

PUBLIC DISCLOSURE

October 18, 1999

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

F&M BANK - CENTRAL

RSSD Number: 135041

P.O. Box 808
Stevens Point, Wisconsin 54481-0808

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-Central, Stevens Point, Wisconsin**, prepared by the **Federal Reserve Bank of Chicago**, the institution's supervisory agency, as of **October 18, 1999**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include visits to some, but not necessarily all of 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 Outstanding.

F&M Bank-Central promotes economic growth in a manner consistent with its asset size, locations and current economic conditions. The bank's efforts are primarily accomplished through its origination of commercial, agricultural, real estate and consumer loans. Bank efforts are evidenced by a strong loan-to-deposit ratio that has increased significantly over the past three years and compares favorably with its national peer group and local competitors. A substantial majority of the bank's lending is originated within its assessment area. The bank's record of making loans in the sole moderate-income census tract in its assessment area is generally strong. Lending to businesses and farms of all sizes and to borrowers of different incomes is strong. Opportunities for community development lending have been limited; however, the bank has made loans to low- and moderate-income homebuyers utilizing a local grant program. Discussions with community representatives and bank management indicate that few opportunities for community development investments exist in the assessment area, thus limiting the bank's ability to make such investments. Banking services are readily available to residents of the assessment area, and banking hours and products meet the needs of the community. The bank has a generally strong record of providing community development services in the assessment area. The examination revealed no patterns or practices intended to discriminate against or to discourage applications from any member of a protected class. No CRA-related complaints have been received since the previous examination.

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

F&M BANK-CENTRAL			
Performance Levels	Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding	X		X
High Satisfactory			
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 INSTITUTION

F&M Bank-Central, formerly known as F&M Bank-Portage County, had total assets of \$137.7 million at September 30, 1999, and is headquartered in Stevens Point, Wisconsin, approximately 100 miles north of Madison. The bank is a subsidiary of F&M Bancorporation, a multi-bank holding company with \$2.7 billion in assets at September 30, 1999. F&M Bancorporation was acquired by Citizens Banking Corporation of Flint, Michigan, effective November 1, 1999. The bank operates three full-service locations - its main office in Stevens Point, and branches in Amherst, approximately 15 miles east of Stevens Point, and Antigo, approximately 60 miles north of Stevens Point. The Antigo branch is situated in a moderate-income block numbering area. The bank also operates two limited-service branches located in Country Market supermarkets, one in Stevens Point and one in Schofield – approximately 30 miles north of Stevens Point. Neither branch accepts loan applications. The bank maintains a total of nine automated teller machines (ATMs). These include one each at its two supermarket locations and at its Stevens Point and Amherst offices, and five off-site locations in service station/convenience stores in Stevens Point, Rosholt and Plover. The bank's CRA performance was most recently evaluated on November 18, 1996.

The bank offers a variety of commercial, agricultural, real estate and consumer loans to the community. A review of the bank's September 30, 1999 Consolidated Report of Condition reveals that the bank has a high concentration in commercial and agricultural loans, with 75% of the dollar amount of its loan portfolio in these categories. Residential real estate loans, including both open-end and closed-end products, comprised 22% of the loan portfolio. Consumer loans represented only 3% of the dollar amount of the loan portfolio at that date, although the number of consumer loans in the bank's loan portfolio was approximately the same as commercial and agricultural loans combined. The bank also offers government-assisted loans to farmers and first-time homebuyers through the Wisconsin Housing and Economic Development Authority (WHEDA) and the U.S. Department of Agriculture's Farm Service Agency programs. Credit cards are offered to the bank's customers through Elan Financial Services. In addition, the bank generates a substantial volume of secondary market mortgage loans through an affiliate bank. There are no factors relative to the bank's financial condition, size or local economic conditions that would prevent the bank from meeting the community's credit needs.

