

Citizens Community Bancorp Inc.

Form S-4

April 24, 2019

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As filed with the Securities and Exchange Commission on April 24, 2019.

Registration No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM S-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

CITIZENS COMMUNITY BANCORP, INC.
(Exact Name of Registrant as Specified in Its Charter)

Maryland
(State or other jurisdiction of
incorporation or organization)

6021
(Primary Standard Industrial
Classification Code Number)

20-5120010
(IRS Employer
Identification No.)

Edgar Filing: Citizens Community Bancorp Inc. - Form S-4

2174 EastRidge Center

Eau Claire, WI 54701

(715) 836-9994

(Address, including Zip Code, and Telephone Number, including Area Code, of Registrant's Principal Executive Offices)

Stephen M. Bianchi

Chief Executive Officer

Citizens Community Bancorp, Inc.

2174 EastRidge Center

Eau Claire, WI 54701

Phone: (715) 836 9994

(Name, Address, including Zip Code, and Telephone Number, including Area Code, of Agent for Service)

With copies to:

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Briggs and Morgan, PA

2200 IDS Center

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Milwaukee, WI 53202

(414) 273-3500

Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable after the effective date of this registration statement and completion of the merger of F&M Merger Sub, Inc. (Merger Sub), a wholly owned subsidiary of Citizens Community Bancorp, Inc. (Citizens), with and into F. & M. Bancorp. of Tomah, Inc. (F&M), as described in the Agreement and Plan of Merger, dated January 21, 2019, among F&M, Citizens and Merger Sub.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, please check the following box.

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of large accelerated filer, accelerated filer, smaller reporting company, and emerging growth company in Rule 12b-2 of the Exchange Act.

Large accelerated filer	Accelerated filer
Non-accelerated filer	Smaller reporting company
	Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act.

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer)

Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer)

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be Registered	Proposed maximum offering price per unit	Proposed maximum aggregate offering price	Amount of registration fee
Common stock, par value \$0.01 per share	333,071(1)	N/A	\$3,240,127.41(2)	\$392.70(3)

- (1) This registration statement covers the estimated maximum number of shares of common stock, par value \$0.01 per share, of the Registrant to be issued upon completion of the merger described in this registration statement.
- (2) Estimated solely for the purpose of calculating the registration fee and computed pursuant to Rules 457(f)(2) and 457(f)(3) under the Securities Act of 1933, as amended (the Securities Act), the aggregate offering price of the common stock shares was calculated as follows: (a) 216,541, the estimated number of F. & M. Bancorp. of Tomah, Inc. s (F&M) common stock to be exchanged and cancelled for shares of the Registrant s common stock, multiplied by (b) \$99.01, the book value per share of F&M s common stock as of the latest practicable date, minus \$18,199,597, the estimated aggregate amount of cash to be paid by the Registrant to F&M shareholders in connection with the merger described herein.
- (3) Computed in accordance with Rule 457(f) under the Securities Act to be 392.70, which is equal to 0.0001212 multiplied by the proposed maximum aggregate offering price of \$3,240,127.41.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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The information in this proxy statement/prospectus is subject to completion and amendment. A registration statement relating to the securities described in this proxy statement/prospectus has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy these securities be accepted prior to the time the registration statement becomes effective. This proxy statement/prospectus shall not constitute an offer to sell or the solicitation of any offer to buy nor shall there be any sale of these securities in any jurisdiction, in which such offer, solicitation or sale would be unlawful prior to registration under the securities laws of any such jurisdiction.

PRELIMINARY SUBJECT TO COMPLETION DATED APRIL 24, 2019

F. & M. BANCORP. OF TOMAH, INC.

MERGER PROPOSAL YOUR VOTE IS VERY IMPORTANT

Dear Fellow Shareholder:

On January 21, 2019, F. & M. Bancorp. of Tomah, Inc., or F&M, entered into an Agreement and Plan of Merger (which we refer to as the merger agreement) with Citizens Community Bancorp, Inc., or Citizens, and F&M Merger Sub, Inc., or Merger Sub, a wholly-owned subsidiary of Citizens. The merger agreement provides for the combination of F&M and Citizens.

Under the terms of the merger agreement, Merger Sub will merge with and into F&M, with F&M being the surviving corporation and becoming a wholly-owned subsidiary of Citizens (which we refer to as the merger). Immediately following the merger, F&M will merge with and into Citizens, with Citizens being the surviving corporation (which we refer to as the holdco merger). Immediately following the holdco merger, Farmers & Merchants Bank, or F&M Bank, F&M's wholly-owned bank subsidiary, will merge with and into Citizens Community Federal, National Association, or CCF Bank, Citizens' wholly owned bank subsidiary, with CCF Bank being the surviving bank (which we refer to as the bank merger, and, together with the merger and the holdco merger, as the mergers). These transactions, if completed, will result in the combination of two community banking organizations focused on customer service, building relationships and enhancing shareholder value.

If the merger is completed, you will have the right to receive, for each share of F&M common stock you own, approximately \$84.05 in cash, without interest (which we refer to as the cash consideration) and 1.3350 shares of Citizens common stock (which we refer to as the stock consideration), subject in each case to adjustment pursuant to the merger agreement. The cash consideration and the stock consideration are collectively referred to as the merger consideration.

The merger consideration is subject to certain adjustments under the merger agreement. The cash consideration to be received for each share of F&M common stock is determined based on the aggregate cash consideration of approximately \$18,199,597, as adjusted in accordance with the merger agreement based on the amount of F&M's estimated common stockholders' equity on the closing date, divided by the number of shares of F&M Common Stock issued and outstanding immediately prior to the effective time of the merger. The stock consideration is subject to a pricing collar adjustment in certain circumstances based on the average of the price of the Citizens common stock for a 10 trading day period prior to the closing. Therefore, the cash consideration to be received and the number of shares of Citizens common stock to be received in exchange for each share of F&M common stock may be adjusted higher or lower pursuant to the merger agreement at closing.

The value of the stock consideration will fluctuate as the market price of Citizens common stock fluctuates before the completion of the merger, and may be more or less than the value of the stock consideration on the date of the special meeting. In addition, the cash consideration and the number of shares ultimately received may change as described above. Based on the closing stock price of Citizens common stock on the NASDAQ Global Market (which we refer to as the NASDAQ) on January 18, 2019, the last full trading day before the public announcement of the merger, of \$11.05, the value of the stock consideration was \$14.75 per share of F&M common stock. You should obtain current stock price quotations for Citizens common stock before you vote at the special meeting. Citizens common stock is listed on the NASDAQ and quoted under the symbol CZWI. Assuming for purposes of illustration only that the aggregate cash consideration payment made by Citizens is \$18,199,597, you will receive a total value of \$[] in a combination of \$84.05 in cash and 1.3350 shares of Citizens common stock for each of your F&M shares of common stock based on the \$[] closing price of Citizens common stock on [].

The merger cannot be completed unless the merger agreement is adopted by the affirmative vote of the holders of a majority of the outstanding shares of F&M common stock entitled to vote thereon at the special meeting of F&M shareholders to be held on [], 2019, at [], Central Time, at [].

Your vote is very important, regardless of the number of shares of F&M common stock you own. To ensure your representation at the special meeting, please take time to vote by following the instructions contained in the accompanying proxy statement/prospectus and on your proxy card. Please vote promptly whether or not you expect to attend the special meeting. Submitting a proxy now will not prevent you from being able to vote in person at the special meeting. **Failure to vote has the same effect as a vote AGAINST the merger agreement.**

F&M's board of directors unanimously recommends that F&M shareholders vote FOR the proposal to adopt the merger agreement and FOR the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the special meeting to adopt the merger agreement. In considering the recommendation of the board of directors of F&M, you should be aware that certain directors and executive officers of F&M have interests in the merger that may be different from, or in addition to, the interests of F&M shareholders generally. See the section entitled Interests of F&M's Directors and Executive Officers in the Merger beginning on page 87 of the accompanying proxy statement/prospectus. Also, F&M's directors, executive officers and a major shareholder have agreed to vote in favor of approving merger pursuant to voting agreements entered into with Citizens. See the section entitled Voting Agreement with Certain F&M Shareholders beginning on page 85 of the accompanying proxy statement/prospectus.

The accompanying proxy statement/prospectus describes the special meeting of F&M shareholders, the merger, the documents relating to the merger and other related matters. Please read carefully the entire proxy statement/prospectus, including the section entitled Risk Factors beginning on page 32, for a discussion of the risks relating to the proposed merger, and the Annexes to this proxy statement/prospectus.

If you have any questions regarding the merger or the accompanying proxy statement/prospectus, you may contact F&M at (608) 372-2126.

Sincerely,

John Rose

Chairman of the Board

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued in the merger or passed upon the adequacy or accuracy of this proxy statement/prospectus. Any representation to the contrary is a criminal offense.

The securities to be issued in connection with the merger are not savings accounts, deposits or other obligations of any bank or savings association and are not insured by the Federal Deposit Insurance Corporation or any other governmental agency.

The date of this proxy statement/prospectus is [], 2019 and it is first being mailed or otherwise delivered to F&M shareholders on or about [], 2019.

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F. & M. BANCORP. OF TOMAH, INC.

1001 SUPERIOR AVENUE

TOMAH, WI 54660

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

To Be Held on _____, 2019

NOTICE IS HEREBY GIVEN that a special meeting of shareholders of F. & M. Bancorp. of Tomah, Inc., a Wisconsin corporation (which we refer to as F&M), will be held on [], 2019, at [], Central Time, at [], to consider and vote upon the following matters:

1. a proposal to approve and adopt the Agreement and Plan of Merger, dated as of January 21, 2019, as such agreement may be amended from time to time (which we refer to as the merger agreement), among F&M, Citizens Community Bancorp, Inc., a Maryland corporation (which we refer to as Citizens), and F&M Merger Sub, Inc., a Minnesota corporation and wholly-owned subsidiary of Citizens (which we refer to as Merger Sub), and the merger of Merger Sub with and into F&M (which we refer to as the merger), as more fully described in this proxy statement/prospectus (which we refer to as the merger proposal); and
2. a proposal to approve one or more adjournments of the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the special meeting to adopt the merger agreement (which we refer to as the adjournment proposal).

The record date for the special meeting is _____, 2019. Only shareholders of record as of the close of business on _____, 2019 are entitled to notice of, and to vote at, the special meeting. All shareholders of record as of that date are cordially invited to attend the special meeting in person. Approval of the merger proposal requires the affirmative vote of the holders of a majority of the outstanding shares of F&M common stock entitled to vote thereon at the special meeting. Approval of the meeting adjournment proposal requires the affirmative vote of the holders of a majority of the votes cast on the proposal at the special meeting, whether or not a quorum is present. F&M shareholders must approve the merger proposal in order for the merger to occur.

F&M's board of directors has unanimously adopted and approved the merger agreement and the transactions contemplated thereby, including the merger, has determined that the merger agreement and the transactions contemplated thereby, including the merger, are advisable and in the best interests of F&M and its shareholders, and unanimously recommends that F&M shareholders vote FOR the proposal to adopt the merger agreement, and FOR the proposal to approve an adjournment of the special meeting if there are insufficient votes at the time of the special meeting to adopt the merger agreement. In considering the recommendation of the board of directors of F&M, you should be aware that certain directors and executive officers of F&M have interests in the merger that may be different from, or in addition to, the interests of F&M shareholders generally. See the section entitled Interests of F&M's Directors and Executive Officers in the Merger beginning on page 87 of the accompanying proxy statement/prospectus.

YOUR VOTE IS VERY IMPORTANT, REGARDLESS OF THE NUMBER OF SHARES OF F&M COMMON STOCK THAT YOU OWN. WE CANNOT COMPLETE THE MERGER UNLESS THE F&M

SHAREHOLDERS VOTE TO ADOPT THE MERGER AGREEMENT. EVEN IF YOU PLAN TO ATTEND THE SPECIAL MEETING IN PERSON, F&M REQUESTS THAT YOU COMPLETE, SIGN, DATE AND RETURN, AS PROMPTLY AS POSSIBLE, THE ENCLOSED PROXY CARD IN THE ACCOMPANYING PREPAID REPLY ENVELOPE PRIOR TO THE SPECIAL MEETING TO ENSURE THAT YOUR SHARES OF F&M COMMON STOCK WILL BE REPRESENTED AT THE SPECIAL MEETING. FAILURE TO VOTE HAS THE SAME EFFECT AS A VOTE AGAINST THE MERGER AGREEMENT.

If you hold your shares in street name through a bank, brokerage firm or other nominee, you should follow the procedures provided by your bank, brokerage firm or other nominee to vote your shares. Street name holders may

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not vote in person at the special meeting unless they obtain a legal proxy from their bank, brokerage firm or other nominee. If you fail to submit a proxy or attend the special meeting and vote in person, or you fail to provide your bank, brokerage firm or other nominee with instructions as to how to vote your shares, as applicable, your shares of F&M common stock will not be counted for purposes of determining whether a quorum is present at the special meeting and will have the same effect as a vote against the adoption of the merger agreement.

Under Sections 180.1301 to 180.1331 of the Wisconsin Business Corporation Law (WBCL), F&M shareholders who properly dissent from the merger may obtain payment of the fair value of his or her shares as determined in accordance with Section 180.1301(4) of the WBCL, provided that such shareholder complies with all of the provisions of Sections 180.1301 to 180.1331 of the WBCL. Sections 180.1301 to 180.1331 of the WBCL are reproduced in their entirety in Annex C to the accompanying proxy statement/prospectus, and a summary of these provisions can be found under the caption Dissenters Rights beginning on page 107. The merger may not be completed if the holders of more than 10% of the outstanding shares of F&M common stock exercise dissenters rights.

If you have any questions regarding the merger or the accompanying proxy statement/prospectus, you may contact F&M at (608) 372-2126.

By Order of the Board of Directors,

John Rose

Chairman of the Board

Tomah, Wisconsin

Dated: []

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ADDITIONAL INFORMATION

Citizens Community Bancorp, Inc.

Citizens Community Bancorp, Inc., a Maryland corporation, which we refer to as Citizens, files annual, quarterly and special reports, proxy statements and other business and financial information with the Securities and Exchange Commission, which we refer to as the SEC. This proxy statement/prospectus incorporates important business and financial information about Citizens from documents filed with the SEC that are not included in or delivered with this proxy statement/prospectus. You can obtain any of the documents filed with or furnished to the SEC by Citizens at no cost from the SEC's website at <http://www.sec.gov>. You may also request copies of these documents, including documents incorporated by reference into this proxy statement/prospectus, without charge by requesting them in writing or by telephone at the following address and telephone number:

Citizens Community Bancorp, Inc.

2174 EastRidge Center

Eau Claire, WI 54701

(715) 836-9994

You will not be charged for any of these documents that you request. To obtain timely delivery of these documents, you must request them no later than five business days before the date of the special meeting. **To obtain timely delivery of these documents, you must request the information no later than [], 2019 in order to receive them before F&M's special meeting of shareholders.**

F. & M. Bancorp. of Tomah, Inc.

F. & M. Bancorp. of Tomah, Inc., which we refer to as F&M, does not have a class of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended, which we refer to as the Exchange Act, is not subject to the reporting requirements of Section 13(a) or 15(d) of the Exchange Act and, accordingly, does not file documents and reports with the SEC. If you are an F&M shareholder and have any questions concerning the merger, the merger agreement or the proxy statement/prospectus, would like additional copies of the proxy statement/prospectus without charge or need help voting your shares of F&M common stock, please contact F&M in writing or by telephone at the following address and telephone number:

F. & M. Bancorp. of Tomah, Inc.

1001 Superior Avenue

Tomah, Wisconsin 54660

(608) 372-2126

You will not be charged for any of these documents that you request. To obtain timely delivery of these documents, you must request them no later than five business days before the date of the special meeting. **To obtain timely delivery of these documents, you must request the information no later than [], 2019 in order to receive them before F&M's special meeting of shareholders.**

See Where You Can Find More Information beginning on page 129 for more details.

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ABOUT THIS PROXY STATEMENT/PROSPECTUS

This document, which forms part of a registration statement on Form S-4 (Registration No. 333-[]) filed by Citizens with the SEC, constitutes a prospectus of Citizens under Section 5 of the Securities Act of 1933, as amended (which we refer to as the Securities Act), with respect to the shares of Citizens common stock to be issued pursuant to the Agreement and Plan of Merger, dated as of January 21, 2019, between F&M, Citizens and F&M Merger Sub, Inc., as it may be amended from time to time. This document also constitutes a proxy statement for F&M and notice of meeting with respect to the special meeting at which F&M shareholders will be asked to consider and vote upon the approval of the merger agreement and the merger.

