupancy ratio for the bank's assessment area is significantly higher than that of the State at 59.1 percent, the Green Bay MSA at 63.5 percent and the Appleton-Oshkosh-Neenah MSA at 67.4 percent. The assessment area's high owner-occupancy ratio supports the belief that housing is more affordable in the assessment area. More affordable housing generally increases the percentage of home ownership.

There are 21,043 families in the bank's assessment area according to 1990 census data, consisting primarily of middle- and upper-income families. There are 13.7 percent considered low-income; 17.5 percent moderate-income; 32.6 percent middle-income; and 36.2 percent upper-income families within the assessment area. Over 90 percent of all low- and moderate-income families reside within middle-income census tracts. The remainder resides within the one upper-income census tract in the bank's assessment area.

The assessment area economy is strong with low unemployment rates and affordable housing. The individuals contacted during the examination indicated that the area banks are active within the community and offer a wide variety of conventional loan products. There is significant competition among the financial institutions within the assessment area with 23 different financial institutions in Appleton, seven in Kaukauna and four in Little Chute. Two of the community representatives involved in local economic development activities, indicated that there is a need for financial institutions to help educate low- and moderate-income residents concerning available products and services. The representatives indicated that many low-income residents are unwilling to interact with banks because they either don't understand or are intimidated by the process.

### DESCRIPTION OF INSTITUTION

F&M Bank-Kaukauna, with total assets of \$148,627,000 as of September 30, 1999, is headquartered in Kaukauna, Wisconsin. The bank is a subsidiary of F&M Bancorporation, a multi-bank holding company with \$2.7 billion in assets as of September 30, 1999. F&M Bancorporation, Inc. was acquired by Citizens Banking Corporation of Flint, Michigan, effective November 1, 1999. Full loan and deposit services are currently available at four of its five locations; the Little Chute supermarket branch does not accept credit applications. The bank also has four full-service automated teller machines; two in Little Chute, one in Kaukauna, and one in Appleton. There are no financial or legal impediments that might affect the institution's ability to meet the credit needs of its assessment area. The bank's CRA performance was most recently evaluated October 28, 1996 under the small bank procedures at which time it was rated outstanding.

The bank's loans constitute \$102,626,000, or 69 percent of total assets, based upon the bank's September 30, 1999 Consolidated Report of Condition. Table 2 reflects the composition of the bank's loan portfolio as of that date.

<b>Loan Type</b>	<b>\$ Amount (000s)</b>	<b>Percent of Total</b>
Commercial and Industrial	34,019	33.93
1-4 Family Real Estate	30,106	30.02
Agricultural and Farmland	13,754	13.72
Commercial	12,789	12.75
Construction and Land Development	4,250	4.24
Consumer	3,970	3.96
Home Equity Lines	816	0.81
Overdraft Protection	351	0.35
Other	216	0.22

<b>Table 2</b>		
<b>F&amp;M Bank-Kaukauna's</b>		
<b>Loan Portfolio as of June 30, 1999</b>		
<b>Loan Type</b>	<b>\$ Amount (000s)</b>	<b>Percent of Total</b>
<b>TOTAL</b>	<b>100,271</b>	<b>100.00</b>

Commercial and industrial lending followed closely by residential real estate lending, represent the largest portions of the bank's outstanding loan portfolio as illustrated above. Agricultural and commercial real estate lending comprise the next largest categories of lending.

The composition of the bank's loan portfolio as compared to peer based upon the June 30, 1999 Uniform Bank Performance Report (UBPR), is fairly consistent. A majority of the bank's outstanding loans is secured by real estate at 52.82% of its loan portfolio, compared to its peers at 66.17%. The overall difference between bank and peer real estate lending is primarily in the reduced level of commercial real estate lending at the bank in comparison to peer levels. A similar difference is noted in the increased level of the bank's commercial lending at 33.43% in comparison to peer levels of 19.30%.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS**

F&M Bank-Kaukauna's performance under the lending, investment, and service tests is summarized in each section. Lending data and pertinent supporting information regarding performance characteristics for the bank's assessment area follow in detail.

### **LENDING TEST**

The assessment of F&M Bank-Kaukauna's performance includes the bank's overall lending activity; assessment area lending concentration; distribution of lending to borrowers of different income levels; community development lending; lending to small businesses and small farms; and product innovation and flexibility.