Bank management has indicated that its most significant competition is from the Stevens Point office of M&I Mid-State Bank (Stevens Point), and the Stevens Point and Antigo branches of Bank One, Wisconsin (Milwaukee) and Associated Bank North (Wausau). The bank also competes for loans and deposits in Langlade County with the Antigo Co-op Credit Union.

DESCRIPTION OF F&M BANK-CENTRAL'S ASSESSMENT AREA

The bank's five offices and nine ATMs are distributed over three contiguous counties in central Wisconsin – Portage, Marathon and Langlade. Management has identified 15 block numbering areas (BNAs) and one census tract in these three counties as the bank's assessment area. The 15

BNAs are located in Portage and Langlade Counties and will be considered together as one non-metropolitan assessment area. The lone census tract is in Marathon County, which comprises the Wausau Metropolitan Statistical Area (MSA 8940). This census tract will be considered as a part of the non-metropolitan assessment area since the census tract demographic characteristics are similar to those of the non-metropolitan assessment area.

The bank’s assessment area includes all of Portage County, and approximately 46% and 4%, respectively, of the populations of Langlade and Marathon Counties as noted in the following table. The following table also summarizes population information and the distribution of the BNAs and the census tract by county and income designation:

F&M BANK-CENTRAL DISTRIBUTION OF ASSESSMENT AREA GEOGRAPHIES BY COUNTY AND INCOME DESIGNATION							
County	Population (1)		Number of BNAs/Census Tracts in the Assessment Area by Income Designation of the Geography				
	Assessment Area	Entire County	Low-Income	Moderate-Income	Middle-Income	Upper-Income	Total
Portage	61,405	61,405	0	0	11	2	13
Langlade	8,923	19,505	0	1	1	0	2
Marathon	4,879	115,400	0	0	1	0	1
Totals	75,207	196,310	0	1	13	2	16

(1) Population information is based on 1990 census data.

Recent information from the Demographic Services Center for the State of Wisconsin (State) indicates that Portage County has experienced moderate population growth of 9.7% from 1990 to 1999, compared to the more modest growth rate of 5.7% for Langlade County. Marathon County’s population growth rate was 9.5%, but the population of the City of Schofield, where the bank’s Marathon County branch is located, remained virtually unchanged during this time period, increasing by less than 0.5%. The largest communities in the bank’s assessment area include the following with 1999 population estimates noted parenthetically: Stevens Point (24,428) and Plover (10,664) in Portage County, Antigo (8,639) in Langlade County, and Schofield (2,426) in Marathon County.

Comparisons of median family incomes and distributions of families based upon this income are summarized in the following table:

F&M BANK-CENTRAL'S ASSESSMENT AREA SUMMARY OF POPULATION BY MEDIAN FAMILY INCOME LEVEL							
	Median Family Income		Percentage of Families – Per 1990 Census Data				
	1999 Estimate (1)	1990 Census	Low-Income	Moderate-Income	Middle-Income	Upper-Income	Below Poverty Level
Assessment area	N/A	\$33,372	15.2	17.3	23.9	43.6	7.5
Portage County	\$50,600	\$34,928	13.2	16.2	23.7	46.9	7.0
Langlade County	\$37,700	\$25,327	26.5	21.0	24.3	28.2	10.6
Marathon County	\$51,200	\$34,988	16.7	19.1	27.9	36.3	5.5
All Non-Metropolitan Areas within the State	\$44,400	\$30,290	17.6	19.5	25.5	37.4	7.9

(1) Department of Housing and Urban Development (HUD) estimate. N/A – Not available

The preceding table illustrates that the assessment area’s median family income in 1990 was approximately 10% higher than the median family income for all non-metropolitan areas of the State. The table also illustrates that Langlade County is generally a less affluent county compared to the other areas shown in the table as evidenced by its lower median family income and higher percentages of low- and moderate-income families and families with incomes below the poverty level. Median family incomes in Portage, Langlade and Marathon Counties and in all non-metropolitan areas of the State have increased between 1990 and 1999 by 45%-49%, based upon HUD estimates. It is reasonable to believe that the median family income in the assessment area has grown at similar rates.