You should rely only on the information contained in this proxy statement/prospectus. Citizens and F&M have not authorized anyone to provide you with information that is different from that contained in this proxy statement/prospectus. This proxy statement/prospectus is dated [], and you should not assume that the information contained in this proxy statement/prospectus is accurate as of any date other than such date. Neither the mailing of this proxy statement/prospectus to F&M shareholders nor the issuance of Citizens common stock pursuant to the merger agreement will create any implication to the contrary.

This document does not constitute an offer to sell, or a solicitation of an offer to buy, any securities, or the solicitation of a proxy, in any jurisdiction to or from any person to whom it is unlawful to make any such offer or solicitation in such jurisdiction. Except where the context otherwise indicates, all information regarding Citizens in this proxy statement/prospectus has been provided by Citizens, and all information in this proxy statement/prospectus regarding F&M has been provided by F&M.

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QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE SPECIAL MEETING

*The following are questions that you may have about the merger agreement, the merger and the special meeting of F&M shareholders, and brief answers to those questions. We urge you to read carefully the remainder of this proxy statement/prospectus because the information in this section may not provide all the information that might be important to you in determining how to vote at the special meeting. Additional important information is also contained in the Annexes to this document. Please see *Where You Can Find More Information* beginning on page 129 of this proxy statement/prospectus.*

Q: What is the Merger Agreement and the Merger About?

A: F. & M. Bancorp. of Tomah, Inc., a Wisconsin corporation, which we refer to as F&M, Citizens Community Bancorp, Inc., a Maryland corporation, which we refer to as Citizens, and F&M Merger Sub, Inc., a newly formed Minnesota corporation and wholly-owned subsidiary of Citizens, which we refer to as Merger Sub, have entered into an Agreement and Plan of Merger, dated as of January 21, 2019, as it may be amended from time to time, which we refer to as the merger agreement. The merger agreement provides for Citizens acquisition of F&M. Under the terms of the merger agreement, Merger Sub will merge with and into F&M, with F&M being the surviving corporation and becoming a wholly-owned subsidiary of Citizens (which we refer to as the merger). Immediately following the merger, F&M will merge with and into Citizens, with Citizens being the surviving corporation (which we refer to as the holdco merger). Immediately following the holdco merger, Farmers & Merchants Bank, or F&M Bank, F&M's wholly-owned bank subsidiary, will merge with and into Citizens Community Federal, National Association, or CCF Bank, Citizens' wholly owned bank subsidiary, with CCF Bank being the surviving bank (which we refer to as the bank merger, and, together with the merger and the holdco merger, as the mergers).

Q: Why am I receiving this proxy statement/prospectus and proxy card?

A: F&M is sending this proxy statement/prospectus to its shareholders to help them decide how to vote their shares of common stock, par value \$0.25 per share, of F&M, which we refer to as the F&M common stock, with respect to adoption of the merger agreement and the other matters to be considered at the special meeting. The merger cannot be completed unless F&M shareholders vote to adopt the merger agreement. Information about the special meeting, the merger and other business to be considered by the shareholders at the special meeting is contained in this proxy statement/prospectus. A copy of the merger agreement is attached as Annex A to this proxy statement/prospectus and you should read the information contained in this proxy statement/prospectus, including the merger agreement, carefully and in its entirety to help you decide how to vote at the special meeting. The enclosed proxy card allows F&M shareholders to vote their shares without attending the special meeting in person.

This document constitutes both a proxy statement of F&M and a prospectus of Citizens. It is a proxy statement because the board of directors of F&M, which we refer to as the F&M board, is soliciting proxies from its shareholders using this document. It is a prospectus because Citizens, in connection with the merger, will be issuing shares of Citizens' common stock, par value \$0.01 per share, which we refer to as the Citizens common stock, as part of the merger consideration to be received by the F&M shareholders.

Q: What am I being asked to vote on at the special meeting?

A: F&M is holding the special meeting to ask its shareholders to consider and vote upon the following matters:

1. a proposal to approve and adopt the merger agreement and the merger, which we refer to as the merger proposal ; and
2. a proposal to approve one or more adjournments of the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the special meeting to adopt the merger agreement, which we refer to as the adjournment proposal.

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Q: Does my vote matter?

A: Yes. The merger cannot be completed unless the merger agreement is approved by the F&M shareholders. If you fail to submit a proxy or vote in person at the special meeting, or vote to abstain, or if your shares are held in street name and you do not provide your bank, brokerage firm or other nominee with voting instructions, as applicable, this will have the same effect as a vote against the merger proposal. The F&M board unanimously recommends that shareholders vote **FOR** approval of the merger proposal.

Q: What is the vote required to approve each proposal at the special meeting?

A: The vote requirements for each of the proposals to be considered at the special meeting are as follows:
Merger proposal:

Approval requirement: Approval of the merger proposal requires the affirmative vote of the holders of a majority of the outstanding shares of F&M common stock entitled to vote on the proposal at the special meeting.

Effect of abstentions and broker non-votes: If you mark abstain on your proxy card, fail to submit a proxy card or vote in person at the special meeting, or if your shares are held in street name and you fail to provide voting instructions to your bank, brokerage firm or other nominee with respect to the merger proposal, it will have the same effect as a vote against the proposal.

Meeting adjournment proposal:

Approval requirement: Approval of the meeting adjournment proposal requires the affirmative vote of the holders of a majority of the votes cast on the proposal at the special meeting, whether or not a quorum is present.

Effect of abstentions and broker non-votes: If you mark abstain on your proxy card, fail to submit a proxy card or vote in person at the special meeting, or if your shares are held in street name and you fail to provide voting instructions to your bank, brokerage firm or other nominee with respect to the meeting adjournment proposal, you will not be deemed to have cast a vote with respect to the proposal and it will have no effect on the outcome of the proposal.

See the section entitled, Information About the Special Meeting Vote Required beginning on 41 of this proxy statement/prospectus.

Q: How does the F&M board recommend that I vote at the special meeting?

A: The F&M board unanimously recommends that you vote **FOR** approval of the merger proposal and **FOR** approval of the meeting adjournment proposal. See the section entitled The Merger Recommendation of the F&M Board and Reasons for the Merger beginning on page 52 of this proxy statement/prospectus.

Q: What do I need to do now?

A: After you have carefully read this proxy statement/prospectus and have decided how to vote your shares, please vote your shares promptly so that your shares are represented and voted at the special meeting. If you hold your shares in your name as a shareholder of record, you must complete, sign, date and mail your proxy card in the enclosed postage-paid return envelope as soon as possible.

If you hold your shares in street name through a bank, brokerage firm or other nominee, you must direct your bank, brokerage firm or other nominee how to vote in accordance with the instructions you have received from them. Street name shareholders who wish to vote in person at the special meeting will need to obtain a legal proxy from the institution that holds their shares.

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Q: What will I receive if the merger is completed?

A: If the merger is completed and assuming the consideration is not adjusted pursuant to the terms of the merger agreement as described in this proxy statement/prospectus, each share of F&M common stock issued and outstanding immediately prior to the effective time of the merger (which we refer to as the effective time), except for shares of F&M common stock with respect to which dissenters' rights have been properly exercised, which we refer to as F&M dissenting shares, and shares of F&M common stock held by F&M as treasury stock or owned by Citizens, will be converted into the right to receive the following, which we refer to as the merger consideration :

- (i) an amount of cash equal to \$18,199,597 divided by the total number of shares of F&M common stock issued and outstanding immediately prior to the effective time, which we refer to as the cash consideration, without interest, (or approximately \$84.05 in cash per share of F&M common stock, assuming 216,541 shares of F&M common stock outstanding at the effective time), and
- (ii) 1.3350 shares of Citizens common stock (which we refer to as the stock consideration), subject in each case to adjustment pursuant to the merger agreement.

The merger consideration is subject to adjustment as set forth in the merger agreement and as described in the answer to the next question. F&M shareholders also will receive cash in lieu of any fractional shares of Citizens common stock that would otherwise be issuable in connection with the merger.

See the sections entitled "The Merger Agreement - Merger Consideration"; and "Fractional Shares" beginning on pages 67 and 69 respectively, of this proxy statement/prospectus for additional information on the merger consideration, including illustrations of how the financial results of F&M may affect what you receive in the merger.

Q: Is the merger consideration subject to adjustment?

A: Yes, the merger consideration is subject to adjustment as set forth in the merger agreement.

The cash consideration to be received for each share of F&M common stock is determined based on the aggregate cash consideration of approximately \$18,199,597, as adjusted in accordance with the merger agreement based on the amount of F&M's estimated aggregate common stockholders' equity, determined in accordance with GAAP, on the closing date (the Closing Date Equity Amount), divided by the number of shares of F&M Common Stock issued and outstanding immediately prior to the effective time of the merger. The aggregate cash consideration will be increased by the amount by which the Closing Date Equity Amount is greater than \$20,457,000 and decreased by the amount by which the Closing Date Equity Amount is less than \$20,457,000.

The stock consideration is determined based on an exchange ratio used to calculate the number of Citizens common stock shares to be exchanged for each share of F&M common stock. The exchange ratio as set forth in the merger agreement is 1.3350, and means that a F&M shareholder will receive 1.3350 shares of Citizens common stock for each share of F&M common stock converted into the right to receive the stock consideration. The exchange ratio is subject to a pricing collar adjustment in certain circumstances based upon the average closing price of Citizens common stock for the 10 trading days ending on the third business day preceding the closing of the merger (the

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Citizens Closing Price). No adjustment to the exchange ratio would occur if the Citizens Closing Price is greater than \$10.00 (the Floor) or less than \$12.22 (the Ceiling). If the Citizens Closing Price is less than the Floor but greater than \$8.89 (the Basement) then the exchange ratio will be adjusted to equal the Floor Stock Value divided by the Citizens Closing Price. The Floor Stock Value means the product of the Floor and 1.3350 (the unadjusted exchange ratio). If the Citizens Closing Price is less than the Basement, then the Exchange Ratio shall be adjusted to equal the Floor Stock Value divided by the Basement. If the Citizens Closing Price is greater than the Ceiling but equal to or less than \$13.33 (the Attic), then the Exchange Ratio shall be adjusted to equal the Ceiling Stock Value divided by the Citizens Closing Price. The Ceiling Stock Value means the

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product of the Ceiling and 1.3350 (the unadjusted exchange ratio). If the Citizens Closing Price is greater than the Attic, then the Exchange Ratio shall be adjusted to equal the Ceiling Stock Value divided by the Attic.

See the tables included in the section entitled "The Merger Consideration" beginning on page 47 for a hypothetical display of the cash consideration, exchange ratio and total merger consideration to be received by F&M shareholders based on various F&M Closing Date Equity Amounts and Citizens Closing Prices.

Q: What is the value of the per share merger consideration and will the value of the stock consideration fluctuate prior to completion of the merger?

A: As described in the preceding answer, the cash consideration is approximately \$84.05 per share of F&M common stock, subject to the adjustments for changes in the Closing Date Equity Amount, and the precise number of shares to be received may also change depending on the Citizens Closing Price. Also, the value of the stock consideration will fluctuate as the market price of Citizens common stock fluctuates before the completion of the merger and may be more or less than the price of the Citizens common stock at the date the merger agreement was approved by the F&M board and at the date of the special meeting. Based on the closing stock price of Citizens common stock on the NASDAQ Global Market (which we refer to as the "NASDAQ") on January 18, 2019, the last full trading day before the public announcement of the merger, of \$11.05, the value of the stock consideration was \$14.75 per share of F&M common stock. Based on the closing stock price of Citizens common stock on the NASDAQ on [], 2019, the latest practicable date before the mailing of this proxy statement/prospectus, of \$[], the value of the stock consideration was \$[] on that date. We urge you to obtain current market quotations for shares of Citizens common stock and F&M common stock.

Assuming for purposes of illustration only that the aggregate cash consideration payment made by Citizens is \$18,199,597, you will receive a total value of \$[] in a combination of \$84.05 in cash and 1.3350 shares of Citizens common stock for each of your F&M shares based on the \$[] closing price of Citizens common stock on []. See the section entitled "The Merger Agreement Merger Consideration" beginning on page 47 of this proxy statement/prospectus.

Q: What happens if I am eligible to receive a fraction of a share of Citizens common stock as part of the per share stock consideration?

A: If the aggregate number of shares of Citizens common stock that you are entitled to receive as part of the per share stock consideration includes a fraction of a share of Citizens common stock, you will receive cash in lieu of that fractional share. See the section entitled "The Merger Agreement Fractional Shares" beginning on page 69 of this proxy statement/prospectus.

Q: What will happen to F&M as a result of the merger?

A: If the merger is completed, Merger Sub will merge with and into F&M, with F&M being the surviving corporation and becoming a wholly-owned subsidiary of Citizens. The holdco merger will occur immediately

following the merger, at which time F&M will merge with and into Citizens, with Citizens being the surviving corporation. As a result of the holdco merger, F&M's corporate existence will cease and all of its assets, liabilities and obligations will become assets, liabilities and obligations of Citizens by operation of law.

Q: What will happen to F&M Bank as a result of the bank merger?

A: Immediately following the holdco merger, F&M Bank, F&M's wholly owned bank subsidiary, will merge with and into CCF Bank, Citizens' wholly owned bank subsidiary, with CCF Bank being the surviving entity of the bank merger. As a result of the bank merger, F&M Bank's corporate existence will cease and all of its assets (including its loan portfolio), liabilities (including its deposit accounts) and other obligations will become assets, liabilities and obligations of CCF Bank by operation of law.

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Q: What equity stake will F&M shareholders hold in Citizens immediately following the merger?

A: Based on the number of issued and outstanding shares of Citizens common stock and F&M common stock as of the date of this proxy statement/prospectus, and assuming there is no change in the exchange ratio, we expect that F&M shareholders immediately prior to the closing of the merger will hold, in the aggregate, approximately **2.63%** of the issued and outstanding shares of Citizens common stock immediately following the closing of the merger (without giving effect to any shares of Citizens common stock held by F&M shareholders prior to the merger).

Q: What are the conditions to completion of the merger?

A: In addition to the approval of the merger proposal by F&M shareholders at the special meeting, completion of the merger is subject to the satisfaction of a number of other conditions, including the receipt of all required regulatory approvals, the absence of any event, change or development prior to the merger that could have a material adverse effect on F&M or Citizens, the accuracy of representations and warranties under the merger agreement (subject to the materiality standards set forth in the merger agreement), Citizens' and F&M's performance of their respective obligations under the merger agreement in all material respects, and receipt of consents from counterparties to certain contracts of F&M that will continue in effect after the merger. For a more complete summary of the conditions that must be satisfied or waived prior to completion of the merger, see the section entitled "The Merger Agreement - Conditions to Completion of the Merger" beginning on page 81 of this proxy statement/prospectus.

Q: When is the merger expected to be completed?

A: Subject to the satisfaction or waiver of the closing conditions described above, including the approval of the merger proposal by F&M shareholders at the special meeting and the receipt of all required regulatory approvals, Citizens and F&M expect that the merger will be completed during the second calendar quarter of 2019. However, it is possible that factors outside the control of both companies, including whether or when the required regulatory approvals will be received, could result in the merger being completed at a different time or not at all.

Q: How will I receive the merger consideration to which I am entitled?

A: As promptly as practicable (and no later than five (5) business days) after the effective time of the merger, Continental Stock Transfer & Trust, who we refer to as the exchange agent, will mail to each holder of record of shares of F&M common stock a letter of transmittal, which shall specify the procedures for exchanging your shares of F&M common stock for the stock consideration and cash consideration which you shall have become entitled to receive in accordance with the merger agreement, and any cash in lieu of fractional shares. More information on the documentation F&M shareholders are required to deliver to the exchange agent may be found under the captions "The Merger Agreement - Exchange and Payment Procedures" beginning on page 70 of this proxy statement/prospectus. **DO NOT SEND IN YOUR STOCK CERTIFICATES WITH YOUR PROXY CARD.**

Q: What are the United States federal income tax consequences of the merger to F&M shareholders?

A: The receipt of the merger consideration by F&M shareholders in exchange for F&M common stock is expected to be a taxable transaction for United States federal income tax purposes, and is not expected to qualify as a tax-free reorganization or other non-recognition transaction under any provision of the Internal Revenue Code of 1986, as amended (which we refer to as the Code). F&M shareholders are, therefore, expected to recognize a gain or loss upon the exchange of their F&M common stock for the merger consideration. The United States federal income tax consequences described herein may not apply to all holders of F&M common stock. F&M shareholders are urged to consult with their own tax advisors in

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light of their particular circumstances regarding the potential United States federal income tax consequences of the merger. For further information, please refer to Material United States Federal Income Tax Consequences beginning on page 87 of this proxy statement/prospectus.

Q: Will my shares of Citizens common stock acquired in the merger receive a dividend?