#### **Lending Volume**

The bank's overall lending levels reflect a strong responsiveness to credit needs within its assessment area. The bank's average net loans and leases to total deposits ratio for the previous eight reporting quarters is 82.47 percent. The bank's national peer group had an average loan-to-deposit ratio of 71.20 percent. The bank has several competitors including the Kaukauna Credit Union, Bank of Little Chute, Capital Credit Union, Anchor Bank and Fox Credit Union. The bank's average loan-to-deposit ratio is generally comparable to those of two of its local competitors, which had ratios of 78.42 and 93.47 percent. Several of the bank's local competitors are branches of very large banking organizations, and thus their average loan-to-deposit ratios do not represent meaningful comparisons to the bank's ratio. In addition, three of the bank's competitors within Kaukauna are credit unions, for which the loan-to-deposit ratios could not easily be determined.

The overall lending volume as reflected in the bank's loan to deposit ratio and the distribution of the bank's loan portfolio is consistent with current assessment area credit needs, which include commercial, residential real estate mortgage, and agricultural loans. The bank's average loan-to-deposit ratio is comparable to those of its local competitors and thus meets the standards for satisfactory performance.

#### Assessment Area Concentration

This performance criterion measures the number and amount of the bank's loans originated within its assessment area. The analysis was based upon five loan samples including Home Mortgage Disclosure Act (HMDA) reports for 1997, 1998 and year-to-date 1999; a customized report of 1998 small business and small farm loans originations; and the bank's year-to-date 1999 CRA report of small business and small farm originations. Small business loans are defined in the regulation as those commercial loans with original amounts of \$1 million or less and small farm loans are defined as those agricultural loans with original amounts of \$500,000 or less. The following table demonstrates the percentage of the number and dollar amount of loans that were originated within the bank's assessment area by product type.

Loan Type	Total Originations		Lending Within the Assessment Area			
	#	\$(000s)	#	%	\$(000s)	%
1997 HMDA	112	7,741	101	90	6,785	88
1998 HMDA	50	2,781	46	92	2,586	93
1999 HMDA*	70	4,310	60	86	3,597	84
1998 Small Business	168	10,147	131	78	7,919	78
1998 Small Farm	60	3,663	56	93	3,583	99
1999 Small Business*	203	23,782	164	81	18,409	77
1999 Small Farm*	85	6,933	69	81	5,352	77
<b>TOTALS</b>	<b>748</b>	<b>59,357</b>	<b>627</b>	<b>84</b>	<b>48,231</b>	<b>81</b>

\*year-to-date.

A substantial percentage of both the number and dollar amount of the bank's total lending as reflected in the loans sampled, is originated within the assessment area. As the above table illustrates, 84 percent of the total number of loans and 81 percent of the bank's total dollar volume of loans were originated within its assessment area. The bank's level of total originations within its assessment area reflects a high responsiveness to assessment area credit needs. The bank's performance with respect to the lending within its assessment area exceeds the standards for satisfactory performance.

#### Geographic Distribution

There are no designated low- or moderate-income census tracts located within the bank’s assessment area in which lending activity could be analyzed; therefore, this criterion is not rated.

Borrower Characteristics

The analysis of the bank’s lending to borrowers of different income levels and businesses and farms of different sizes was based upon five loan samples including Home Mortgage Disclosure Act (HMDA) reports for 1997, 1998 and year-to-date 1999; a customized report of 1998 small business and small farm loans originations; and the bank’s year-to-date 1999 CRA report of small business and small farm originations. The bank’s lending to borrowers of different incomes and businesses and farms of different sizes reflects a strong level of performance given the product lines offered.

The following tables and narrative illustrate the bank’s HMDA-reportable lending by borrower income characteristics and small business and small farm lending based upon the loan size and the revenue size of the business or farm. The income categories were determined using the estimated 1999 HUD-adjusted median family income for the Appleton-Oshkosh-Neenah and Green Bay MSAs for residents of each. Table 4 reveals the distribution of the bank’s lending by borrower income level.