Economic conditions in the assessment area are currently strong as evidenced by an analysis of unemployment data. Community representatives contacted in connection with this examination also noted the favorable local economic conditions at this time. Unemployment rates in Portage and Marathon Counties for September 1999 were identical at 1.8%, which is a notable decline from the 2.9% and 2.8% unemployment rates, respectively, for September 1998 in these two counties. These rates are comparable to the State’s overall unadjusted unemployment rates of 2.0% and 3.0% as of September 1999 and 1998, respectively. Langlade County historically has had higher unemployment rates compared to these other areas, which is evident as of September 1999 and 1998 when its unemployment rates were 3.8% and 4.4%, respectively. Unemployment rates as of September 1999 for all three counties and for the State are at or near historically low levels.

Large employers include the following: The Copp’s Corporation (grocery stores), Sentry Insurance Company (insurance), McCain Foods USA (frozen foods), and Consolidated Papers (paper products) in Portage County; Langlade Memorial Hospital (healthcare) in Langlade County; and Wausau Insurance Companies (insurance), Kolbe & Kolbe Millwork Co., Inc. (wooden windows and doors), and Community Health Care, Inc. (healthcare) in Marathon County.

The housing sector of the local economy is especially strong and further confirms the strong level of economic activity in the assessment area. Recent sales data provided by the Wisconsin Realtors Association for Portage and Marathon Counties indicates dramatic increases in housing values since 1990. The median sales price for homes sold in Portage County was \$92,200 in 1998 and increased significantly to \$101,400 in the third quarter of 1999. Marathon County housing prices have also risen substantially, as evidenced by a median sales price of \$94,300 in 1998 and \$96,800 for homes sold in the third quarter of 1999. Recent housing sales data for Langlade County was not readily available. The median housing value in 1990 in comparison, for properties in the assessment area was \$55,634, which compares to \$58,630 for Portage County, \$54,643 for Marathon County, \$37,417 for Langlade County, and \$50,092 for all non-metropolitan areas of the State.

The housing affordability index measures the relative affordability of housing by comparing median housing values with median income of an area; a higher index indicates decreased affordability. The housing affordability index for the assessment area, based on 1990 data, was 1.67, compared to 1.68 for Portage County and 1.65 for all non-metropolitan areas of the State, indicating virtually identical housing affordability in these three areas. The housing affordability index was 1.56 for Marathon County and 1.48 for Langlade County, which indicates that housing is relatively more affordable in Langlade County than in any of the other areas.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

The bank's performance under the lending, investment and service tests of the CRA is described in the sections that follow.

LENDING TEST

The bank's performance under the lending test was evaluated through a review of quarterly Uniform Bank Performance Reports (UBPRs) for the bank and its competitors, analyses of 1998 and year-to-date 1999 commercial and agricultural lending, a review of the bank's Consolidated Reports of Condition at June 30, 1998 and June 30, 1999, and an analysis of consumer loans made from April 1, 1999 through September 30, 1999. Discussions with bank management and community representatives were conducted to identify credit needs of the community and opportunities for community development lending under the CRA.

Lending Volume

A review of the bank's UBPRs for the period December 31, 1996 through September 30, 1999 revealed that the bank's loan-to-deposit ratio at September 30, 1999 was 96.8% and averaged 78.4% for the twelve quarters in this period. These figures are higher than those of its national peer group and compare favorably with its local and much larger competitors, as illustrated in the following table:

F&M BANK-CENTRAL LOAN-TO-DEPOSIT RATIO COMPARISON			
Institution	Total Assets at 9/30/99 (Millions)	Loan-to-Deposit Ratio	
		At 9/30/99	12-Quarter Average Through 9/30/99
Bank One, Wisconsin	\$8,479.5	133.8%	117.3%
Associated Bank North	\$1,426.0	88.5%	88.4%
M&I Mid-State Bank	\$658.9	93.6%	82.6%
F&M Bank-Central	\$137.7	96.8%	78.4%
National Peer Group	N/A	75.9%	70.0%
<i>N/A – Not applicable</i>			