A: After the closing of the merger, as a holder of Citizens common stock you will receive the same dividends on shares of Citizens common stock that all other holders of shares of Citizens common stock will receive with respect to any dividend with a record date after the merger is completed.

Until F&M stock certificates or book entry shares are surrendered to the exchange agent in accordance with the instructions provided in the transmittal materials, former F&M shareholders will not be entitled to be paid dividends with a record date after the closing of the merger. After the surrender of such F&M stock certificates, the holder thereof shall be entitled to receive any dividends, without interest, which previously had become payable with respect to Citizens common stock into which such F&M stock certificates were converted to the extent such dividends have a record date after the merger is completed.

Any such payment of dividends by Citizens would require approval by the Citizens board of directors, which we refer to as the Citizens board, and the Citizens board may change its dividend policy at any time. See the section entitled Comparative Per Share Market Price and Dividend Information beginning on page 29 of this proxy statement/prospectus for a comparison of the historical dividend practices of the two companies.

Q: Do any of F&M's directors or executive officers have interests in the merger that may differ from those of F&M shareholders generally?

A: F&M directors and executive officers may have interests in the merger that are different from, or in addition to, those of F&M shareholders generally. The members of the F&M board were aware of and considered these interests, among other matters, in evaluating the merger agreement and the merger, and in recommending that F&M shareholders adopt the merger agreement. For a description of these interests, refer to the section entitled Interests of F&M Directors and Executive Officers in the Merger beginning on page 87 of this proxy statement/prospectus.

Q: Are there any voting agreements in place with F&M shareholders?

A: Each member of the F&M board, including the Chief Executive Officer, and a certain other shareholder have entered into a voting agreement with Citizens whereby these individuals have agreed to vote their shares of F&M common stock for approval of the merger proposal and to not sell or otherwise dispose of their shares of F&M common stock until after the earlier of a favorable vote of the F&M shareholders with respect to the merger agreement, the termination of the merger agreement or the effective time of the merger. As of the record date, approximately 18.77% of the outstanding shares of F&M common stock are subject to the shareholder voting agreements and will be voted in favor of the merger proposal at the special meeting. See the section entitled Voting Agreements with Certain F&M Shareholders beginning on page 85 of this proxy statement/prospectus.

Q: When and where is the special meeting of F&M shareholders?

A: The special meeting will be held on [], 2019 at [], Central Time, at the []. For additional information about the special meeting, see the section entitled Information About the Special Meeting beginning on page 41 of this proxy statement/prospectus.

Q: Who can vote at the special meeting?

A: All holders of record of F&M common stock as of the close of business on [], 2019, the record date for the special meeting, which we refer to as the record date, are entitled to receive notice of, and to vote at, the special meeting.

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Q: How many votes do I have?

A: Each F&M shareholder is entitled to one vote for each share of F&M common stock held of record as of the record date, subject to certain limitations that would apply in the case of any shareholder who is the beneficial owner of more than fifteen and one half percent (15.5%) of the outstanding shares of F&M common stock as of the record date. As of the close of business on the record date, there were 216,541 outstanding shares of F&M common stock entitled to vote at the special meeting.

Q: What constitutes a quorum for the special meeting?

A: The presence, in person or represented by proxy, of shareholders with power to cast a majority of all votes entitled to be cast at the special meeting constitutes a quorum for the purposes of the special meeting. Abstentions and broker non-votes, if any, will be counted as present for purposes of establishing a quorum.

Q: How can I cast my vote?

A: *Shareholder of Record.* If you are a shareholder of record, you may have your shares of F&M common stock voted on the matters to be presented at the special meeting in the following ways:

by completing, signing, dating and returning the enclosed proxy card in the accompanying prepaid reply envelope; or

by attending the special meeting in person and casting your vote there.

Beneficial Owner. If you are a beneficial owner, please refer to the instructions provided by your bank, brokerage firm or other nominee to see which of the above choices are available to you to vote your shares. Please note that if you are a beneficial owner and wish to vote in person at the special meeting, you must obtain a legal proxy from your bank, brokerage firm or other nominee.

Q: What is the difference between holding shares as a shareholder of record and as a beneficial owner?

A: If your shares of F&M common stock are registered directly in your name with F&M, you are considered the shareholder of record with respect to those shares. As the shareholder of record, you have the right to vote, to grant a proxy for your vote directly to F&M or to a third party to vote at the special meeting.

If your shares are held by a bank, brokerage firm or other nominee, you are considered the beneficial owner of shares held in street name, and your bank, brokerage firm or other nominee is considered the shareholder of record with respect to those shares. Your bank, brokerage firm or other nominee will send you, as the beneficial owner, information describing the procedure for voting your shares. You should follow those instructions to vote your shares. You are invited to attend the special meeting; however, you may not vote your shares in person at the special meeting.

unless you obtain a legal proxy from your bank, brokerage firm or other nominee that holds your shares, giving you the right to vote the shares at the special meeting.

Q: If my shares of F&M common stock are held in street name by my bank, brokerage firm or other nominee, will my bank, brokerage firm or other nominee automatically vote those shares for me?

A: Your bank, brokerage firm or other nominee will only be permitted to vote your shares of F&M common stock if you instruct your bank, brokerage firm or other nominee how to vote. You should follow the instructions provided by your bank, brokerage firm or other nominee regarding the voting of your shares of F&M common stock. In accordance with the rules of the self-regulatory agencies, banks, brokerage firms and other nominees who hold shares of F&M common stock in street name for their customers are typically precluded from exercising their voting discretion with respect to non-routine matters, such as the merger proposal and meeting adjournment proposal. As a result, absent specific voting instructions from the

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beneficial owner of such shares, banks, brokerage firms and other nominees may not be empowered to vote shares of F&M common stock at the special meeting. A so-called broker non-vote results when banks, brokerage firms and other nominees return a valid proxy but do not vote on a particular proposal because they do not have discretionary authority to vote on the matter and have not received specific voting instructions from the beneficial owner of such shares. The effect of a broker non-vote will be the same as a vote against the merger proposal, and will not have an effect on the meeting adjournment proposal.

Q: How do I vote if I own shares through the F&M Bank 401(k) Savings Plan?

A: Participants in the F&M Bank 401(k) Savings Plan, referred to as the F&M 401(k) Plan, as of the record date of the F&M special meeting, have the right to participate in directing the voting of F&M common stock held in their plan accounts as of that date, but do not have the right to vote those shares personally at the F&M special meeting. Such participants should refer to the voting instructions provided by the plan fiduciaries for information on how to direct the voting of such shares.

Q: How can I change or revoke my vote?

A: You have the right to revoke a proxy at any time before it is exercised, and your last vote is the vote that will be counted. If you are a F&M shareholder of record, you can write to F. & M. Bancorp. of Tomah, Inc., 1001 Superior Avenue, Tomah, Wisconsin 54660, Attention: Robin Pierce, stating that you wish to revoke your proxy and requesting another proxy card. If you hold your shares through a bank, brokerage firm or other nominee, you can revoke your proxy by contacting the bank, brokerage firm or other nominee and asking for a new proxy card. If you attend the meeting, you must request a revocation of your submitted proxy and vote by ballot to revoke your proxy. Your attendance at the shareholder meeting alone will not of itself constitute a revocation of your proxy.

Q: If I give a proxy, how will my shares of F&M common stock be voted?

A: Regardless of the method you choose to vote, the individuals named on the enclosed proxy card will vote your shares of F&M common stock in the way that you indicate. When completing the proxy card, you may specify whether your shares of F&M common stock should be voted for or against each of the proposals to be considered at the special meeting, or whether your shares should abstain from voting on, some or all of such proposals. If you properly sign your proxy card but do not mark the boxes on a given proposal showing how your shares should be voted on that proposal, the shares represented by your properly signed proxy will be voted, as applicable, FOR approval of the merger proposal, and FOR approval of the meeting adjournment proposal if there are insufficient votes at the time of the special meeting to adopt the merger agreement.

Q: What should I do if I receive more than one set of voting materials?

A: If you hold shares of F&M common stock in street name and also directly as a record holder or otherwise, or if you hold shares of F&M common stock in more than one brokerage account, you may receive more than one set of voting materials relating to the special meeting. Please complete, sign, date and return each proxy card or otherwise follow the voting instructions provided in this proxy statement/prospectus in order to ensure that all of your shares of F&M common stock are voted. If you hold your shares in street name through a bank, brokerage firm or other nominee, you should follow the instructions provided by your bank, brokerage firm or other nominee to vote your shares.

Q: How may I gain entry into the special meeting?

A: If you plan to attend the special meeting, please vote your proxy ahead of time by mailing in your proxy card. If your shares of F&M common stock are held in the name of a bank, brokerage firm or other nominee, you will need proof of ownership of your shares of F&M common stock to attend the special meeting. A

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recent bank or brokerage account statement indicating your holdings of F&M common stock is an example of proof of ownership. F&M will admit you only upon verification that you are a F&M shareholder and upon presentation of a valid picture identification (such as driver's license or passport). No cameras, recording equipment, electronic devices, large bags, briefcases or packages will be permitted in the special meeting.

Q: What happens if I sell my shares of F&M common stock before the special meeting?

A: The record date for the special meeting is earlier than both the date of the special meeting and the effective time of the merger. If you transfer your shares of F&M common stock after the record date but before the special meeting, you will, unless the transferee requests a proxy from you, retain your right to vote at the special meeting, but you will transfer the right to receive the merger consideration to the person to whom you transfer your shares. In order to receive the merger consideration, you must hold your shares at the effective time of the merger.

Q: Will I be paid dividends on my F&M common stock prior to the merger?

A: No, under the terms of the merger agreement, F&M has agreed not declare or pay any dividends.

Q: Am I entitled to assert dissenters' rights in connection with the merger?

A: Yes, you are entitled to assert dissenters' rights under Sections 180.1301 to 180.1331 of the Wisconsin Business Corporation Law, which we refer to as the WBCL, provided that you follow the procedures and satisfy the conditions set forth in Sections 180.1301 to 180.1331 of the WBCL. More information regarding these dissenters' rights is provided in this proxy statement/prospectus, and the provisions of Sections 180.1301 to 180.1331 of the WBCL that grant dissenters' rights and govern such procedures are attached in their entirety as Annex C to this proxy statement/prospectus. You should read these provisions carefully and in their entirety. See the section entitled "Dissenters' Rights" beginning on page 107 of this proxy statement/prospectus.

Q: Who will solicit and pay the cost of soliciting proxies?

A: F&M's directors, officers and employees may solicit proxies by telephone, email, facsimile, US mail, through the Internet or in person. They will not be paid any additional amounts for soliciting proxies. F&M will also request that banks, brokerage firms and other custodians, nominees and fiduciaries send these proxy materials to beneficial owners of F&M common stock. F&M may reimburse banks, brokerage firms, other nominees or their respective agents for their expenses in forwarding proxy materials to beneficial owners of F&M common stock.

Q: Should I send in my stock certificates now?

A:

No, please do NOT return your stock certificate(s) with your proxy. You will be provided at a later date with an election form and instructions regarding the surrender of your stock certificates. You should then, prior to the election deadline, send your stock certificates to the exchange agent, together with your completed and signed election form.

Q: Where can I find the voting results of the special meeting?

A: The preliminary voting results may be announced at the special meeting. In addition, F&M expects to issue a letter to its shareholders announcing the results of the meeting, and Citizens also expects to issue a Form 8-K announcing the results.

Q: Are there any risks that I should consider in deciding whether to vote for approval of the merger proposal?

A: Yes. You should read and carefully consider the risk factors set forth in the section entitled Risk Factors beginning on page 33 of this proxy statement/prospectus.

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Q: What happens if the merger is not completed?

A: If the merger is not completed, F&M will remain an independent private company, the F&M shareholders will continue to own their shares of F&M common stock and F&M common stock will continue to be unlisted. In the absence of the merger being completed, the F&M shareholders will not receive the merger consideration for their shares. Under specified circumstances, F&M may be required to pay Citizens a fee with respect to the termination of the merger agreement, as described under the section entitled **The Merger Agreement Termination Fee** beginning on page 83 of this proxy statement/prospectus.

Q: Who can help answer any other questions I have?

A: If you have additional questions about the merger, need assistance in submitting your proxy or voting your shares of F&M common stock, or need additional copies of this proxy statement/prospectus or the enclosed proxy card, please contact: Robin Pierce at (608) 372-2126.

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SUMMARY

The following summary highlights selected information in this proxy statement/prospectus and may not contain all the information that may be important to you as a F&M shareholder. Accordingly, we encourage you to read carefully this entire proxy statement/prospectus, its Annexes and the documents referred to in this proxy statement/prospectus. Each item in this summary includes a page reference directing you to a more complete description of that topic.

Parties to the Merger (Page 45)

F. & M. Bancorp. of Tomah, Inc.

1001 Superior Avenue

Tomah, WI 54660

(608) 372-2126

F. & M. Bancorp. of Tomah, Inc. (F&M) is a bank holding company organized in March 1984 and is incorporated in the State of Wisconsin. As a bank holding company registered under the Bank Holding Company Act of 1956, as amended (BHCA), F&M is subject to regulation and supervision by the Board of Governors of the Federal Reserve System (Federal Reserve Board) and by the Wisconsin Department of Financial Institutions (WDFI). F&M owns 100% of the stock of F&M Bank.

F&M Bank is a Wisconsin state-chartered bank headquartered in Tomah, Wisconsin and subject to regulation and examination by the WDFI and the Federal Deposit Insurance Corporation (FDIC), which insures deposits to the maximum extent permitted by law. F&M Bank has two full service offices and a drive-up convenience center located in Tomah, Wisconsin. F&M Bank was founded in 1911 and its deposits are federally insured. F&M Bank is a community oriented, full-service retail bank that attracts deposits from the general public and uses such deposits to invest in residential, commercial and agricultural real estate loans, commercial and agricultural operating loans, home equity and other consumer loans.

F&M Bank has two subsidiaries, F&M Investment Corp. of Tomah and Bob s Holdings, LLC. F&M Investment Corp. of Tomah is a Nevada corporation that holds investments in certain municipal bonds for F&M Bank. Bob s Holdings, LLC is a Wisconsin limited liability company that was established to hold certain real estate properties.

As of December 31, 2018, F&M had total consolidated assets of \$197.3 million, total consolidated loans and leases of \$127.9 million, total consolidated deposits of \$154.4 million and total consolidated shareholders equity of \$21.4 million.

The F&M common stock is privately held and not listed on any exchange. Additional information about F&M and its business can be found on its website at www.fmnetbank.com. See the section entitled "Where You Can Find More Information" beginning on page 129 of this proxy statement/prospectus.

Citizens Community Bancorp, Inc.

2174 EastRidge Center

Eau Claire, Wisconsin 54701

(715) 836-9994

Citizens Community Bancorp, Inc. (Citizens) is a Maryland corporation incorporated in 2006. Citizens is a bank holding company and is subject to regulation by the Federal Reserve Board. Citizens primary activities

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consist of holding the stock of Citizens wholly-owned subsidiary bank, CCF Bank, and providing consumer, commercial and agricultural banking activities through CCF Bank. At December 31, 2018, Citizens had approximately \$1,288 million in total assets, \$1,008 million in deposits, and \$138 million in total shareholders equity.

CCF Bank is a federally chartered national bank based in Altoona, Wisconsin, currently serving customers primarily in Wisconsin and Minnesota through 26 branch locations. CCF Bank is subject to regulation by the Office of the Comptroller of the Currency (OCC) and the FDIC. Its primary markets include the Chippewa Valley Region in Wisconsin, the Twin Cities and Mankato markets in Minnesota, and various rural communities around these areas. The Bank offers traditional community banking services to businesses, agricultural operators and consumers, including one-to-four family mortgages.

Wells Insurance Agency, a Minnesota corporation formed in 1976 and wholly owned subsidiary of the Bank, provides financial and insurance products to customers of the Bank and members of the general public in the Bank s market area.

Citizens common stock is listed on the Nasdaq Global Markets under the symbol CZWI. Additional information about Citizens, its business, financial condition and results of operations can be found in documents Citizens files with the SEC. See the sections entitled Where You Can Find More Information beginning on page 129 of this proxy statement/prospectus.

F&M Merger Sub, Inc.

2174 EastRidge Center

Eau Claire, Wisconsin 54701

(715) 836-9994

F&M Merger Sub, Inc. (Merger Sub), a wholly owned subsidiary of Citizens, is a Minnesota corporation that was formed on January 18, 2019 for the sole purpose of effecting the merger. Merger Sub has not carried on any activities to date, except for activities incidental to its formation and activities undertaken in connection with the merger. By operation of the merger, Merger Sub will be merged with and into F&M, with F&M surviving as a wholly owned subsidiary of Citizens.