<b>Table 4</b>						
<b>Distribution of F&amp;M Bank-Kaukauna’s HMDA-Reportable Lending by Borrower Income Level</b>						
<b>Income Level</b>	<b>1997 HMDA</b>		<b>1998 HMDA</b>		<b>Year-to-date 1999 HMDA</b>	
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
Low	13	12.8	7	15.2	9	15.0
Moderate	30	29.7	11	23.9	12	20.0
Middle	31	30.7	18	39.1	19	31.7
Upper	24	23.8	10	21.8	20	33.3
No Income*	3	3.0	-	-	-	-

\* Either borrower income was unavailable, or it was not relied upon in making the credit decision.

The distribution of HMDA-reportable lending for all three years is strong compared to the distribution of the assessment area’s population by income level. The assessment area population is categorized as 13.7 percent low-, 17.5 percent moderate-, 32.6 percent middle- and 36.2 percent upper-income, based upon 1990 census data. The bank’s percentage of lending to low- and moderate-income borrowers is strong based upon assessment area demographic characteristics.

The assessment area primarily has businesses and farms having less than \$1 million in gross annual revenues with the exception of a few large businesses. All of the 131 business loans and 56 agricultural loans originated within the bank’s assessment area during 1998, were to businesses and farms with gross annual revenues less than \$1 million; this lending is consistent with

composition of the assessment area business and farming community. The bank originated 74 percent of the number and 42 percent of the dollar amount of its commercial loans to small businesses and 88 percent of the number and 76 percent of the dollar amount of its agricultural loans to small farms in 1999.

Table 5 below details the distribution of small business and small farm loan originations based upon original loan amount for 1998 and year-to-date 1999.

<b>Table 5</b>								
<b>Distribution of F&amp;M Bank-Kaukauna's</b>								
<b>Small Business and Small Farm Lending by Loan Size</b>								
<b>Loan Size</b>	<b>1998</b>				<b>1999 YTD</b>			
	<b>Small Business</b>		<b>Small Farm</b>		<b>Small Business</b>		<b>Small Farm</b>	
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
\$100,000 or Less	112	85	47	84	119	73	52	75
Greater than \$100,000 and less than or equal to \$250,000	13	10	6	11	20	12	14	20
Greater than \$250,000	6	5	3	5	25	15	3	5
<b>TOTALS</b>	131	100	56	100	164	100	69	100

The majority of the bank’s lending to small businesses and small farms in both 1998 and 1999 was in amounts of \$100,000 or less. These high percentages indicate the bank’s willingness to meet the credit needs of small business and small farming operations.

The bank’s loan penetration among borrowers of different income levels and to businesses and farms of different sizes is favorable compared to the demographics of the assessment area and based upon its level of lending in original amounts of \$100,000 or less and to firms with gross annual revenues of \$1 million or less. The bank’s performance exceeds the standards for satisfactory performance.

**Responsiveness to Credit Needs and Product Innovation**

F&M Bank-Kaukauna exhibits a solid record of serving the needs of low- and moderate-income persons and small businesses and small farms through its lending. The bank does not have a minimum loan amount and is willing to make small-dollar loans to creditworthy applicants. Loan products offered by the bank are those typically offered by banks of similar size and location and, thus are not regarded as especially innovative in terms of assisting low-income persons and very small businesses and farms. However, the bank originates loans with flexible terms through a variety of government programs and refers customers to other local loan programs, such as CAP Services, Inc. homebuyers assistance program and the City of Kaukauna’s RACK loan and grant programs.

The CAP Services, Inc. homebuyers assistance program assists low- and moderate-income

persons residing within the Fox Valley area. The program provides matching funds for down payment and closing costs or rehabilitation costs. The participants must be referred to the program by local lenders and realtors. The loans are deferred and are provided at below market interest rates. The City of Kaukauna's RACK loan program provides low cost second mortgage loans to businesses that already have a first mortgage with the bank. Finally, the City of Kaukauna's grant program is for low- and moderate-income individuals and families purchasing their first home. The program offers deferred loans at 0% interest rates in amounts up to \$2,500 to be used for down payments and closing costs. This program is made possible through a Housing Cost Reduction Initiative grant to the City from the Wisconsin Department of Administration's Division of Housing. Participation in the program is contingent upon a successful mortgage application from a local lending institution and a property within Kaukauna's target area, which is located in the central part of the city. The bank has had limited activity in these programs; however, the bank has referred five applicants to the City's grant program for first time homebuyers since the previous examination.