The bank’s loan-to-deposit ratio at December 31, 1996 was 71.3%, but dropped to 56.6% at September 30, 1997 after the acquisition of the deposits of the former Security Bank, S.S.B. in Antigo. The loan-to-deposit ratio has grown steadily since then to its current ratio of 96.8%, and has been above 80.0% since September 30, 1998. This growth in the loan-to-deposit ratio has been the result of increased lending opportunities in Portage County, changes in the local banking environment due to bank mergers and acquisitions, and the expansion by the bank into Langlade County in September 1997. The bank also offers its customers secondary market mortgage loan products through an affiliate. This loan activity, which is not reflected in the bank’s loan-to-deposit ratios discussed above, is significant; 311 loans totaling \$27.1 million were originated in 1998 and 152 loans totaling \$13.9 million were originated in the nine months ended September 30, 1999.

The bank offers residents, businesses, farmers and others within its assessment area a variety of loans to meet their varied credit needs. This is evidenced by the high dollar amount of commercial and agricultural loans in the bank’s loan portfolio, a similar volume of consumer loan transactions in number even though the dollar amounts are much smaller, and the significant volume of residential mortgage activity both in the bank’s portfolio and in loans referred to its affiliate. These facts, combined with the bank’s high and growing loan-to-deposit ratio, indicate a strong commitment by bank management to investing in the community through loan originations.

Lending in the Assessment Area

Analyses of 1998 and year-to-date 1999 commercial and agricultural lending and an analysis of consumer loans made during the period April 1, 1999 through September 30, 1999 were reviewed to evaluate the bank’s level of lending in its assessment area. The following table summarizes this analysis:

<p>F&M BANK-CENTRAL LENDING ACTIVITY WITHIN THE ASSESSMENT AREA</p>
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Loan Type and Time Period	Total Number of Loans	Loans Made Within the Assessment Area	
		Number	Percent
Commercial and agricultural:			
1998	242	208	86.0
1999-January through June	122	117	95.9
Consumer			
April through September 1999	234	200	85.5
Totals	598	525	87.8

The preceding table indicates that high percentage of the sampled loans were originated within the bank’s assessment area. This level of total originations is a substantial majority of the loans made and represents a very strong performance by the bank in being responsive to the credit needs of the residents, businesses and farms in the assessment area.

Borrower Characteristics

Bank lending to small businesses and small farms, as reported in its June 30, 1998 and June 30, 1999 Consolidated Reports of Condition and the bank’s year-to-date 1999 CRA-LAR were reviewed and analyzed to evaluate the bank’s lending to businesses and farms of different sizes. The report of consumer installment and single payment loans originated during the six months ending September 30, 1999 was reviewed to evaluate the bank’s performance in lending to borrowers of different income levels.

Business and Farm Loans

The following table summarizes the bank’s outstanding small business and small farm loans as reported in its June 30, 1998 and June 30, 1999 Consolidated Reports of Condition. A small business loan is defined in the regulation as a commercial or industrial loan with an original amount of \$1 million or less; a small farm loan is defined as an agricultural loan with an original amount of \$500,000 or less. The bank’s lending to small businesses and small farms is further analyzed, based upon a range of original loan amounts and the lending to those businesses and farms with gross annual revenues of \$1 million or less.