The Merger and the Merger Agreement (Page 66)

The terms and conditions of the merger are contained in the merger agreement, a copy of which is attached as Annex A to this proxy statement/prospectus and incorporated herein by reference. We encourage you to read the merger agreement carefully and in its entirety, as it is the legal document that governs the merger.

If the merger agreement is adopted by the F&M shareholders and the merger is subsequently completed, Merger Sub will merge with and into F&M, with F&M being the surviving corporation and becoming a wholly-owned subsidiary of Citizens. Immediately following the merger, F&M will merge with and into Citizens, with Citizens being the surviving corporation in the holdco merger. Immediately following the holdco merger, F&M Bank will merge with and into CCF Bank, with CCF Bank being the surviving bank.

Merger Consideration (Page 47)

Upon completion of the merger and assuming the consideration is not adjusted pursuant to the terms of the merger agreement as described in this proxy statement/prospectus, each share of F&M common stock outstanding immediately prior to the effective time of the merger, except for F&M dissenting shares and shares of F&M common stock held by F&M as treasury stock or owned by Citizens, will be converted into the right to

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receive (i) the cash consideration consisting of an amount of cash equal to \$18,199,597 divided by the total number of shares of F&M common stock issued and outstanding immediately prior to the effective time, without interest, (or approximately \$84.05 in cash per share of F&M common stock, assuming 216,541 shares of F&M common stock outstanding at the effective time) and (ii) the stock consideration consisting of 1.3350 shares of Citizens common stock.

The cash consideration is determined based on the aggregate cash consideration of approximately \$18,199,597, as adjusted in accordance with the merger agreement based on the amount of F&M's Closing Date Equity Amount. Set forth below is a table showing the hypothetical value of the cash consideration based on a range of values for F&M's closing date stockholders equity amount. The table does not reflect the fact that cash will be paid instead of fractional shares of Citizens common stock.

Hypothetical Cash Consideration Per Share		
F&M Closing Date Equity Amount	Aggregate Cash Consideration (1)	Hypothetical Per Share Value (2)
\$21,707,000	\$ 19,449,597	\$ 89.82
\$21,457,000	\$ 19,199,597	\$ 88.66
\$21,207,000	\$ 18,949,597	\$ 87.51
\$20,957,000	\$ 18,699,597	\$ 86.36
\$20,707,000	\$ 18,449,597	\$ 85.20
\$20,457,000	\$ 18,199,597	\$ 84.05
\$20,207,000	\$ 17,949,597	\$ 82.89
\$19,957,000	\$ 17,699,597	\$ 81.74
\$19,707,000	\$ 17,449,597	\$ 80.58
\$19,457,000	\$ 17,199,597	\$ 79.43
\$19,207,000	\$ 16,949,597	\$ 78.27
\$18,957,000	\$ 16,699,597	\$ 77.12

- (1) Hypothetical adjusted aggregate cash consideration based on \$18,199,597 increased or decreased by the amount by which the hypothetical F&M Closing Date Equity Amount is greater or less than \$20,457,000.
- (2) Hypothetical value based on hypothetical adjusted aggregate cash consideration divided by 216,541, the number of shares of F&M common stock issued and outstanding.

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The stock consideration is subject to adjustment based upon the Citizens Closing Price, computed as the average closing price of Citizens common stock for the 10 trading days ending on the third business day preceding the closing of the merger. Set forth below is a table showing the hypothetical value of the stock consideration based on a range of values for the Citizens Closing Price. The table does not reflect the fact that cash will be paid instead of fractional shares of Citizens common stock.

Hypothetical Stock Consideration Per Share		
Citizens Closing Prices	Shares of Citizens Common Stock (1)	Hypothetical Per Share Value (2)
\$13.50	1.2238	\$ 16.52
\$13.33(3)	1.2238	\$ 16.31
\$13.00	1.2549	\$ 16.31
\$12.50	1.3051	\$ 16.31
\$12.22(4)	1.3350	\$ 16.31
\$12.00	1.3350	\$ 16.02
\$11.00	1.3350	\$ 14.69
\$10(5)	1.3350	\$ 13.35
\$9.50	1.4053	\$ 13.35
\$9.00	1.4833	\$ 13.35
\$8.89(6)	1.5017	\$ 13.35
\$8.50	1.5017	\$ 12.76

- (1) Represents the exchange ratio.
- (2) Hypothetical value based on hypothetical average closing price for Citizens common stock on NASDAQ for the 10 trading days ending three business days prior to the closing of the merger.
- (3) Represents the *attic* as defined in the merger agreement, or the price point at which further increases to Citizens Closing Price no longer result in a decrease in the number of shares to be received by F&M shareholders.
- (4) Represents the *ceiling* as defined in the merger agreement, or the price point at which further increases to the Citizens Closing Price begin to result in a decrease in the number of shares to be received by F&M shareholders.
- (5) Represents the *floor* as defined in the merger agreement, or the price point at which further decreases to the Citizens Closing Price begin to result in increase in the number of shares to be received by F&M shareholders.
- (6) Represents the *basement* as defined in the merger agreement, or the price point at which further decreases to the Citizens Closing Price no longer result in an increase in the number of shares to be received by F&M shareholders.

The examples above are illustrative only and adjustments to the cash and stock consideration are unrelated and independent. The value of the merger consideration that an F&M shareholder actually receives will be based on F&M's Closing Date Equity Amount, which may change prior to closing, and the market price of Citizens common stock, which will fluctuate with the market. F&M's Closing Date Equity Amount may be above or below the range of amounts set forth above, and Citizens common stock may trade at values above or below the range of the amounts set forth above. As a result, the actual value of the merger consideration per share of F&M common stock may not be shown in the above table.

Recommendation of the F&M Board; Reasons for the Merger (Page 52)

The F&M board unanimously recommends that F&M shareholders vote **FOR** approval of the merger proposal and **FOR** approval of the meeting adjournment proposal. For a detailed discussion of F&M's reasons for the

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merger, see the section entitled "The Merger Recommendation of the F&M Board and Reasons for the Merger" beginning on page 52 of this proxy statement/prospectus.

Opinion of F&M's Financial Advisor (Page 55)

In connection with the merger, F&M's financial advisor, The Oak Ridge Financial Services Group, Inc., which we refer to as Oak Ridge, delivered a written opinion, dated January 21, 2019, to the F&M board as to the fairness, from a financial point of view and as of the date of the opinion, of the merger consideration to be received by the holders of F&M common stock in the merger, based upon and subject to the limitations and assumptions set forth in the opinion. The full text of the opinion, which describes the procedures followed, assumptions made, matters considered, and qualifications and limitations on the review undertaken by Oak Ridge in preparing the opinion, is attached as Annex B to this proxy statement/prospectus.

Oak Ridge's opinion speaks only as of the date of the opinion. The opinion was for the information of, and was directed to, F&M's board of directors in connection with its consideration of the financial terms of the merger, including the merger consideration. The opinion addressed only the fairness, from a financial point of view, of the merger consideration to be paid to F&M's shareholders in the merger. It did not address the underlying business decision of the board of directors to engage in the merger or enter into the merger agreement or constitute a recommendation to the board of directors in connection with the merger, and it does not constitute a recommendation to any holder of F&M's common stock or stock options or any shareholder of any other entity as to how to vote in connection with the merger or any other matter.

See the section entitled "The Merger Opinion of F&M's Financial Advisor" beginning on page 55 of this proxy statement/prospectus and Annex B to this proxy statement/prospectus.

Information About the Special Meeting (Page 41)

Time, Place and Purpose of the Special Meeting (Page 41)

The special meeting to consider and vote upon the adoption of the merger agreement and other matters related to the merger will be held on [] at [] at [].

At the special meeting, F&M shareholders will be asked to consider and vote upon:

a proposal to approve the merger agreement and merger, or the merger proposal; and

a proposal to adjourn of the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the merger proposal, or the meeting adjournment proposal.

Record Date and Quorum (Page 41)

You are entitled to receive notice of, and to vote at, the special meeting if you are an owner of record of shares of F&M common stock as of the close of business on [], the record date. On the record date, there were 216,541 shares of F&M common stock outstanding and entitled to vote. You will have one vote on all matters properly coming before the special meeting for each share of F&M common stock that you owned on the record date. However, certain limits

on the one vote per share rule apply in the case of any shareholder who is the beneficial owner, as determined in accordance with F&M's articles of incorporation, of more than fifteen and one half percent (15.5%) of the outstanding shares of F&M common stock as of the record date, with any shares held by any such holder in excess of the fifteen and one half percent (15.5%) beneficial ownership limit being entitled to only one-tenth of one vote per share.

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The presence, in person or represented by proxy, of shareholders with power to cast a majority of all votes entitled to be cast at the special meeting constitutes a quorum for the purposes of the special meeting. Abstentions and broker non-votes, if any, are considered to be present for purposes of establishing a quorum at the special meeting.

Vote Required to Approve Proposals; Effect of Abstentions and Failure to Vote (Page 42)

Merger proposal:

Approval requirement: Approval of the merger proposal requires the affirmative vote of the holders of a majority of the outstanding shares of F&M common stock entitled to vote on the proposal at the special meeting.

Effect of abstentions and broker non-votes: If you mark `abstain` on your proxy card, fail to submit a proxy card or vote in person at the special meeting, or if your shares are held in `street name` and you fail to provide voting instructions to your bank, brokerage firm or other nominee with respect to the merger proposal, it will have the same effect as a vote `against` the proposal.

Meeting adjournment proposal:

Approval requirement: Approval of the meeting adjournment proposal requires the affirmative vote of the holders of a majority of the votes cast on the proposal at the special meeting, whether or not a quorum is present.

Effect of abstentions and broker non-votes: If you mark `abstain` on your proxy card, fail to submit a proxy card or vote in person at the special meeting, or if your shares are held in `street name` and you fail to provide voting instructions to your bank, brokerage firm or other nominee with respect to the meeting adjournment proposal, you will not be deemed to have cast a vote with respect to the proposal and it will have no effect on the outcome of the proposal.

As of the record date, the directors, executive officers and their affiliates beneficially owned and were entitled to vote approximately 16,075 shares of F&M common stock representing approximately 7.42% of the shares of F&M common stock outstanding on that date. These individuals, along with a certain other shareholder, have entered into voting agreements with Citizens to vote their shares of F&M common stock, representing approximately 18.77% of the shares of F&M common stock outstanding on that date, in favor of the merger proposal.

Proxies and Revocations (Page 43)

Any F&M shareholder of record entitled to vote at the special meeting may submit a proxy by returning the enclosed proxy card in the accompanying prepaid reply envelope or may vote in person by attending the special meeting. If your shares of F&M common stock are held in `street name` through a bank, brokerage firm or other nominee, you should instruct your bank, brokerage firm or other nominee on how to vote your shares of F&M common stock using the instructions provided by your bank, brokerage firm or other nominee. If you fail to submit a proxy or vote in person at the special meeting, or do not provide your bank, brokerage firm or other nominee with instructions as to how to vote your shares, as applicable, your shares of F&M common stock may not be voted on the merger proposal, which would have the same effect as a vote `against` the merger proposal, and your shares of F&M common stock will not have an effect on the meeting adjournment proposal.

You have the right to revoke a proxy at any time before it is exercised, and your last vote is the vote that will be counted. If you are a F&M shareholder of record, you can write to F&M's Corporate Secretary, 1001 Superior

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Avenue, Tomah, Wisconsin 54660, stating that you wish to revoke your proxy and requesting another proxy card. If you hold your shares through a bank, brokerage firm or other nominee, you can revoke your proxy by contacting the bank, brokerage firm or other nominee and asking for a new proxy card. If you attend the meeting, you must request a revocation of your submitted proxy and vote by ballot to revoke your proxy. Your attendance at the special meeting will not of itself constitute a revocation of your proxy. Street name holders may only attend the special meeting and vote in person if they first obtain a legal proxy from the bank, brokerage firm or other nominee holding their shares.

Material United States Federal Income Tax Consequences (Page 87)

The receipt of the merger consideration by F&M shareholders in exchange for F&M common stock is expected to be a taxable transaction for United States federal income tax purposes, and is not expected to qualify as a tax-free reorganization or other non-recognition transaction under any provision of the Code. F&M shareholders are, therefore, expected to recognize a gain or loss upon the exchange of their F&M common stock for the merger consideration. The United States federal income tax consequences described herein may not apply to all holders of F&M common stock. F&M shareholders are urged to consult with their own tax advisors in light of their particular circumstances regarding the potential United States federal income tax consequences of the merger. For further information, please refer to **Material United States Federal Income Tax Consequences** beginning on page 87 of this proxy statement/prospectus.

Interests of F&M Directors and Executive Officers in the Merger (Page 87)

Directors and executive officers of F&M may have interests in the merger that are different from, or in addition to, interests of F&M shareholders generally. These interests include, among others, certain payments and benefits payable under employment, change in control and retention agreements entered into with executive officers, and rights to ongoing indemnification and insurance coverage by F&M as the surviving corporation for acts or omissions occurring prior to the merger. The F&M board was aware of and considered those interests, among other matters, in reaching its decisions to (i) approve and adopt the merger agreement and the transactions contemplated thereby, and (ii) recommend the adoption of the merger agreement to F&M shareholders. See the section entitled **Interests of F&M Directors and Executive Officers in the Merger** beginning on page 87 of this proxy statement/prospectus for a more detailed description of these interests.

Regulatory Approvals (Page 64)

Completion of the merger, the holdco merger and the bank merger are subject to the receipt of all regulatory approvals or waivers required to complete the transactions contemplated by the merger agreement, including from the WDFI, the OCC and the Federal Reserve, and expiration or termination of any applicable statutory waiting periods in respect thereof. Citizens, F&M and/or their respective bank subsidiaries have filed notices and applications to obtain the necessary regulatory approvals.

Notifications and/or applications requesting approval may also be submitted to various other federal and state regulatory authorities and self-regulatory organizations. Citizens and F&M have agreed to use their reasonable best efforts to obtain the required regulatory approvals. Although Citizens and F&M currently believe they should be able to obtain all required regulatory approvals in a timely manner, they cannot be certain when or if they will obtain them or, if obtained, whether they will contain terms, conditions or restrictions not currently contemplated that will impose any restraint or condition that would reasonably be expected to impair in any material respect the economic or other benefits to Citizens or F&M's shareholders of the merger or the transactions contemplated by the merger agreement, have a materially negative effect on the operation of the business currently conducted by F&M or on any other business of Citizens or its affiliates or require the sale, transfer, license or other disposition of any assets or categories of assets that, individually or in the aggregate,

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would be material to any of Citizens, its existing affiliates or F&M (which we refer to as a burdensome condition).

Conditions to Completion of the Merger (Page 81)

In addition to the adoption of the merger agreement by the requisite vote of F&M shareholders and the receipt of all regulatory approvals or waivers, each party's obligation to complete the merger is also subject to the satisfaction or waiver of certain other conditions, including the effectiveness of the registration statement on Form S-4 containing this proxy statement/prospectus, the absence of any applicable law or order prohibiting the merger, receipt of consents of counterparties to certain contracts of F&M that will continue in effect after the merger, the absence of any event, change or development between the date of signing the merger agreement and completion of the merger that has a material adverse effect on F&M or Citizens, the accuracy of the representations and warranties of the other party under the merger agreement (subject to the materiality standards set forth in the merger agreement), the performance by the other party of its respective obligations under the merger agreement in all material respects, and delivery of officer certificates by the other party certifying satisfaction of its conditions precedent.

Neither Citizens nor F&M can be certain when, or if, the conditions to the merger will be satisfied or waived, or that the merger will be completed. For a more complete summary of the conditions that must be satisfied or waived prior to completion of the merger, see the section entitled "The Merger Agreement - Conditions to Completion of the Merger" beginning on page 81 of this proxy statement/prospectus.

No Solicitation (Page 78)

As more fully described in this proxy statement/prospectus and in the merger agreement, and subject to certain exceptions summarized below, F&M has agreed not to solicit, initiate or knowingly facilitate, induce or encourage any inquiries or proposals with respect to, or engage or participate in any negotiations concerning, or provide confidential or nonpublic information or data to, or have or participate in any discussions with, any person relating to an alternative acquisition proposal. Notwithstanding these restrictions, the merger agreement provides that F&M may participate in discussions or negotiations regarding an alternative acquisition proposal or furnish nonpublic information regarding F&M in response to an unsolicited bona fide written acquisition proposal, under specific circumstances, including the F&M board's determination (in accordance with the merger agreement and after consultation with F&M's outside legal counsel and financial advisor) that such proposal is reasonably expected to lead to a superior proposal and the failure to take such actions would reasonably be expected to result in a violation of its fiduciary duties under applicable law. For a more complete summary of F&M's non-solicitation obligations, see the section entitled "The Merger Agreement - No Solicitation" beginning on page 78 of this proxy statement/prospectus. Under certain circumstances, F&M may terminate the merger agreement to accept a superior proposal but such termination would result in it being obligated to pay Citizens the termination fee. See "The Merger Agreement - Termination of the Merger Agreement" and "The Merger Agreement - Termination Fee" beginning on pages 82 and 83 respectively.