#### Community Development Lending

The bank did not originate any loans that qualified as a community development loan within the requirements of the regulation. However, the bank has made several loans through government assisted programs that had community development as their primary purpose included among the home mortgage, small business and small farms loans originated by the bank since the previous examination. These loans were already included among the home mortgage, small business and small farm loans and thus may not be considered as community development loans under the regulation. The bank's Wisconsin Housing and Economic Development Authority (WHEDA), Small Business Administration (SBA), and Farm Service Agency (FSA) lending activity indicates the bank's willingness to meet credit needs within its assessment area. The bank has originated 18 WHEDA HOME mortgage loans for a total of \$1,082,000, 14 WHEDA CROP loans for \$244,000, three SBA loans for \$485,000, and nine FSA loans for \$1,650,000 since the previous examination.

#### **CONCLUSION**

F&M Bank-Kaukauna's performance under the lending test is considered to be strong. The bank's overall lending levels reflect a generally strong responsiveness to assessment area credit needs based upon its size, financial condition, and resources. A substantial majority of the bank's loans are originated within its assessment area. The distribution of loans reflects a strong penetration among borrowers of all income levels and to businesses and farms of all sizes. The bank exhibits a generally strong record of responding to the credit needs of low-income persons and small businesses and small farms. Although the bank did not originate any community development loans as defined under the CRA, the bank has originated several loans having a community development purpose, through government-assisted programs that were included in the bank's home mortgage, small farm and small business lending.

**INVESTMENT TEST**

A review was conducted of the bank's investment and grant activity; responsiveness to credit and community development needs; and its initiatives having a community development purpose to assess the bank's performance under the investment test. No significant opportunities were identified during the examination in which the bank could make qualified community development investments in the form of securities, in organizations that qualify under the regulation.

**Grant and Donation Activity**

There are very limited community development investment opportunities available for the bank's participation. Bank records reflect a significant level of contributions; however, few qualified under the regulation guidelines. Bank records indicate contributions of \$310 to the Heart of the Valley Chamber of Commerce.

**CONCLUSION**

The bank's performance under the Investment Test is considered adequate. No significant opportunities for qualified investments in the form of securities were noted during the examination. The bank has a very limited level of community development related investments in the form of grants.

**SERVICE TEST**

The bank's systems for delivering its retail banking and community development services were reviewed for range and accessibility, responsiveness and innovation. The bank's alternative service delivery systems were also reviewed. Additionally, the distribution of bank branches, its record of opening and closing branch offices, and community development service activity were reviewed.

**Retail Banking Services**

F&M Bank-Kaukauna is a full-service bank with four branches and four ATMs located within its assessment area. The bank offers a full variety of deposit services, business, consumer and real estate loans to businesses, local governments, and individuals within its assessment area. Two of the bank's branches are located in supermarkets. Loan applications are available at each branch location with the exception of the bank's Little Chute supermarket branch.

**Distribution of Branches Among Geographies**

The following table details the banks branch/drive-up facility locations and hours of operation:

<b>Table 6 F&amp;M Bank-Kaukauna's Locations and Hours of Service</b>				
<b>Branch Location</b>	<b>Census Tract</b>	<b>Hours of Operation</b>		
Kaukauna-Main Fourth Street Plaza Kaukauna, Wisconsin 54130	122.00	Lobby:  Drive-Up:	8:30am-5:00pm 8:30am-6:00pm 8:30am-5:00pm 9:00am-12:00pm  9:00am-12:00pm 7:30am-7:00pm 9:00am-12:00pm	Monday-Wednesday Thursday Friday Saturday  Saturday Monday-Friday Saturday
Darboy Branch 140 Washington Appleton, Wisconsin 54915	120.00	Lobby:  Drive-Up:	8:30am-5:00pm 8:30am-6:00pm  7:30am-5:30pm 7:30am-6:00pm 8:30am-12:00pm	Monday, Tuesday, Wednesday, Friday Thursday  Monday-Wednesday, Friday Thursday Saturday
Little Chute Branch 201 E. Main St. Little Chute, Wisconsin 54140	118.00	Lobby:  Drive-Up:	8:30am-5:00pm 8:30am-6:00pm  7:30am-5:30pm 7:30am-6:00pm 8:30am-12:00pm	Monday, Tuesday, Wednesday, Friday Thursday  Monday, Tuesday, Wednesday, Friday Thursday Saturday
Kaukauna (Supermarket) 2400 Crooks Avenue Kaukauna, Wisconsin 54130	102.60	Lobby:  Drive-Up:	9:00am-7:00pm 9:00am-3:00pm  N/A	Monday-Friday Saturday  N/A
Little Chute (Supermarket) 1901 E. Main Avenue Little Chute, Wisconsin 54140	119.00	Lobby:  Drive-Up:	9:00am-7:00pm 8:00am-12:00pm  N/A	Monday, Thursday, Friday Saturday  N/A