<p>F&M BANK-CENTRAL COMMERCIAL AND INDUSTRIAL AND AGRICULTURAL LOANS DISTRIBUTED BY ORIGINAL LOAN AMOUNT</p>

Original Loan Amount	Commercial and Industrial Loans				Commercial and Industrial Real Estate Loans			
	At 6/30/98		At 6/30/99		At 6/30/98		At 6/30/99	
	#	%	#	%	#	%	#	%
\$0-\$100,000	313	72.5	301	65.6	17	56.7	13	61.9
>\$100,000-\$250,000	76	17.6	59	12.8	8	26.7	6	28.6
>\$250,000-\$1,000,000	43	9.9	99	21.6	5	16.6	2	9.5
Totals	432	100.0	459	100.0	30	100.0	21	100.0

Original Loan Amount	Agricultural Loans				Farmland Loans			
	At 6/30/98		At 6/30/99		At 6/30/98		At 6/30/99	
	#	%	#	%	#	%	#	%
\$0-\$100,000	84	75.0	87	71.3	25	49.1	17	53.1
>\$100,000-\$250,000	20	17.9	18	14.8	17	33.3	11	34.4
>\$250,000-\$500,000	8	7.1	17	13.9	9	17.6	4	12.5
Totals	112	100.0	122	100.0	51	100.0	32	100.0

The preceding table demonstrates that the bank originates a significant volume of commercial and industrial loans in amounts of \$1 million or less and agricultural loans in amounts of \$500,000 or less. Furthermore, the greatest number of these loans (857 of 1,259 loans, or 68.1%) are in amounts of \$100,000 or less, amounts typically needed by small business and small farm owners.

This bank’s lending to small businesses and farms with gross annual revenues of \$1 million or less is analyzed based upon a review of its year-to-date 1999 CRA-LAR through June 30, 1999. Of the 122 loans listed in this report, all of the borrowers except nine had annual revenues of less than \$1 million. This information supports the conclusion that the bank has been responsive to the needs of small businesses and farms, specifically those with revenues of less than \$1 million.

Consumer Loans

All 200 consumer loans that were made during the six-month period ended September 30, 1999 within the bank’s assessment area were reviewed to evaluate the bank’s lending to borrowers of different income levels. The loan files of 46 of the consumer loans made during this period contained income information. The results of this analysis of these files are summarized in the following table:

F&M BANK-CENTRAL BORROWER INCOME DISTRIBUTION CONSUMER LOANS MADE APRIL 1, 1999 – SEPTEMBER 30, 1999			
Borrower Income Classification (1)	Number	Percent	Percent of Families Within Assessment Area (2)

F&M BANK-CENTRAL BORROWER INCOME DISTRIBUTION CONSUMER LOANS MADE APRIL 1, 1999 – SEPTEMBER 30, 1999			
Borrower Income Classification (1)	Number	Percent	Percent of Families Within Assessment Area (2)
Low (less than 50% of median family income)	23	50.0%	15.2%
Moderate (50% up to 80% of median family income)	10	21.7%	17.3%
Middle (80% up to 120% of median family income)	6	13.1%	23.9%
Upper (120% of median family income and above)	7	15.2%	43.6%
Total	46	100.0%	100.0%
(1) Median family income is \$44,400, which is HUD's 1999 estimate for all non-metropolitan areas of the State of Wisconsin.			
(2) Based upon 1990 census data.			

The preceding table clearly demonstrates that almost 72% of the bank's consumer loans were made to low- and moderate-income borrowers. The distribution of lending to low- and moderate-income borrowers is significantly greater than the proportion of low- and moderate-income individuals in the assessment area. This indicates a very strong performance by the bank in making loans to low- and moderate-income borrowers.

The remaining 154 consumer loans made during the six-month period ending September 30, 1999 for which specific borrower income information was not available, were analyzed using loan amount as a proxy for income. Bank management determined that consumer loans up to \$2,500 would be reasonably affordable by low- and moderate-income individuals in the assessment area based on the 1999 estimated median family income of \$44,400. The following table summarizes this analysis:

F&M BANK-CENTRAL CONSUMER LOANS MADE APRIL 1 – SEPTEMBER 30, 1999 USING LOAN SIZE AS A PROXY FOR INCOME		
Original Loan Amount	Number	Percent
\$0 - \$1,000	17	11.0
>\$1,000 - \$2,500	38	24.7
Subtotal	55	35.7
>\$2,500	99	64.3
Total	154	100.0

The preceding table indicates that almost 36% of the bank's loans in this sample period were in amounts that would be affordable by low- and moderate-income borrowers, which is comparable to the proportion of low- and moderate-income families in the assessment area. This analysis provides further support to the conclusion that the bank's performance in making loans to

borrowers of all income levels, especially low- and moderate-income, is strong.