Withdrawal of Recommendation (Page 77)

The merger agreement requires F&M to use its reasonable best efforts to solicit from F&M shareholders proxies in favor of the merger proposal, including by communicating to F&M shareholders the recommendation of the F&M board that shareholders vote to approve the merger proposal. However, the F&M board may withdraw its recommendation for shareholders' approval of the merger proposal if (i) in response to a superior proposal (as defined in the merger agreement) the F&M board determines in good faith, after consultation with its outside legal counsel and financial advisor, that the failure to do so would reasonably be expected to violate its fiduciary duties to the F&M shareholders under applicable law; (ii) the F&M board provides five (5) business days' prior

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written notice to Citizens of its intention to take such action and specifying the reasons therefore; (iii) during such five (5) business day period, the F&M board negotiates with Citizens in good faith to make such changes to the merger agreement as would enable the F&M board to proceed with its recommendation of the merger; and (iv) the F&M board takes into account any amendment or modification to the merger agreement proposed by Citizens and determines in good faith, after consultation with its outside legal counsel and financial advisor, that such amendment or modification proposed by Citizens remains less favorable to the F&M shareholders than the terms of the alternative acquisition proposal, after giving effect to payment of a termination fee under the terms of the merger agreement. For more information, see the section entitled *The Merger Agreement F&M Shareholder Meeting; Withdrawal of Recommendation; Restructuring* beginning on page 77 of this proxy statement/prospectus.

Termination; Termination Fee (Page 83)

Termination

F&M and Citizens may mutually agree to terminate the merger agreement and abandon the merger at any time. Subject to conditions and circumstances described in the merger agreement, the merger agreement may also be terminated as follows:

by either party, if there has been a breach of any representation or covenant made by the other party under the merger agreement, such that a condition to completion of the merger cannot be satisfied and such breach is not cured after 30 days written notice from the other party provided that the party seeking to terminate is not itself in material breach of the merger agreement;

by either party, if any governmental entity denies any requisite regulatory approval in connection with the merger or the other transactions contemplated by the merger agreement and such denial has become final and nonappealable, provided that, the party seeking to terminate may not be the party whose failure to fulfill any of its obligations contained in the merger agreement has been the cause of, or materially contributed to, the denial;

by either party, if the merger has not been completed by October 31, 2019, provided that, the party seeking to terminate may not be the party whose failure to fulfill any of its obligations contained in the merger agreement has been the cause of, or materially contributed to, the delay;

by either party, if (i) any applicable law is enacted, entered, promulgated, enforced or issued by any governmental entity or other restraint or prohibition is in effect which prevents the consummation of the merger or (ii) there is a final and non-appealable denial by any governmental entity of a consent necessary to consummate the merger and the transactions contemplated the merger agreement or Citizens receives notification that a governmental entity will, as a condition to its consent to the merger, impose a burdensome condition;

by either party if any event, change, circumstance or occurrence has occurred which has, or would be reasonably likely to have, any material adverse effect on the other party

by either party, if the F&M shareholders do not approve the merger proposal at the special meeting, subject to certain conditions imposed on F&M's right to exercise termination in this event;

by Citizens, if the F&M board fails to comply with the provisions of the merger agreement with respect to an alternative acquisition proposal or the F&M board changes its recommendation to the F&M shareholders to approve the merger proposal or recommended a superior proposal; or a tender or exchange offer for 10% or more of the outstanding shares of F&M common stock has been commenced and the F&M board does not recommend against it;

by F&M, if an alternative acquisition proposal is received prior to the approval and adoption of the merger agreement at the special meeting, the F&M board determines that proposal to be superior to the

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terms of the proposed merger, the F&M board has complied with the provisions of the merger agreement relating to such alternative acquisition proposal and F&M pays to Citizens a termination fee of \$750,000 plus Citizens' out-of-pocket expenses incurred in connection with the merger agreement; or

by F&M, if any environmental conditions are identified on property owned by F&M and the remediation costs for such conditions are reasonably likely to exceed \$500,000.

Termination Fee

F&M will be required to pay Citizens a termination fee of \$750,000 plus Citizens' out-of-pocket expenses incurred in connection with the merger agreement, which we refer to as the termination fee, if:

the merger agreement is terminated by either party because the F&M shareholders failed to approve the merger proposal at the special meeting, and (i) a superior proposal (as defined in the merger agreement) existed prior to the date of termination of the merger agreement and (ii) within twelve (12) months of such termination, F&M consummates the superior proposal or enters into a letter of intent, agreement in principal or definitive agreement with respect to the superior proposal;

the merger agreement is terminated by F&M because the merger was not completed by October 31, 2019 or any environmental conditions reasonably likely to require remediation costs exceeding \$500,000 are identified on property owned by F&M, and (i) a superior proposal existed prior to the date of termination of the merger agreement and (ii) within twelve (12) months of such termination, F&M consummates the superior proposal or enters into a letter of intent, agreement in principal or definitive agreement with respect to the superior proposal;

the merger agreement is terminated by Citizens due to: (i) a breach by F&M of certain provisions of the merger agreement relating to superior proposals; (ii) the F&M board shall have changed its recommendation to the F&M shareholders to approve the merger proposal or shall have otherwise taken actions inconsistent with recommending the merger proposal; (iii) the F&M board recommends a superior proposal; or (iv) the F&M board fails to recommend against acceptance of certain tender offers made by a third party for F&M common stock; or

the merger agreement is terminated by F&M prior to the special meeting in connection with the receipt of a superior proposal and (i) the F&M board has complied with its obligations under the merger agreement with respect to such superior proposal, and (ii) the termination fee is paid upon termination of the merger agreement.

For more information, please see the sections entitled "The Merger Agreement Termination of the Merger Agreement" and "The Merger Agreement Termination Fee" beginning on pages 82 and 83, respectively, of this proxy statement/prospectus.

Dissenters' Rights (Page 107)

F&M shareholders are entitled to assert dissenters' rights under Sections 180.1301 to 180.1331 of the WBCL, provided that they follow the procedures and satisfy the conditions set forth in Sections 180.1301 to 180.1331 of the WBCL. More information regarding these dissenters' rights is provided in this proxy statement/prospectus, and the provisions of Sections 180.1301 to 180.1331 of the WBCL that grant dissenters' rights and govern such procedures are attached in their entirety as Annex C to this proxy statement/prospectus. You should read these provisions carefully and in their entirety. See the section entitled "Dissenters' Rights" beginning on page 107 of this proxy statement/prospectus.

Comparison of Shareholders' Rights (Page 93)

The rights of F&M shareholders are governed by F&M's articles of incorporation, as amended, which we refer to as the F&M charter, its bylaws, which we refer to as the F&M bylaws and by Wisconsin corporate law. Your

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rights as a shareholder of Citizens will be governed by Citizens charter, which we refer to as the Citizens charter, its bylaws, as amended, which we refer to as the Citizens bylaws and by Maryland corporate law. Your rights under the Citizens charter and the Citizens bylaws will differ in some respects from your rights under the F&M charter and the F&M bylaws. For more detailed information regarding a comparison of your rights as a F&M shareholder and as a Citizens shareholder, see the section entitled Comparison of Shareholders Rights beginning on page 93 of this proxy statement/prospectus.

Risk Factors (Page 33)

You should consider all the information contained in this proxy statement/prospectus in deciding how to vote for the proposals to be considered at the special meeting. In particular, you should consider the factors described under the Section entitled Risk Factors beginning on page 33 of this proxy statement/prospectus.

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The following table summarizes selected historical consolidated financial information of Citizens for the periods and as of the dates indicated and should be read in conjunction with Citizens' consolidated financial statements and the notes to the consolidated financial statements contained in reports that Citizens has previously filed with the SEC. Historical financial information for Citizens can be found in its Transition Report on Form 10-K for the period ended December 31, 2018. Please see the section entitled "Where You Can Find More Information" for instructions on how to obtain the information that has been incorporated by reference. Financial amounts at and for the three months ended December 31, 2017 are unaudited. Financial amounts at and for the three months ended December 31, 2018 and 2017 and are not necessarily indicative of the results of operations for the full year or any other interim period, and management of Citizens believes that such amounts reflect all adjustments (consisting only of normal recurring adjustments) necessary for a fair presentation of its results of operations and financial position as of the dates and for the periods indicated. You should not assume the results of operations for past periods indicate results for any future period.

	Transition Period ended December 31,		Year ended September 30,				
	2018	2017	2018	2017	2016	2015	2014
<i>(dollars in thousands, except per share data)</i>							
Selected Results of Operations Data:							
Interest income	\$ 13,047	\$ 9,412	\$ 38,896	\$ 27,878	\$ 25,084	\$ 23,004	\$ 24,033
Interest expense	3,007	1,885	8,593	5,610	5,007	4,438	4,275
Net interest income	10,040	7,527	30,303	22,268	20,077	18,566	19,758
Provision for loan losses	950	100	1,300	319	75	656	1,910
Net interest income after provision for loan losses	9,090	7,427	29,003	21,949	20,002	17,910	17,848
Fees and service charges	1,790	1,236	4,635	2,937	2,923	3,006	2,868
Net (loss) gain on sale of available for sale securities			(17)	111	63	60	(168)
Other non-interest income	736	703	2,752	1,703	929	847	794
Non-interest income	2,526	1,939	7,370	4,751	3,915	3,913	3,416
Non-interest expense	9,794	7,143	29,764	22,878	20,058	17,403	17,224
Income before provision for income taxes	1,822	2,223	6,609	3,822	3,859	4,420	4,040
Income tax provision	561	883	2,326	1,323	1,286	1,614	1,530
Net income	\$ 1,261	\$ 1,340	\$ 4,283	\$ 2,499	\$ 2,573	\$ 2,806	\$ 2,510

Per Share Data: (1)

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Net income per share (basic) (1)	\$ 0.12	\$ 0.23	\$ 0.72	\$ 0.47	\$ 0.49	\$ 0.54	\$ 0.49
Net income per share (diluted) (1)	\$ 0.12	\$ 0.23	\$ 0.58	\$ 0.46	\$ 0.49	\$ 0.54	\$ 0.48
Cash dividends per common share			\$ 0.20	\$ 0.16	\$ 0.12	\$ 0.08	\$
Book value per share at end of period	\$ 12.62	\$ 12.65	\$ 12.45	\$ 12.48	\$ 12.27	\$ 11.74	\$ 11.23
Tangible book value per share at end of period	\$ 9.03	\$ 9.98	\$ 11.05	\$ 9.78	\$ 11.22	\$ 11.72	\$ 11.20

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<i>(dollars in thousands, except per share data)</i>	Transition Period ended December 31,		Year ended September 30,				
	2018	2017	2018	2017	2016	2015	2014
Selected Financial Condition Data:							
Total assets	\$ 1,287,924	\$ 943,032	\$ 975,409	\$ 940,664	\$ 695,865	\$ 580,148	\$ 569,815
Investment securities	\$ 151,575	\$ 101,775	\$ 123,101	\$ 101,336	\$ 86,792	\$ 87,933	\$ 70,974
Total loans, net of deferred costs (fees)	\$ 992,556	\$ 730,918	\$ 759,247	\$ 732,995	\$ 574,439	\$ 450,510	\$ 470,366
Total deposits	\$ 1,007,512	\$ 741,069	\$ 746,529	\$ 742,504	\$ 557,677	\$ 456,298	\$ 449,767
Short-term FHLB borrowings	\$ 98,813	\$ 94,000	\$ 63,000	\$ 90,000	\$ 45,461	\$ 33,600	\$ 20,000
Other FHLB borrowings	\$ 11,000	\$ 0	\$ 0	\$ 0	\$ 13,830	\$ 25,291	\$ 38,891
Other borrowings	\$ 24,647	\$ 29,899	\$ 24,619	\$ 30,319	\$ 11,000	\$ 0	\$ 0
Total shareholders equity	\$ 138,187	\$ 74,454	\$ 135,847	\$ 73,483	\$ 64,544	\$ 61,454	\$ 58,019
Weighted average basic common shares outstanding	10,942,920	5,884,933	5,943,891	5,361,843	5,241,458	5,208,708	5,163,373
Weighted average diluted common shares outstanding	10,967,386	5,920,899	7,335,247	5,378,360	5,257,304	5,239,942	5,196,706
Performance Ratios:							
Return on average assets	0.42%	0.56%	0.45%	0.34%	0.40%	0.49%	0.45%
Return on average total shareholders equity	3.65%	7.19%	4.35%	3.76%	4.08%	4.70%	4.47%
Net interest margin (2)	3.56%	3.42%	3.42%	3.31%	3.27%	3.36%	3.61%
Net interest spread (2)	3.32%	3.31%	3.27%	3.19%	3.15%	3.24%	3.54%

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Average during period							
End of period	3.68%	3.58%	3.37%	3.47%	3.31%	3.15%	3.58%
Net overhead ratio (3)	2.44%	2.21%	2.35%	2.48%	2.39%	2.35%	2.46%
Average loan-to-average deposit ratio	94.99%	98.84%	99.52%	100.87%	101.08%	101.63%	101.57%
Average interest bearing assets to average interest bearing liabilities	122.68%	112.61%	114.92%	114.96%	114.38%	114.15%	109.35%
Efficiency ratio (4)	77.94%	75.46%	79.01%	84.67%	83.60%	77.42%	74.08%
Asset Quality Ratios:							
Non-performing loans to total loans (5)	0.82%	0.98%	1.10%	1.10%	0.62%	0.27%	0.34%
Allowance for loan losses to:							
Total loans (net of unearned income)	0.77%	0.80%	0.89%	0.81%	1.06%	1.44%	1.38%
Non-performing loans	93.99%	82.21%	81.04%	73.90%	169.92%	532.02%	410.47%
Net charge-offs to average loans	0.04%	0.10%	0.07%	0.07%	0.10%	0.14%	0.35%
Non-performing assets to total assets	0.83%	1.50%	1.14%	1.49%	0.62%	0.37%	0.46%
Capital Ratios:							
Shareholders equity to assets (6)	10.73%	7.90%	13.93%	7.81%	9.28%	10.59%	10.18%
Average equity to average assets (6)	11.52%	7.85%	10.32%	9.09%	9.87%	10.39%	9.98%
Tier 1 capital (leverage ratio) (7)	9.7%	9.2%	9.2%	9.2%	9.3%	10.6%	10.1%
Total risk-based capital (7)	12.7%	13.3%	13.1%	13.2%	14.1%	16.8%	16.3%

(1) Earnings per share are based on the weighted average number of shares outstanding for the period.

(2) Net interest margin represents net interest income as a percentage of average interest earning assets, and net interest rate spread represents the difference between the weighted average cost of interest bearing liabilities.

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- (3) Net overhead ratio represents the difference between non-interest expense and non-interest income, divided by average assets.
- (4) Efficiency ratio represents non-interest expense, divided by the sum of net interest income and non-interest income, excluding impairment losses from OTTI.
- (5) Non-performing loans are either 90+ days past due or nonaccrual. Non-performing assets consist of non-performing loans plus other real estate owned plus other collateral owned.
- (6) Company ratios
- (7) Bank regulatory ratios

Table of Contents**SELECTED HISTORICAL FINANCIAL INFORMATION OF F&M**

The summary financial information presented below is derived from F&M's consolidated financial statements for the periods and as of the dates indicated. The following is only a summary and you should read it in conjunction with the consolidated financial statements and notes beginning on page F-1. The information as of and for the years ended December 31, 2018 and 2017 is derived in part from the audited consolidated financial statements that appear in this proxy statement/prospectus. The information at December 31, 2016, 2015 and 2014 and for the years then ended is derived from F&M's audited financial statements that do not appear in this proxy statement/prospectus. The information presented below reflects F&M on a consolidated basis.

You should read this information in conjunction with F&M's consolidated financial statements and related notes thereto. See "F&M Consolidated Financial Statements" beginning on page F-1 of this proxy statement/prospectus.

