

PUBLIC DISCLOSURE

April 16, 2007

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Farmers & Merchants Bank of Central California
Certificate Number: 01331**

**121 West Pine Street
Lodi, California 95240**

**Federal Deposit Insurance Corporation
25 Jessie Street at Ecker Square, Suite 2300
San Francisco, California 94105**

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.

LENDING, INVESTMENT, AND SERVICE TEST TABLE

The following table indicates the performance level of the institution with respect to the Lending, Investment, and Service tests:

PERFORMANCE LEVELS	Farmers & Merchants Bank of Central California		
	PERFORMANCE TESTS		
	Lending Test	Investment Test	Service Test
Outstanding		X	X
High Satisfactory	X		
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

housing projects throughout California. The CCRC finances affordable housing loans by pooling funds from each consortium member bank into a revolving loan pool. CCRC staff screen applications and provide technical assistance to developers. A CCRC loan committee, comprised of senior credit officers from large member banks, approves all loans. The CCRC provides funding for construction, acquisition, rehabilitation, and permanent financing. Based upon a percentage derived from each bank's respective deposit size, each member bank participates in a CCRC loan via each bank's derived fraction percentage of its established commitment amount. Each bank's commitment operates like a revolving line of credit; a bank will advance funds against this commitment amount, be repaid over time as the CCRC sells its loans in the secondary market, and then re-advance new funds for the next available project. F&M's commitment of \$2,339,623 represents a responsive investment in the affordable housing needs of its AAs.

Senior Housing Crime Prevention Foundation (SHCPF) – The bank made a separate, direct investment of \$2,000,000 in 2005 and another separate, direct investment of \$2,000,000 in 2006 (\$4 million total) to the SHCPF. The SHCPF, a 501(c)(3) non-profit corporation based in Tennessee, was established with guidance from the Office of the Controller of the Currency for three purposes: (1) to insure the safety, security, and protection of nursing home and HUD senior housing residents against all aspects of crime; (2) to provide an avenue for the banking community to receive qualified CRA credit through participation in the SHCPF; and (3) to provide private trusts and foundations with a risk-free way to fulfill their missions by supporting crime free living environments for senior residents of these facilities. The foundation allows banks to address the affordable housing and social service needs of their AAs' LMI senior population. Not only is this an innovative investment that meets the needs of an underserved market in the bank's AAs, the bank has demonstrated a leadership role by being the first bank in California's Central Valley to become actively involved with SHCPF.

Please refer to the individual AA evaluations for narrative descriptions of the bank's community development investment and grant activity within each AA.

SERVICE TEST

The Service Test evaluates a bank's record of helping to meet the credit needs of its AAs by analyzing both the availability and effectiveness of a bank's systems for delivering retail banking services and the extent and innovativeness of its community development services. The FDIC evaluates the availability and effectiveness of a bank's systems for delivering retail banking and community development services pursuant to the following six criteria:

- 1) The current distribution of the bank's branches among low-, moderate-, middle-, and upper-income geographies;
- 2) The bank's record of opening and closing branches, particularly branches located in LMI geographies or primarily serving LMI individuals;
- 3) The availability and effectiveness of alternative systems for delivering retail banking services;
- 4) The range and accessibility of services provided in low-, moderate-, middle-, and upper-income geographies;
- 5) The extent to which the bank provides community development services; and
- 6) The innovativeness and responsiveness of community development services.