Geographic Distribution of Loans

The bank's assessment area includes one moderate-income BNA (9606.00), which is in Langlade County. The bank's Antigo office is located in this BNA. A review of the 1998 commercial and agricultural loans report, the 1999 CRA-LAR through June 30, 1999, and the report of consumer loans made during the six-month period ended September 30, 1999 revealed that the total number of loans made in Langlade County is relatively small. The vast majority of loans originated in this county; however, were made in the moderate-income BNA, which represents a strong level of performance. Specifically, 7 of 8 commercial loans made in 1998, 5 of 6 commercial loans made in the first six-months of 1999, and 10 of 15 consumer loans made in the period April 1 through September 30, 1999 were to borrowers within this moderate-income BNA.

Innovative or Flexible Lending Practices

The types of loans offered by the bank include secured and unsecured business and farm loans and lines of credit, open- and closed-end secured and unsecured loans to consumers, and a variety of real estate mortgage loan products. As previously noted, the bank also provides additional real estate loan products through a bank affiliate, resulting in 463 loan originations totaling \$41 million from January 1, 1998 through June 30, 1999. Credit cards are made available to consumers through Elan Financial Services.

The bank provides additional assistance to low- and moderate-income homebuyers and small farmers through the use of government-sponsored loans and grant programs as follows:

- WHEDA HOME loans. WHEDA HOME loans are for low- and moderate-income first-time homebuyers who receive down payment assistance and below market interest rates. The bank has originated 13 loans totaling \$690,000 since the previous examination.
- WHEDA CROP loans. WHEDA CROP loans help small farmers in Wisconsin obtain credit from local lenders. The bank has originated two such loans totaling \$40,000 since the previous examination.
- Farm Service Agency Guaranteed loans. The U.S. Department of Agriculture's Farm Service Agency provides guarantees on loans made to farmers who are temporarily unable to obtain conventional financing. The bank has originated five of these loans totaling \$130,000 since the previous examination.
- City of Antigo Block Grant Program loans. The City of Antigo offers assistance to low- and moderate-income homebuyers by providing grants for down payment and closing costs. The bank has made 15 mortgage loans totaling \$536,100 to qualifying applicants under this program since March 1997. The bank has committed \$637,500 for at least 15 additional loans through 2003 under this program.

- **EDC Development.** A new commercial building was erected in a new industrial park in town on speculation to lure new businesses and the related new jobs to town. The project was sponsored by the economic development arm of the Portage County Business Council with \$106,250 in funding provided by each of four local financial institutions, including F&M Bank-Central. The loan has a three-year maturity at a fair market rate of interest.

In addition to these activities, the bank has been supportive of a Portage County based private not-for-profit organization which serves parts or all of eight counties in central Wisconsin. This organization uses government grants and private donations to help low- and moderate-income individuals with a variety of human and social services, such as skills enhancement, homebuyers and rental assistance, health issues, youth employment, emergency shelter and other family crisis situations. It also provides businesses and entrepreneurs with mentoring and other economic development assistance and supports new job creation. The bank provided this organization with a \$10,000 long-term, interest-free loan in 1998 for use in the organization's small business micro-lending program.

CONCLUSION

The bank's overall performance under the lending test is considered strong. Its loan-to-deposit ratio has grown significantly since the previous examination and is presently at a level which exceeds most local competitors and reflects management's overall commitment to lending. The distribution of loans in the bank's loan portfolio, considering both the number of loans and the dollar amount, indicates that the bank is serving the credit needs of its community. The vast majority of the bank's loans have been originated within its assessment area, and the bank's record of lending to small businesses and farms and to low- and moderate-income borrowers is strong. Opportunities for community development lending were limited in the assessment area, but the bank utilizes various government-sponsored loan programs to assist low- and moderate-income individuals and small farm owners obtain credit.