	Year ended December 31,				
<i>(dollars in thousands, except per share and other data)</i>	2018	2017	2016	2015	2014
Operating Data					
Interest Income	\$ 7,862	\$ 7,287	\$ 7,021	\$ 6,796	\$ 6,887
Interest Expense	1,461	1,369	950	914	1,059
Net Interest Income	6,401	5,918	6,071	5,882	5,828
Provision for Loan Losses	0	0	-209	60	403
Non-Interest Income	904	801	950	801	818
Non-Interest Expense	5,591	5,259	5,220	5,185	5,321
Income Before Taxes	1,714	1,460	2,010	1,438	922
Income Taxes	320	523	459	265	46
Net Income	\$ 1,394	\$ 937	\$ 1,551	\$ 1,173	\$ 876
Average shares outstanding, basic	216,546	216,528	241,593	266,611	266,472
Average shares outstanding, diluted	221,746	221,728	245,593	270,611	270,472
Total shares outstanding	221,746	221,746	220,516	270,619	270,372
Basic Earnings per share	\$ 6.44	\$ 4.33	\$ 6.42	\$ 4.40	\$ 3.29
Diluted Earnings Per Share	\$ 6.29	\$ 4.23	\$ 6.32	\$ 4.33	\$ 3.24
Dividends Declared Per Share	\$ 1.65	\$ 1.50	\$ 1.05	\$ 1.25	\$ 2.25
Dividend payout ratio (1)	26%	34%	16%	28%	69%
Financial Condition Data					
Total Assets	\$ 197,296	\$ 200,701	\$ 199,142	\$ 196,093	\$ 196,435
Total Deposits	154,502	153,071	140,147	139,817	163,771
Total Loans	127,921	136,404	128,074	120,451	119,092
Stockholders' equity	21,440	20,721	19,868	21,996	21,067
Book Value Per Share	\$ 99.01	\$ 95.69	\$ 91.74	\$ 82.50	\$ 79.09
Performance Ratios					
Return on Average Assets	0.71%	0.47%	0.78%	0.59%	0.43%
Return on Average Stockholders' equity	6.55%	4.71%	7.41%	5.45%	4.28%

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Equity to assets	10.87%	10.32%	9.98%	11.22%	10.62%
Interest rate spread (2)	3.20%	2.90%	3.08%	3.16%	3.05%
Net Interest Margin, taxable equivalent (3)	3.50%	3.22%	3.35%	3.25%	3.16%
Efficiency ratio (4)	76.54%	78.27%	74.35%	77.59%	80.07%
Asset Quality					
Non-Performing Loans	\$ 444	\$ 621	\$ 2,316	\$ 2,813	\$ 6,886
Non-Performing Loans/Total Loans	0.35%	0.46%	1.81%	2.34%	5.78%
Net (Recoveries)/Charge-Offs	\$ -69	\$ 248	\$ 177	\$ 159	\$ 1,164
Allowance/Total Loans	2.17%	2.03%	2.30%	2.74%	2.93%

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<i>(dollars in thousands, except per share and other data)</i>	Year ended December 31,				
	2018	2017	2016	2015	2014
Capital Ratios (5):					
Total capital	18.56%	16.39%	16.43%	16.02%	17.17%
Tier 1 capital	17.30%	15.13%	15.17%	14.76%	15.90%
CET1	17.30%	15.13%	15.17%	14.76%	N/A
Tier 1 leverage capital	12.07%	10.91%	10.96%	11.11%	10.59%
Other Data:					
Number of full service offices	2	2	2	2	2
Full time equivalent employees	40	43	44	43	45

- (1) Dividend payout ratio represents per share dividends declared divided by diluted earnings per share.
- (2) The interest rate spread represents the difference between the fully taxable equivalent weighted-average yield on interest-earning assets and the weighted-average cost of interest-bearing liabilities for the period.
- (3) The net interest margin represents fully taxable equivalent net interest income as a percent of average interest-earning assets for the period.
- (4) The efficiency ratio represents noninterest expense as a percentage of the sum of net interest income on a fully taxable equivalent basis and noninterest income.
- (5) Capital ratios are for Farmers and Merchants Bank.

Table of Contents**UNAUDITED COMPARATIVE PER SHARE INFORMATION**

The following table sets forth basic earnings, diluted earnings, cash dividends and book value per share data for Citizens and F&M on a historical basis and on a pro forma combined basis, for the three months ended December 31, 2018, and basic earnings, diluted earnings and cash dividend per share data for the fiscal year ended September 30, 2018. The unaudited pro forma data was derived by combining the historical financial information of Citizens and F&M using the acquisition method of accounting for business combinations, assumes the transaction is completed as contemplated and represents a current estimate based on available information of the combined company's results of operations.

The pro forma equivalent per share amounts are calculated by multiplying the pro forma combined book value per share, cash dividends per share and net income per share by the exchange ratio of 1.3350 so that the per share amounts equate to the respective values for one share of F&M common stock. No effect is given for the cash portion of the merger consideration to be received.

The unaudited pro forma data below should be read in conjunction with Citizens' and F&M's audited financial statements for the fiscal years ended September 30, 2018 and December 31, 2018, respectively, and their respective financial statements for the three months ended December 31, 2018. This information is presented for illustrative purposes only. You should not rely on the unaudited pro forma data or equivalent amounts presented below as they are not necessarily indicative of the operating results or financial position that would have occurred if the merger had been completed as of the dates indicated, nor are they necessarily indicative of the future operating results or financial position of the combined company. The pro forma information, although helpful in illustrating the financial characteristics of the combined company under one set of assumptions, does not reflect the benefits of expected cost savings, opportunities to earn additional revenue, the impact of merger- and integration-related costs, or other factors that may result as a consequence of the merger and, accordingly, does not attempt to predict or suggest future results.

	Citizens Historical	F&M Historical	Pro Forma Combined	Pro Forma Equivalent F&M share (1)
For the three months ended December 31, 2018:				
Basic earnings per common share (2)	\$ 0.12	\$ 1.76	\$ 0.15	\$ 0.21
Diluted earnings per common share (2)	\$ 0.12	\$ 1.72	\$ 0.15	\$ 0.20
Dividends per common share (3)		\$ 0.80		
Book value per common share (4)	\$ 12.62	\$ 99.01	\$ 14.21	\$ 18.96
For the year ended September 30, 2018(5):				
Basic earnings per common share (2)	\$ 0.72	\$ 6.44	\$ 0.96	\$ 1.28
Diluted earnings per common share (2)	\$ 0.58	\$ 6.29	\$ 0.79	\$ 1.05
Cash dividends declared per common share(3)	\$ 0.20	\$ 1.65	\$ 0.19	\$ 0.25

(1) Pro forma per equivalent F&M share information is calculated based on pro forma combined information multiplied by the exchange ratio of 1.3350.

(2)

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The pro forma combined basic and diluted earnings per share of Citizens common stock is based on the pro forma combined net income for the combined entities divided by the total pro forma basic and diluted shares of the combined entities.

- (3) Pro forma dividends per share represent Citizens historical dividends per share.
- (4) The pro forma combined book value per share of Citizens common stock is based on the pro forma combined common stockholders equity for the combined entity divided by total pro forma shares of common stock of the combined entity.
- (5) Fiscal year ended December 31, 2018 for F&M.

Table of Contents**COMPARATIVE PER SHARE MARKET PRICE AND DIVIDEND INFORMATION**

Citizens. Citizens common stock is traded on NASDAQ under the symbol CZWI. The following table sets forth for the periods indicated the high and low reported trading prices per share of Citizens common stock on NASDAQ, and the cash dividends declared per share.

	High	Low	Dividend
Quarter Ended:			
December 31, 2016	\$ 12.55	\$ 10.80	
March 31, 2017	\$ 14.05	\$ 12.05	\$ 0.16
June 30, 2017	\$ 14.34	\$ 12.73	
September 30, 2017	\$ 14.43	\$ 13.03	
December 31, 2017	\$ 14.21	\$ 13.08	
March 31, 2018	\$ 14.10	\$ 13.00	\$ 0.12
June 30, 2018	\$ 14.15	\$ 13.37	
September 30, 2018	\$ 14.25	\$ 13.54	
December 31, 2018	\$ 14.09	\$ 10.50	

As of [], 2019, Citizens had [] stockholders of record. The holders of Citizens common stock are entitled to receive such dividends when and as authorized by the Citizens board and declared by Citizens. In determining the payment of cash dividends, the Citizens board considers Citizens earnings, capital and debt servicing requirements, the financial ratio guidelines of regulators, Citizens financial condition and other relevant factors. Citizens ability to pay dividends on Citizens common stock is dependent on the dividend payments it receives from CCF Bank, since Citizens receives substantially all of its revenue in the form of dividends from CCF Bank. Future dividends are not guaranteed and will depend on Citizens ability to pay them.

F&M. F&M common stock is not listed on a stock market or quoted in the inter-dealer quotation or over-the-counter market, and there is no established trading market for shares of F&M common stock. The following table sets forth for the cash dividends declared per share.

	Dividend
Quarter Ended:	
December 31, 2016	\$ 1.30
March 31, 2017	
June 30, 2017	
September 30, 2017	\$ 0.75
December 31, 2017	\$ 0.75
March 31, 2018	
June 30, 2018	
September 30, 2018	\$ 0.85
December 31, 2018	\$ 0.80

As of the record date for the special meeting, there were approximately 195 holders of record of F&M common stock.

The following table sets forth the closing sale prices per share of Citizens common stock on January 18, 2019, the last trading day before the public announcement of the signing of the merger agreement, and on [], 2019, the latest

practicable date before the date of this proxy statement/prospectus. The table also shows the estimated equivalent per share stock consideration and the cash consideration with respect to each share of F&M common stock on the relevant date.

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The following table also includes the equivalent market value per share of F&M common stock on January 18, 2019 and [], 2019 determined by adding the estimated per share merger consideration of \$84.05 in cash plus the product of the share price of Citizens common stock on such dates and the exchange ratio of 1.3350, which are subject to adjustment as provided for in the merger agreement.

	Citizens Common Stock	F&M Common Stock(1)	Exchange Ratio	Value of Per Share Stock Consideration	Estimated Per Share Cash Consideration	Estimated Total Per Share Value
January 18, 2019	\$ 11.05		1.3350	\$ 14.75	\$ 84.05	\$ 98.80
[], 2019	\$			\$	\$	\$

(1) There is no active trading market for F&M common stock.

The above tables show only historical comparisons. These comparisons may not provide meaningful information to F&M shareholders in determining whether to adopt and approve the merger agreement. The merger consideration is subject to potential adjustment under the merger agreement, as described in The Merger Merger Consideration and The Merger Agreement Merger Consideration) and therefore the value of the merger consideration at the closing of the merger may change. The information presented above solely illustrates the implied value of the merger consideration based on the estimated shareholders' equity of F&M and share price of Citizens common stock on the dates set forth above. F&M shareholders are urged to obtain current market quotations for shares of Citizens common stock and to review carefully the other information contained in this proxy statement/prospectus in considering whether to approve the merger proposal.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Some of the statements contained or incorporated by reference in this proxy statement/prospectus are forward looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 giving Citizens or F&M's expectations or predictions of future financial or business performance or conditions. Forward-looking statements are typically identified by words such as believe, expect, anticipate, intend, target, estimate, continue, position, projections, prospects or potential, by future conditional verbs such as will, would, should, could or may, variations of such words or by similar expressions. Such forward-looking statements include, but are not limited to, statements about the benefits of the merger or the bank merger, including future financial and operating results of Citizens, F&M or the combined company following the merger, the combined company's plans, objectives, expectations and intentions, the expected timing of the completion of the merger, the likelihood of success and impact of litigation and other statements that are not historical facts. These statements are only predictions based on Citizens and F&M's current expectations and projections about future events. There are important factors that could cause Citizens and F&M's actual results, level of activity, performance or achievements to differ materially from the results, level of activity, performance or achievements expressed or implied by the forward-looking statements. In particular, you should consider the numerous risks and uncertainties described in the section entitled "Risk Factors" beginning on page 33 of this proxy statement/prospectus.

These forward-looking statements are subject to numerous assumptions, risks and uncertainties which change over time. In addition to factors previously disclosed in Citizens' reports filed with the SEC, the following factors, among others, could cause actual results to differ materially from forward-looking statements:

inability to close the merger and the bank merger in a timely manner;

failure to complete the merger due to the failure of the F&M shareholders to approve the merger proposal;

failure to obtain applicable regulatory approvals and meet other closing conditions to the merger on the expected terms and schedule;

difficulties and delays in integrating F&M's business into Citizens' operations or fully realizing cost savings and other benefits;

potential impact of announcement or consummation of the merger with F&M on relationships with third parties, including customers, employees and competitors;

Citizens' potential exposure to unknown or contingent liabilities of F&M;

challenges of integrating, retaining and hiring key personnel;

failure to retain existing customers in the manner anticipated;

outcome of pending or threatened litigation, or of matters before regulatory agencies, whether currently existing or commencing in the future, including litigation related to the merger;

any interruption or breach of security resulting in system failures or disruptions in customer service;

business disruption following the merger;

changes in Citizens' stock price prior to completion of the merger, including as a result of the financial performance of F&M; and

economic, competitive, governmental, regulatory, technological and geopolitical factors affecting Citizens' or F&M's operations, pricing and services.

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Additionally, the timing and occurrence or non-occurrence of events may be subject to circumstances beyond Citizens or F&M's control.

For any forward-looking statements made in this proxy statement/prospectus, Citizens and F&M claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. You are cautioned not to place undue reliance on these statements, which speak only as of the date of this proxy statement/prospectus or the date of the applicable document incorporated by reference in this proxy statement/prospectus. Except to the extent required by applicable law, Citizens and F&M do not undertake to update forward-looking statements to reflect facts, circumstances, assumptions or events that occur after the date the forward-looking statements are made. All written and oral forward-looking statements concerning the merger or other matters addressed in this proxy statement/prospectus and attributable to Citizens, F&M or any person acting on their behalf are expressly qualified in their entirety by the cautionary statements contained in or incorporated by reference into this proxy statement/prospectus.

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RISK FACTORS

In addition to general investment risks and the other information contained in or incorporated by reference into this proxy statement/prospectus, including the matters addressed under the caption "Cautionary Statement Regarding Forward-Looking Statements" on page 30, you should consider the following risk factors carefully in deciding whether to vote to approve the merger proposal. Additional risks and uncertainties not presently known to Citizens or F&M, if they materialize, also may adversely affect the merger and Citizens as the surviving corporation in the merger.

Risk Factors Relating to the Merger

Because F&M's Closing Date Equity Amount will not be determined until the closing of the merger, you cannot be certain of the precise amount of cash consideration you may receive in the merger.

The cash consideration to be received for each share of F&M common stock is determined based on the aggregate cash consideration of approximately \$18,199,597, as adjusted in accordance with the merger agreement based on the amount of F&M's Closing Date Equity Amount, divided by the number of shares of F&M common stock issued and outstanding immediately prior to the effective time of the merger. At the time of the closing of the merger, the Closing Date Equity Amount will be determined based on F&M's estimated aggregate common stockholders' equity, determined in accordance with GAAP.

There will be a lapse in time between each of the date of this proxy statement/prospectus, the date on which F&M shareholders vote to approve the merger proposal at the special meeting and the date on which the merger closes. F&M's financial results and, therefore, its common stockholders' equity may change during these periods as a result of a variety of factors, including the following:

developments in F&M's business or operating results;

regulatory or legislative changes affecting F&M's business and operations; and

changes in general market conditions, such as interest rates, stock, commodity, credit or asset valuations or volatility.

Many of these factors are outside of the control of Citizens and F&M. Consequently, at the time F&M shareholders must decide whether to approve the merger proposal they will not know the amount of cash consideration they may receive when the merger is completed because it is dependent upon the Closing Date Equity Amount that will be determined at a later date. F&M's Closing Date Equity Amount will not be known at the time of the special meeting and may be more or less than the amount and potential ranges of amounts presented in this proxy statement/prospectus.

Because the market price of Citizens common stock will fluctuate prior to completion of the merger, you cannot be certain of the precise value of the stock consideration you may receive in the merger.

The stock consideration to be received for each share of F&M common stock is determined based on the exchange ratio of number of Citizens common stock shares to be exchanged for each share of F&M common stock. The

exchange ratio of 1.3350 is subject to a pricing collar, which is based on the price of Citizens Closing Price. Depending on the Citizens Closing Price, the exchange ratio may be increased or decreased. In addition, the value of the stock consideration will vary as the market price of the Citizens common stock fluctuates prior to completion of the merger. See Merger Consideration beginning on page 47 for further information regarding the pricing collar.

There will be a lapse in time between each of the date of this proxy statement/prospectus, the date on which F&M shareholders vote to approve the merger proposal at the special meeting and the date on which F&M shareholders actually receive the merger consideration upon completion of the merger. The market value of

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Citizens common stock may fluctuate during these periods as a result of a variety of factors, including the following:

developments in Citizens' business or in the financial services sector generally;

operating results that vary from the expectations of Citizens management or of securities analysts and investors;

regulatory or legislative changes affecting Citizens' business and operations or the financial services industry generally;

operating and securities price performance of companies that investors consider to be comparable to Citizens;

changes in estimates or recommendations by securities analysts or rating agencies;

announcements of strategic developments, acquisitions, dispositions, financings and other material events by Citizens or its competitors; and

changes in global financial markets and economies and general market conditions, such as interest rates, stock, commodity, credit or asset valuations or volatility.