The bank's locations and hours of operation are reasonably suited to meet the needs of its customers.

#### Record of Opening and Closing Offices

The bank has not opened or closed any branch locations since the previous examination. A review of the bank's public files revealed no negative comments relative to the impact of its branch activity. The bank's directorate has adopted a branch closing policy that meets the requirements of the Federal Deposit Insurance Corporation Improvement Act.

#### Alternative Systems for Delivering Retail Banking Services

In addition to deposit and loan products available at the bank's offices, the bank also provides deposit

services through ATM’s located at the following locations:

<b>Table 7 F&amp;M Bank-Kaukauna’s ATM Locations</b>	
<b>ATM Locations</b>	<b>Address</b>
Larry’s Piggly Wiggly-Supermarket	2400 Crooks Avenue, Kaukauna
F&M Bank-Little Chute	201 East Main, Little Chute
Larry’s Market	1901 East Main, Little Chute
F&M Bank-Darboy Branch (Appleton)	140 North Washington, Appleton

F&M Bank customers have free access to any F&M Bank affiliate offices and ATMs without charge. The F&M Branch network includes over 70 full-service locations throughout Wisconsin.

Range and Accessibility of Services Provided to Geographies

The bank and its branches offer a wide variety of services that meet the credit and deposit needs of its assessment area, including low- and moderate-income individuals, small businesses and small farms. In addition to basic banking services, the bank offers the following:

- Free ‘N Easy Checking Accounts- No monthly service fees account, featuring no minimum balance requirement and 50 free checks.
- Anytime Line- Toll-free, 24-hour phone banking service which allows customers the ability to obtain account information, transfer funds, make loan payments, and order checks.

Community Development Services

The bank and its senior management have taken leadership roles in local organizations that promote community development although there are a limited number of qualifying community development organizations operating within its assessment area. Whenever possible, management also permits bank staff to attend outside organization meetings on bank time. Bank senior management has leadership roles in the following organizations: Kaukauna Chamber Board of Directors, the Chamber’s Government Action Committee, and the Redevelopment Authority for the City of Kaukauna. Bank directors are also active in the community, participating in the Kaukauna Industrial Development Commission and the Heart of the Valley Chamber of Commerce. Additionally, the bank conducts annual homebuyer seminars through WHEDA, and coordinates monthly public meetings with various government officials to keep the public informed relative to important community issues.

The bank has applied for and received 11 C-CAP Grants totaling \$33,000 since the previous examination; the funding is from the State of Wisconsin and the Federal Home Loan Bank. The grants vary in amounts between \$2,500 to \$4,000 and are used for the purpose of down payment, closing costs, and home ownership counseling. The grants are specifically for low- and moderate-income individuals and families within the bank’s assessment area and support bank lending

totaling \$572,100 to the individual grant recipients.

## **CONCLUSION**

The bank's performance under the service test is considered strong. The bank's primary and alternative service delivery systems are accessible throughout all segments of the assessment area. Bank offices and hours of service are reasonably suited to meet the needs of the bank's customers. The bank has not opened or closed any branch offices, nor has it adversely affected the accessibility of its products and services to low- and moderate-income individuals residing within its assessment area. The bank offers accessibility to various services within the State of Wisconsin through the F&M affiliate bank network. The bank's level of community development services is consistent with the needs of its assessment area.

## **COMPLIANCE WITH ANTIDISCRIMINATION LAWS AND REGULATIONS**

No substantive violations of the antidiscrimination laws and regulations were identified. Furthermore, review of bank policies, credit applications, loans, and interview procedures revealed no prohibited practices designed to discourage loan applications.