

F & M FINANCIAL CORPORATION

| | CPP Disbursement Date 02/06/2009 | RSSD (Holding Company) 1076619 | Number of Insured Depository Institutions 1 | |
|---|-------------------------------------|-----------------------------------|---|-------------|
| Selected balance and off-balance sheet items | 2008 \$ millions | 2009 \$ millions | %chg from prev | |
| Assets | \$681 | \$691 | 1.6% | |
| Loans | \$583 | \$567 | -2.9% | |
| <i>Construction & development</i> | \$142 | \$129 | -8.9% | |
| <i>Closed-end 1-4 family residential</i> | \$140 | \$142 | 1.0% | |
| <i>Home equity</i> | \$75 | \$81 | 8.6% | |
| <i>Credit card</i> | \$0 | \$0 | | |
| <i>Other consumer</i> | \$8 | \$6 | -25.4% | |
| <i>Commercial & Industrial</i> | \$47 | \$38 | -18.9% | |
| <i>Commercial real estate</i> | \$161 | \$160 | -0.5% | |
| Unused commitments | \$150 | \$118 | -21.1% | |
| Securitization outstanding principal | \$0 | \$0 | | |
| Mortgage-backed securities (GSE and private issue) | \$0 | \$0 | | |
| Asset-backed securities | \$0 | \$0 | | |
| Other securities | \$31 | \$26 | -13.6% | |
| Cash & balances due | \$36 | \$65 | 81.4% | |
| Residential mortgage originations | | | | |
| <i>Closed-end mortgage originated for sale (quarter)</i> | \$0 | \$14 | | |
| <i>Open-end HELOC originated for sale (quarter)</i> | \$0 | \$0 | | |
| <i>Closed-end mortgage originations sold (quarter)</i> | \$0 | \$15 | | |
| <i>Open-end HELOC originations sold (quarter)</i> | \$0 | \$0 | | |
| Liabilities | \$625 | \$618 | -1.1% | |
| Deposits | \$492 | \$522 | 6.2% | |
| Total other borrowings | \$127 | \$92 | -27.6% | |
| FHLB advances | \$103 | \$61 | -40.8% | |
| Equity | | | | |
| Equity capital at quarter end | \$56 | \$74 | 31.8% | |
| Stock sales and transactions with parent holding company (cumulative through calendar year) | \$0 | \$17 | NA | |
| Performance Ratios | | | | |
| Tier 1 leverage ratio | 8.4% | 11.3% | -- | |
| Tier 1 risk based capital ratio | 9.6% | 13.3% | -- | |
| Total risk based capital ratio | 10.8% | 14.5% | -- | |
| Return on equity ¹ | 7.8% | 4.6% | -- | |
| Return on assets ¹ | 0.6% | 0.5% | -- | |
| Net interest margin ¹ | 3.9% | 4.3% | -- | |
| Coverage ratio ((ALL+Alloc transfer risk)/Noncurrent loans) | 32.7% | 34.9% | -- | |
| Loss provision to net charge-offs (qtr) | 91.2% | 536.0% | -- | |
| Net charge-offs to average loans and leases ¹ | 0.7% | 0.4% | -- | |
| ¹ Quarterly, annualized. | | | | |
| | Noncurrent Loans | | Gross Charge-Offs | |
| Asset Quality (% of Total Loan Type) | 2008 | 2009 | 2008 | 2009 |
| <i>Construction & development</i> | 8.1% | 13.8% | 0.2% | 0.1% |
| <i>Closed-end 1-4 family residential</i> | 3.4% | 3.4% | 0.1% | 0.1% |
| <i>Home equity</i> | 0.5% | 1.5% | 0.2% | 0.0% |
| <i>Credit card</i> | 0.0% | 0.0% | 0.0% | 0.0% |
| <i>Other consumer</i> | 0.8% | 1.3% | 1.7% | 1.3% |
| <i>Commercial & Industrial</i> | 0.7% | 1.5% | 0.3% | 1.2% |
| <i>Commercial real estate</i> | 2.8% | 7.6% | 0.0% | 0.0% |
| <i>Total loans</i> | 3.7% | 6.5% | 0.2% | 0.2% |