Many of these factors are outside of the control of Citizens and F&M. Consequently, at the time F&M shareholders must decide whether to approve the merger proposal they will not know the precise number or market value of the shares of Citizens common stock they may receive when the merger is completed. The precise number and actual value of the shares of Citizens common stock received by the F&M shareholders will depend on the Citizens Closing Price and the market value of shares of Citizens common stock on that date. This value will not be known at the time of the special meeting and may be more or less than the current price of Citizens common stock or the price of Citizens common stock at the time of the special meeting.

The market price for Citizens common stock may be affected by factors different from those that historically have affected the market price of F&M common stock.

Upon completion of the merger, F&M shareholders will become holders of Citizens common stock. Citizens' business differs from that of F&M and, accordingly, the financial condition and results of operations of Citizens will be affected by some factors that are different from those currently affecting the financial condition and results of operations of F&M. For example, Citizens conducts operations over a broader number of retail locations than does F&M. Accordingly, the results of operations of Citizens will be affected by economic, business and other developments in those localities in which it conducts operations but F&M does not to a larger extent than will the operations of F&M. For a discussion of the businesses of Citizens and F&M and some of the important factors to consider in connection with those businesses, see the section entitled "The Parties to the Merger" beginning on page 45 of this proxy statement/prospectus.

F&M shareholders will have a reduced ownership and voting interest after the merger and will exercise less influence over management.

Currently, F&M shareholders have the right to vote in the election of the members of the F&M board and the power to approve or reject any matters requiring shareholder approval under Wisconsin law and the F&M charter and bylaws. Upon the completion of the merger, each F&M shareholder will become a stockholder of Citizens with a percentage ownership of Citizens that is smaller than the shareholder's current percentage ownership of F&M. After the merger, F&M shareholders in the aggregate are expected to become owners of approximately **2.63%** of the outstanding shares of Citizens common stock (without giving effect to any shares of Citizens common stock held by F&M shareholders prior to the merger). Because of this, the F&M shareholders, as a group, will have significantly less influence on the board of directors, management and policies of Citizens, as the surviving corporation of the merger, than they now have on the F&M board, management and policies of F&M.

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The success of the merger and integration of F&M into Citizens operations will depend on a number of uncertain factors.

The success of the merger will depend on a number of factors, including, without limitation:

Citizens ability to integrate the branch offices acquired from F&M Bank in the bank merger into CCF Bank s current operations;

Citizens ability to limit the outflow of deposits held by its new customers in the acquired branch offices and to successfully retain and manage loans acquired in the merger;

Citizens ability to control the incremental non-interest expenses from the acquired branch offices;

Citizens ability to reduce expenses by select branch closures; and

Citizens ability to retain and attract the appropriate personnel to staff the acquired branch offices. Integrating the acquired branch offices will be a significant undertaking, and may be affected by general market and economic conditions or government actions affecting the financial industry generally. No assurance can be given that Citizens will be able to integrate the acquired branch offices successfully, and the integration process could result in the loss of key employees, the disruption of ongoing business, or inconsistencies in standards, controls, procedures and policies that adversely affect Citizens ability to maintain relationships with clients, customers, depositors and employees or to achieve the anticipated benefits of the merger. Citizens may also encounter unexpected difficulties or costs during the integration that could adversely affect its earnings and financial condition, perhaps materially. Additionally, no assurance can be given that the operation of the acquired branches will not adversely affect Citizens existing profitability, that Citizens will be able to achieve results in the future similar to those achieved by its existing banking business, or that Citizens will be able to manage any growth resulting from the merger effectively.

Combining Citizens and F&M may be more difficult, costly or time consuming than expected and the anticipated benefits and cost savings of the merger may not be realized.

Citizens and F&M have operated and, until the completion of the merger, will continue to operate, independently. The success of the merger, including anticipated benefits and cost savings, will depend, in part, on Citizens ability to successfully combine and integrate the businesses of Citizens and F&M in a manner that permits growth opportunities, and does not materially disrupt existing customer relations nor result in decreased revenues due to loss of customers. It is possible that the integration process could result in the loss of key employees, the disruption of either company s ongoing businesses, or inconsistencies in standards, controls, procedures, and policies that adversely affect the combined company s ability to maintain relationships with clients, customers, depositors, and employees or to achieve the anticipated benefits and cost savings of the merger. The loss of key employees could adversely affect Citizens ability to successfully conduct its business, which could have an adverse effect on Citizens financial results and the value of Citizens common stock. If Citizens experiences difficulties with the integration process and attendant systems conversion, the anticipated benefits of the merger may not be realized fully or at all, or may take longer to realize than expected. As with any merger of financial institutions, there also may be business disruptions that cause

Citizens and/or F&M to lose customers or cause customers to remove their accounts from Citizens and/or F&M and move their business to competing financial institutions. Integration efforts between the two companies will also divert management attention and resources. These integration matters could have an adverse effect on each of Citizens and F&M during this transition period and for an undetermined period after completion of the merger on the combined company. In addition, the actual cost savings of the merger could be less than anticipated.

The combined company may be unable to retain Citizens and/or F&M personnel successfully after the merger is completed.

The success of the merger will depend in part on the combined company's ability to retain the talents and dedication of key employees currently employed by Citizens and F&M. It is possible that these employees may

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decide not to remain with Citizens or F&M, as applicable, while the merger is pending or with the combined company after the merger is completed. If key employees terminate their employment, or if an insufficient number of employees is retained to maintain effective operations, the combined company's business activities may be adversely affected and management's attention may be diverted from successfully integrating F&M to hiring suitable replacements, all of which may cause the combined company's business to suffer. In addition, Citizens and F&M may not be able to locate suitable replacements for any key employees who leave either company, or to offer employment to potential replacements on reasonable terms.

Regulatory approvals may not be received, may take longer than expected or may impose conditions that are not presently anticipated or that could have an adverse effect on the combined company following the merger.

Before the merger and the bank merger may be completed, various approvals must be obtained from bank regulatory and other governmental authorities. The requisite approvals of the OCC, the WDFI and the Federal Reserve have not been obtained. In determining whether to grant these approvals, the regulatory authorities consider a variety of factors, including the regulatory standing of each party, the effect of the merger on competition within their relevant jurisdiction and other factors described under the section entitled The Merger Regulatory Approvals. Neither Citizens nor F&M can provide any assurance that any conditions, terms, obligations or restrictions imposed by regulators will not result in the delay or abandonment of the merger. Additionally, the completion of the merger is conditioned on the absence of certain orders, injunctions or decrees by any court or regulatory agency that would prohibit or make illegal the completion of the merger or the bank merger. See the section entitled The Merger Regulatory Approvals beginning on page 64 of this proxy statement/prospectus.

The merger agreement contains provisions that may discourage other parties from trying to acquire F&M for a higher price.

The merger agreement contains provisions that may discourage a third party from submitting an acquisition proposal to F&M that might result in greater value to F&M's shareholders than the merger, or may result in a potential competing acquirer proposing to pay a lower per share price to acquire F&M than it might otherwise have proposed to pay absent such provisions. These provisions include a general prohibition on F&M from soliciting or, subject to certain exceptions relating to the exercise of fiduciary duties by the F&M board, entering into discussions with any third party regarding, an acquisition proposal or offers for competing transactions. In addition, F&M may be required to pay Citizens a termination fee of \$750,000, plus Citizens' out-of-pocket expenses incurred in connection with the merger agreement, upon termination of the merger agreement in certain circumstances involving acquisition proposals for competing transactions. See the sections entitled The Merger Agreement No Solicitation and The Merger Agreement Termination Fee beginning on pages 78 and 83, respectively, of this proxy statement/prospectus.

The merger agreement may be terminated in accordance with its terms and the merger may not be completed.

The merger agreement is subject to a number of conditions which must be fulfilled in order to complete the merger. Those conditions include: the approval of the merger proposal by the F&M shareholders, the receipt of all required regulatory approvals and expiration or termination of all statutory waiting periods in respect thereof, absence of any order prohibiting completion of the merger, receipt of consents of counterparties to certain F&M contracts that will continue in effect after the merger, the absence of any event, change or development between the date of signing the merger agreement and completion of the merger that could have a material adverse effect on F&M, the accuracy of representations and warranties under the merger agreement (subject to the materiality standards set forth in the merger agreement), and Citizens' and F&M's performance of their respective obligations under the merger agreement in all material respects. These conditions to the closing of the merger may not be fulfilled in a timely manner or at all and, accordingly, the merger may be delayed or may not be completed.

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In addition, if the merger is not completed by October 31, 2019 (subject to extension under certain circumstances), either Citizens or F&M may choose not to proceed with the merger, and the parties can mutually decide to terminate the merger agreement at any time, before or after shareholder approval. In addition, Citizens and F&M may elect to terminate the merger agreement in certain other circumstances. If the merger agreement is terminated under certain circumstances, F&M may be required to pay a termination fee of \$750,000, plus Citizens' out-of-pocket expenses incurred in connection with the merger agreement, to Citizens. See the section entitled "The Merger Agreement Termination of Merger Agreement" beginning on page 82 of this proxy statement/prospectus for a more detailed description of these circumstances.

Failure to complete the merger could negatively impact the future business and financial results of F&M.

If the merger is not completed for any reason, including as a result of F&M shareholders declining to approve the merger proposal at the special meeting, the ongoing business of F&M may be adversely affected and, without realizing any of the benefits of having completed the merger, F&M would be subject to a number of risks, including the following:

F&M may experience negative reactions from its customers, vendors and employees;

F&M will have incurred substantial expenses and will be required to pay certain costs relating to the merger, whether or not the merger is completed;

the merger agreement places certain restrictions on the conduct of F&M's business prior to completion of the merger. Such restrictions, the waiver of which is subject to the consent of Citizens (not to be unreasonably withheld or delayed), may prevent Citizens from making certain acquisitions or taking certain other specified actions during the pendency of the merger (see the section entitled "The Merger Agreement Conduct of F&M Business Prior to Completion of the Merger" beginning on page 73 of this proxy statement/prospectus for a description of the restrictive covenants applicable to F&M); and

matters relating to the merger (including integration planning) will require substantial commitments of time and resources by F&M management, which would otherwise have been devoted to other opportunities that may have been beneficial to F&M as an independent company.

In addition to the above risks, if the merger agreement is terminated and the F&M board seeks another merger or business combination, F&M shareholders cannot be certain that F&M will be able to find a party willing to offer equivalent or more attractive consideration than the consideration Citizens has agreed to provide in the merger, or that such other merger or business combination will be completed.

F&M will be subject to business uncertainties and contractual restrictions while the merger is pending, which could adversely affect its business.

Uncertainty about the effect of the merger on employees and customers may have an adverse effect on F&M and, consequently, on Citizens as the surviving corporation. These uncertainties may impair F&M's ability to attract, retain and motivate key personnel until the merger is consummated and for a period of time thereafter, and could cause customers and others that deal with F&M to seek to change their existing business relationships with F&M. Employee

retention at F&M may be particularly challenging during the pendency of the merger, as employees may experience uncertainty about their future roles with the surviving corporation following the merger. In connection with the entry into the merger agreement, certain F&M employees entered into retention and stay bonus agreements, but there can be no guarantee that these agreements will cause employees to remain with F&M. If key employees depart because of issues relating to the uncertainty and difficulty of integration or desire not to remain with the business, Citizens business following the merger could be negatively impacted. In addition, the merger agreement restricts F&M from making certain acquisitions and taking other specified actions without the consent of Citizens, and generally requires F&M to continue its operations in the ordinary course, until the merger closes. These restrictions may prevent F&M from pursuing attractive business opportunities that may arise prior to the completion of the merger. Please see the section entitled The Merger

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Agreement Conduct of F&M Business Prior to Completion of the Merger beginning on page 73 of this proxy statement/prospectus for a description of the restrictive covenants to which F&M is subject.

Directors and executive officers of F&M may have interests in the merger that are different from, or in addition to, the interests of F&M shareholders.

Directors and executive officers of F&M have interests in the merger that are different from, or in addition to, interests of F&M shareholders generally. These interests include, among others, certain payments and benefits payable under employment, change in control and stay bonus agreements entered into with executive officers, and rights to ongoing indemnification and insurance coverage by the surviving corporation for acts or omissions occurring prior to the merger. The F&M board was aware of and considered those interests, among other matters, in reaching its decisions to (i) approve and adopt the merger agreement and the transactions contemplated thereby, and (ii) recommend the adoption of the merger agreement to F&M shareholders. See the section entitled Interests of F&M Directors and Executive Officers in the Merger beginning on page 87 of this proxy statement/prospectus for a more detailed description of these interests.

Shares of Citizens common stock to be received by F&M shareholders as a result of the merger will have rights different from the shares of F&M common stock.

Upon completion of the merger, the rights of former F&M shareholders will be governed by the Citizens charter and bylaws in lieu of the F&M charter and bylaws. Citizens is governed by Maryland corporate law whereas F&M is governed by Wisconsin law. There are differences between the rights associated with Citizens common stock under the Citizens charter and bylaws and Maryland law and the rights associated with F&M common stock under the F&M charter and bylaws and Wisconsin law. Please see the section entitled Comparison of Shareholders Rights beginning on page 93 of this proxy statement/prospectus for a discussion of the different rights associated with Citizens common stock.

The merger may not be accretive, and may be dilutive, to Citizens earnings per share, which may negatively affect the market price of Citizens common stock received in the merger.

Because shares of Citizens common stock will be issued in the merger, it is possible that the merger may be dilutive to Citizens earnings per share, which could negatively affect the market price of shares of Citizens common stock.

In connection with the completion of the merger, based on the current number of issued and outstanding shares of F&M common stock, Citizens expects to issue approximately 296,098 shares of Citizens common stock, subject to adjustment based on the pricing collar, which could cause Citizens to issue a maximum of 333,071 shares or a minimum of 271,434 shares. The issuance of these new shares of Citizens common stock could have the effect of depressing the market price of shares of Citizens common stock through dilution of earnings per share or otherwise. In addition, future events and conditions could increase the dilution that is currently projected, including adverse changes in market conditions, additional transaction and integration related costs and other factors such as the failure to realize some or all of the benefits anticipated in the merger. Any dilution of, or delay of any accretion to, Citizens earnings per share could cause the price of shares of Citizens common stock to decline or grow at a reduced rate.

Citizens will incur significant transaction and merger-related costs in connection with the merger.

Citizens has incurred, and expects to continue to incur, a number of non-recurring costs associated with completing the merger, combining the operations of the two companies and achieving the desired synergies. These fees and costs have been, and will continue to be, substantial. Citizens will incur transaction fees and costs related to formulating and

implementing integration plans, including facilities and systems consolidation costs and employment-related costs. Other significant non-recurring transaction costs related to the merger include, but

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are not limited to, fees paid to legal, financial and accounting advisors, as well as the costs and expenses of filing, printing and mailing this proxy statement/prospectus and all filing and other fees paid to the SEC in connection with the merger. Citizens continues to assess the magnitude of these costs, and additional unanticipated costs may be incurred in the merger and the integration of the two companies' businesses. Although Citizens expects that the elimination of duplicative costs, as well as the realization of other efficiencies related to the integration of the businesses, should allow Citizens to offset integration-related costs over time, this net benefit may not be achieved in the near term, or at all.

The opinion of F&M's financial advisor has not been, and is not expected to be, updated to reflect any changes in circumstances that may have occurred since the date of the opinion.

The opinion delivered to the F&M board by Oak Ridge, financial advisor to F&M, as to the fairness, from a financial point of view, of the merger consideration to be received by the holders of F&M common stock in the proposed merger speaks only as of January 21, 2019, the date of such opinion. Changes in the operations and prospects of Citizens or F&M, general market and economic conditions and other factors which may be beyond the control of Citizens or F&M, and on which Oak Ridge's opinion was based, may have altered the value of F&M or the prices of Citizens common stock or F&M common stock as of the date of this proxy statement/prospectus, or may alter such value and prices by the time the merger is completed. The opinion does not speak as of the time the merger will be completed or as of any date other than the date of such opinion. Oak Ridge does not have any obligation to update, revise or reaffirm its opinion to reflect subsequent developments and has not done so. F&M does not currently anticipate asking Oak Ridge to update its opinion to address the fairness of the merger consideration from a financial point of view at the time the merger is completed. The F&M board's recommendation that F&M shareholders vote to approve the merger proposal, however, is made as of the date of this proxy statement/prospectus. See the section entitled "The Merger - Opinion of F&M's Financial Advisor" beginning on page 55 of this proxy statement/prospectus and Annex B to this proxy statement/prospectus.