INVESTMENT TEST

The bank's investment portfolio, donations and related information were reviewed in evaluating the bank's performance. Discussions with management and with community representatives were conducted to ascertain the level of such investment opportunities within the assessment area and management's support for these activities.

No significant opportunities were identified during the examination in which the bank could make investments in the form of securities in organizations that qualify as community development investments under the regulation.

A review of donations made by the bank in 1998 and year-to-date 1999 identified a significant level of donations to such national and local organizations as the United Way, the American Heart

Association, Big Brothers/Big Sisters, various youth programs, and local chambers of commerce. These organizations do not, however, necessarily qualify as acceptable community development investments under the regulation since they generally do not specifically target low- or moderate-income persons or other qualifying individuals or groups even though such people may be the recipients of services. The bank has made small contributions to Central Wisconsin Habitat for Humanity, the Salvation Army, and Operation Bootstrap - a Portage County all-volunteer social service organization that helps families in crisis situations, homeless persons and others with basic needs such as shelter, food, clothing, transportation, and prescriptions among many other things. These organizations may meet the requirements of the regulation but the amount of donations to these groups is nominal.

As noted previously, the bank extended an interest-free loan to a private not-for-profit organization that serves low- and moderate-income families. The value of the interest free loan is estimated to be \$900 from the loan's inception through September 30, 1999 if a reasonable market rate of interest of 8% had been charged. The bank has effectively made a contribution in that amount to this organization by foregoing this interest.

CONCLUSION

The bank's performance under the investment test is considered to be adequate. Management has expressed its desire to support community development in the form of investments; however, the relative absence of such investment opportunities in the local community has limited the bank's ability to make such investments. Nevertheless, organizations supporting community development operate within the bank's assessment area. Donations to qualified organizations should be considered or information could be obtained to support the community development purpose of those organizations to which the bank provides donations due to the lack of other investment opportunities.

SERVICE TEST

The bank's retail delivery systems and community development services were reviewed in evaluating the bank's performance under the service test guidelines. The bank's various systems for delivering its products and services to the assessment area, its record of opening and closing branch offices, and community development services were reviewed.

Retail Banking Services

F&M Bank-Central operates three full-service offices, two limited-service offices which do not accept loan applications, and nine ATMs within its assessment area. As previously noted, the bank provides a wide range of deposit and loan services through this banking network to help meet the needs of the residents of the community. Included in the deposit products offered is the bank's "Free 'n Easy Checking" account, which is affordable by low- and moderate-income individuals since its features include no minimum balance requirements and no maintenance or

activity fees.

Distribution of Branches Among Geographies

The bank's branch offices and hours of operation are summarized in the following table:

F&M BANK-CENTRAL'S OFFICE LOCATIONS AND HOURS OF OPERATION			
Office Location	County and BNA/ Census Tract No.	Hours of Operation	
		Lobby	Drive-Up
Main Office 5597 Highway 10 East Stevens Point, WI 54481	Portage County 9605.00	M-F 8:00 am – 6:00 pm Saturday 8:00 am – Noon	M-F 7:00 am – 7:00 pm Saturday 7:00 am – Noon
Amherst Office 128 U.S. Highway 10 Amherst, WI 54406	Portage County 9606.00	M-F 8:00 am – 5:00 pm Saturday 8:00 am – Noon	M-F 7:30 am – 5:00 pm Saturday 7:30 am – Noon
Country Market/Stevens Point (1) 1600 Academy Avenue Stevens Point, WI 54481	Portage County 9603.00	M-F 8:00 am – 7:00 pm Saturday 9:00 am – 3:00 pm Sunday 10:00 am – 3:00 pm	N/A
Antigo Office 724 Fifth Avenue Antigo, WI 54409	Langlade County 9606.00	M-F 8:30 am – 5:00 pm Saturday 8:30 am – Noon	M-Th 8:00 am – 5:00 pm Friday 8:00 am – 7:00 pm Saturday 8:00 am – Noon
Country Market/Schofield (1) 2709 Schofield Avenue Schofield, WI 54476	Marathon County 11.04	M-F 8:00 am – 7:00 pm Saturday 10:00 am – 3:00 pm Sunday 10:00 am – 3:00 pm	N/A

(1) Limited service facility as loan applications are not taken. N/A – Not applicable

The bank's two supermarket locations are open on Sundays, providing customers with five hours to conduct in-person banking activities in addition to its normal hours of operation. All of the bank's nine ATMs are accessible 24 hours each day, and eight of them offer both cash dispensing and deposit-taking services; one ATM in Stevens Point offers only cash dispensing. Eight ATMs are located in Portage County and one is located in Marathon County.

Record of Opening and Closing Offices

The bank's former Amherst Junction office was relocated in January 1997 to a new bank-owned facility less than two miles away in Amherst. The closing of one office and the opening of a new office nearby did not have a significant negative impact on the ability of the residents of the area to have access to banking services.

The bank opened a new branch office in Antigo, Wisconsin in September 1997 by acquiring the facilities and deposits of the former Security Bank, S.S.B. The bank also opened its two limited-service supermarket branches in Stevens Point and Schofield, in August 1998. The Antigo and Schofield locations represent new market areas for the bank.

Alternative Systems for Delivering Retail Banking Services

The bank operates its “Anytime Line,” a toll-free voice activated response system available 24 hours per day, which allows customers to verify information about their accounts and to transfer money between accounts. As a member of the F&M family of banks, the bank’s customers can use any of the 84 F&M bank offices located in Wisconsin, Iowa and Minnesota to conduct normal banking activities, such as depositing or withdrawing funds and making loan payments.

Community Development Services

The bank has been active in providing community development services to residents of its assessment area. The bank administered a \$40,000 grant under the Affordable Housing Program of the Federal Home Loan Bank of Chicago. This grant was a direct subsidy for the acquisition and rehabilitation of three duplexes and the construction of a fourth duplex in neighboring Waushara and Waupaca Counties, with the eight units being designated for very low-income individuals. The project was directed by a private not-for-profit corporation based in Stevens Point that serves low- and moderate-income individuals and families in an eight county area in central Wisconsin. Funding for the project came from WHEDA funds and grants from various foundations and private sources. The bank’s President, Terry Anderson, serves on the Board of Directors and the Space and Property Committee of this not-for-profit organization.

President Anderson also serves on the Advisory Board of Directors for the Salvation Army. Vice President Elizabeth Koshnick provides financial counseling to low-income families under the University of Wisconsin Cooperative Extension’s Family Financial Management Program, and has provided her time and services to the local chapter of Habitat for Humanity through her activities as the treasurer of the Golden Sands Home Builders Association.

The bank’s community room on the second floor of the main office in Stevens Point is made available to community groups free of charge on a regular basis for meetings and other activities.

CONCLUSION

The bank’s performance under the service test is considered strong. The bank’s delivery systems consist of five branch offices, including two that maintain banking hours on Sunday, nine ATMs, 24-hour telephone access to deposit accounts, and a network of 84 F&M branches in three states where customers may conduct banking business. A variety of deposit and loan products are available to customers, including a no minimum balance, no fees checking account. The bank has added several new banking locations to better serve its customers. The level of community development services is generally strong and reflects management’s commitment to serving low- and moderate-income individuals and families in the assessment area.

GENERAL

The bank is in compliance with the substantive portions of antidiscrimination laws and regulations,

including the Equal Credit Opportunity and Fair Housing Acts. The bank has developed standards, policies and practices in compliance with the regulations and has applied them in a consistent manner. Interviews with community representatives revealed no evidence of prohibited discriminatory lending activity.