Litigation relating to the merger could require Citizens and F&M to incur significant costs and suffer management distraction, as well as delay and/or enjoin the merger.

If any lawsuits challenging the merger are filed and are not resolved, these lawsuits could prevent or delay completion of the merger and result in substantial costs to Citizens and F&M, including any costs associated with the indemnification of directors and officers. One of the conditions to the closing of the merger is that no order, injunction or decree issued by any court or other legal restraint or prohibition preventing the completion of the merger shall be in effect. As such, if a plaintiff is successful in obtaining an injunction prohibiting the completion of the merger on the agreed-upon terms, then such injunction may prevent the merger from being completed, or from being completed within the expected timeframe. The defense or settlement of any lawsuit or claim that remains unresolved at the time the merger is completed may adversely affect Citizens' business, financial condition, results of operations and cash flows. For more information, see the section entitled "The Merger - Litigation Related to the Merger" beginning on page 66 of this proxy statement/prospectus.

Risk Factors Relating to Citizens' Business

You should read and consider risk factors specific to Citizens' business that will also affect the combined company after the mergers. These risks are described in the sections entitled "Risk Factors" in Part I, Item 1A in Citizens' Annual Report on Form 10-KT for the year ended December 31, 2018, as such risks may be updated or supplemented in each company's subsequent Quarterly Reports on Form 10-Q or Current Reports on Form 8-K filed with the SEC and incorporated by reference in this proxy statement/prospectus. Please see "Where You Can Find More Information" beginning on page 129 for the location of information incorporated by reference into this proxy statement/prospectus.

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INFORMATION ABOUT THE SPECIAL MEETING

Time, Place and Purpose of the Special Meeting

This proxy statement/prospectus is being furnished to F&M shareholders as part of the solicitation of proxies by the F&M board for use at the special meeting to be held on [], 2019, at [], Central Time, at [] or at any postponement or adjournment thereof.

At the special meeting, F&M shareholders will be asked to consider and vote upon (i) a proposal to adopt the merger agreement, or the merger proposal and (ii) a proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the merger proposal, or the meeting adjournment proposal.

F&M shareholders must approve the merger proposal in order for the merger to occur. If F&M shareholders fail to approve the merger proposal, the merger will not occur. A copy of the merger agreement is attached as Annex A to this proxy statement/prospectus, and you are encouraged to read the merger agreement carefully and in its entirety.

Recommendation of F&M Board

The F&M board has determined that the merger is advisable and in the best interest of F&M and its shareholders and has unanimously approved and adopted the merger agreement. The F&M board unanimously recommends that F&M shareholders vote FOR the merger proposal and FOR the meeting adjournment proposal. See the section entitled The Merger Recommendation of the F&M Board and Reasons for the Merger beginning on page 52 of this proxy statement/prospectus for a more detailed discussion of the F&M board recommendation.

Record Date and Quorum

F&M has set the close of business on [], 2019 as the record date for the special meeting, and only holders of record of F&M common stock on the record date are entitled to vote at the special meeting. You are entitled to receive notice of, and to vote at, the special meeting if you owned shares of F&M common stock as of the close of business on the record date. F&M shareholders will have one vote on all matters properly coming before the special meeting for each share of F&M common stock owned on the record date. However, certain limits on the one vote per share rule apply in the case of any F&M shareholder who is the beneficial owner, as determined in accordance with the F&M charter, of more than fifteen and one half percent (15.5%) of the outstanding shares of F&M common stock as of the record date, with any shares held by any such holder in excess of the fifteen and one half percent (15.5%) beneficial ownership limit being entitled to only one-tenth of one vote per share.

The presence, in person or represented by proxy, of shareholders with power to cast a majority of the outstanding shares of F&M common stock constitutes a quorum for the purposes of the special meeting. Abstentions and broker non-votes, if any, are counted as present for purposes of establishing a quorum.

Vote Required

The approval of the merger proposal requires the affirmative vote of the holders of a majority of the outstanding shares of F&M common stock entitled to vote thereon at the special meeting. You may vote for, against or abstain. Votes to abstain will not be counted as votes cast in favor of the approval of the merger proposal, but will count for the purpose of determining whether a quorum is present. **If you fail to submit a proxy or to vote in person at the special meeting or if you vote to abstain, it will have the same effect as a vote against the merger proposal.**

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If your shares of F&M common stock are held through a bank, brokerage firm or other nominee, you are considered the beneficial owner of shares of F&M common stock held in street name. In that case, this proxy

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statement/prospectus has been forwarded to you by your bank, brokerage firm or other nominee who is considered, with respect to those shares of F&M common stock, to be the shareholder of record. As the beneficial owner, you have the right to direct your bank, brokerage firm or other nominee how to vote your shares by following their instructions for voting.

In accordance with the rules of the self-regulatory agencies, banks, brokerage firms and other nominees who hold shares of F&M common stock in street name for their customers are typically precluded from exercising their voting discretion with respect to non-routine matters, such as the merger proposal. As a result, absent specific voting instructions from the beneficial owner of such shares, banks, brokerage firms and other nominees may not be empowered to vote shares of F&M common stock at the special meeting. A so-called broker non-vote results when banks, brokerage firms and other nominees return a valid proxy but do not vote on a particular proposal because they do not have discretionary authority to vote on the matter and have not received specific voting instructions from the beneficial owner of such shares. The effect of a broker non-vote will be the same as a vote against the merger proposal, and will not have an effect on the vote with respect to the meeting adjournment proposal. If your shares of F&M common stock are held in street name through a bank, brokerage firm or other nominee and you fail to provide voting instructions to your bank, brokerage firm or other nominee such that a broker non-vote is entered with respect to your shares, this will have the same effect as a vote against the merger proposal.

If you hold shares of F&M common stock through the F&M 401(k) Plan, you have the right to participate in directing the voting of F&M common stock held in their plan accounts as of that date, but do not have the right to vote those shares personally at the F&M special meeting. Refer to the voting instructions provided by the plan fiduciaries for information on how to direct the voting of such shares.

Shares Held by F&M Directors and Officers

As of the record date, F&M's directors, including the Chief Executive Officer, beneficially owned and were entitled to vote approximately 16,075 shares of F&M common stock representing approximately 7.42% of the shares of F&M common stock outstanding on that date. In addition, each member of the F&M Board and a certain other shareholder have entered into a voting agreement with Citizens whereby such persons have agreed to vote the shares of F&M common stock beneficially owned by them in favor of approval of the merger proposal and to not sell or otherwise dispose of their shares of F&M common stock until the F&M shareholders approve the merger, the merger agreement is no longer in effect or the merger closes. Approximately 18.77% of the outstanding shares of F&M common stock are subject to the shareholder voting agreements and will be voted in favor of the merger proposal at the special meeting. See the section entitled Voting Agreements with Certain F&M Shareholders beginning on page 85 of this proxy statement/prospectus.

Proxies and Revocations

If you are a shareholder of record, you may have your shares of F&M common stock voted on matters presented at the special meeting in the following ways:

by completing, signing, dating and returning the enclosed proxy card in the accompanying prepaid reply envelope; or

by attending the special meeting in person and casting your vote there.

If you are a beneficial owner, you will receive instructions from your bank, brokerage firm or other nominee that you must follow in order to have your shares of F&M common stock voted. Those instructions will identify which of the above choices are available to you in order to have your shares voted. Please note that if you are a beneficial owner and wish to vote in person at the special meeting, you must provide a legal proxy from your bank, brokerage firm or other nominee at the special meeting.

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If you submit a proxy by mailing a proxy card, your proxy card should be mailed in the accompanying prepaid reply envelope, and your proxy card must be filed with the Secretary of F&M by the time the special meeting begins. **Please do not send in your stock certificates with your proxy card.**

If you vote by proxy, the individuals named on the enclosed proxy card (each of them, with full power of substitution) will vote your shares of F&M common stock in the way that you indicate. When completing the proxy card, you may specify whether your shares of F&M common stock should be voted for or against or to abstain from voting on all, some or none of the specific items of business to come before the special meeting.

If you properly sign your proxy card but do not mark the boxes on a given proposal showing how your shares of F&M common stock should be voted on that proposal, the shares of F&M common stock represented by your properly signed proxy will be voted, as applicable, for approval of the merger proposal and for approval of the meeting adjournment proposal.

You have the right to revoke a proxy at any time before it is exercised, and your last vote is the vote that will be counted. If you are a F&M shareholder of record, you can write to F&M Corporate Secretary, 1001 Superior Avenue, Tomah, Wisconsin 54660, stating that you wish to revoke your proxy and requesting another proxy card. If you hold your shares through a bank, brokerage firm or other nominee, you can revoke your proxy by contacting the bank, brokerage firm or other nominee and asking for a new proxy card. If you attend the meeting, you must request a revocation of your submitted proxy and vote by ballot to revoke your proxy. Your attendance alone at the shareholder meeting alone will not of itself constitute a revocation of your proxy.

If you have any questions or need assistance voting your shares, please contact Robin Pierce at (608) 372-2126.

IT IS IMPORTANT THAT YOU VOTE YOUR SHARES OF F&M COMMON STOCK PROMPTLY. WHETHER OR NOT YOU PLAN TO ATTEND THE SPECIAL MEETING, PLEASE COMPLETE, DATE, SIGN AND RETURN, AS PROMPTLY AS POSSIBLE, THE ENCLOSED PROXY CARD IN THE PRE-ADDRESSED POSTAGE-PAID ENVELOPE. SHAREHOLDERS WHO ATTEND THE SPECIAL MEETING MAY REVOKE THEIR PROXIES BY REQUESTING A REVOCATION OF THEIR SUBMITTED PROXY AND VOTING IN PERSON.

Solicitation of Proxies; Payment of Solicitation Expenses

F&M directors, officers and employees also may solicit proxies by telephone, by email, by facsimile, by mail, on the Internet or in person. They will not be paid any additional amounts for soliciting proxies. F&M will also request that banks, brokerage firms and other custodians, nominees and fiduciaries send these proxy materials to beneficial owners of F&M common stock.

Attending the Special Meeting

All F&M shareholders, including holders of record and shareholders who hold their shares through banks, brokerage firms or other nominees are invited to attend the special meeting. Shareholders of record can vote in person at the special meeting. If you are not a shareholder of record, you must obtain a legal proxy executed in your favor from the record holder of your shares, such as a bank, brokerage firm or other nominee, to be able to vote in person at the special meeting. If you plan to attend the special meeting, you must be the record holder of your shares or have proof of ownership of your shares such as a recent bank or brokerage account statement reflecting your ownership. In addition, you must bring a form of personal photo identification with you in order to be admitted to the special meeting. F&M reserves the right to refuse admittance to any person without proper proof of share ownership and

without proper photo identification. The use of cameras, sound recording equipment, communication devices or any similar equipment during the special meeting is prohibited without F&M s express written consent.

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Questions and Additional Information

If you have additional questions about the merger, need assistance in submitting your proxy or voting your shares of F&M common stock or need additional copies of this proxy statement/prospectus or the enclosed proxy card, please contact Robin Pierce at (608) 372-2126.

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THE PARTIES TO THE MERGER

F. & M. Bancorp. of Tomah, Inc.

1001 Superior Avenue

Tomah, WI 54660

(608) 372-2126

F. & M. Bancorp. of Tomah, Inc. (F&M) is a bank holding company organized in March 1984 and is incorporated in the State of Wisconsin. As a bank holding company registered under the Bank Holding Company Act of 1956, as amended (BHCA), F&M is subject to regulation and supervision by the Board of Governors of the Federal Reserve System (Federal Reserve Board) and by the Wisconsin Department of Financial Institutions (WDFI). F&M owns 100% of the stock of F&M Bank.

F&M Bank is a Wisconsin state-chartered bank headquartered in Tomah, Wisconsin and subject to regulation and examination by the WDFI and the Federal Deposit Insurance Corporation (FDIC), which insures deposits to the maximum extent permitted by law. F&M Bank has two full service offices and a drive-up convenience center located in Tomah, Wisconsin. F&M Bank was founded in 1911 and its deposits are federally insured. F&M Bank is a community oriented, full-service retail bank that attracts deposits from the general public and uses such deposits to invest in residential, commercial and agricultural real estate loans, commercial and agricultural operating loans, home equity and other consumer loans.

F&M Bank has two subsidiaries, F&M Investment Corp. of Tomah and Bob s Holdings, LLC. F&M Investment Corp. of Tomah is a Nevada corporation that holds investments in certain municipal bonds for F&M Bank. Bob s Holdings, LLC is a Wisconsin limited liability company that was established to hold certain real estate properties.

As of December 31, 2018, F&M had total consolidated assets of \$197.3 million, total consolidated loans and leases of \$127.9 million, total consolidated deposits of \$154.4 million and total consolidated shareholders equity of \$21.4 million.

The F&M common stock is privately held and not listed on any exchange. Additional information about F&M and its business can be found on its website at www.fmnetbank.com. See the section entitled "Where You Can Find More Information" beginning on page 129 of this proxy statement/prospectus.

Citizens Community Bancorp, Inc.

2174 EastRidge Center

Eau Claire, Wisconsin 54701

(715) 836-9994

Citizens Community Bancorp, Inc. (Citizens) is a Maryland corporation incorporated in 2006. Citizens is a bank holding company and is subject to regulation by the Federal Reserve Board. Citizens primary activities consist of holding the stock of Citizens wholly-owned subsidiary bank, CCF Bank, and providing consumer, commercial and agricultural banking activities through CCF Bank. At December 31, 2018, Citizens had approximately \$1,288 million

in total assets, \$1,008 million in deposits, and \$138 million in total shareholders' equity.

CCF Bank is a federally chartered national bank based in Altoona, Wisconsin, currently serving customers primarily in Wisconsin and Minnesota through 26 branch locations. CCF Bank is subject to regulation by the Office of the Comptroller of the Currency (OCC). Its primary markets include the Chippewa Valley Region in Wisconsin, the Twin Cities and Mankato markets in Minnesota, and various rural communities around these areas. The Bank offers traditional community banking services to businesses, agricultural operators and consumers, including one-to-four family mortgages.

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Wells Insurance Agency, a Minnesota corporation formed in 1976 and wholly owned subsidiary of the Bank, provides financial and insurance products to customers of the Bank and members of the general public in the Bank's market area.

Citizens common stock is listed on the Nasdaq Global Markets under the symbol CZWI. Additional information about Citizens, its business, financial condition and results of operations can be found in documents Citizens files with the SEC. See the sections entitled "Where You Can Find More Information" beginning on page 129 of this proxy statement/prospectus.

F&M Merger Sub, Inc.

2174 EastRidge Center

Eau Claire, Wisconsin 54701

(715) 836-9994

F&M Merger Sub, Inc. ("Merger Sub"), a wholly owned subsidiary of Citizens, is a Minnesota corporation that was formed on January 18, 2019 for the sole purpose of effecting the merger. Merger Sub has not carried on any activities to date, except for activities incidental to its formation and activities undertaken in connection with the merger. By operation of the merger, Merger Sub will be merged with and into F&M, with F&M surviving as a wholly owned subsidiary of Citizens.

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THE MERGER

This section describes the merger. The description in this section and elsewhere in this proxy statement/prospectus is qualified in its entirety by reference to the complete text of the merger agreement, a copy of which is attached as Annex A and is incorporated by reference into this proxy statement/prospectus. This summary does not purport to be complete and may not contain all of the information about the merger that is important to you. You are encouraged to read the merger agreement carefully and in its entirety. This section is not intended to provide you with any factual information about Citizens or F&M. Such information can be found elsewhere in this proxy statement/prospectus.

Transaction Structure

Citizens and F&M's respective Boards of Directors have unanimously approved the merger agreement and the transactions contemplated thereby, including the merger. Pursuant to the merger agreement, Merger Sub will merge with and into F&M, with F&M being the surviving corporation and becoming a wholly-owned subsidiary of Citizens. Immediately following the merger, F&M will merge with and into Citizens, with Citizens being the surviving corporation. Immediately following the merger of F&M and Citizens, F&M Bank will merge with and into CCF Bank, with CCF Bank being the surviving bank.

As a result of the merger transactions, the separate corporate existence of F&M will cease and all of the assets, debts, liabilities and obligations of F&M will become assets, debts, liabilities and obligations of Citizens as the surviving corporation, as provided in Maryland and Wisconsin corporate law. The charter and bylaws of Citizens, as in effect immediately prior to the merger, will continue as the charter and bylaws of Citizens as the surviving corporation until thereafter changed or amended as provided therein or by applicable law, and the directors and officers of Citizens serving immediately prior to the merger will continue as the directors and officers of Citizens as the surviving corporation until the earlier of their resignation or removal or until their respective successors are duly elected and qualified, as the case may be.

As a result of the merger of F&M Bank and CCF Bank, the corporate existence of F&M Bank will cease and all of the assets, debts, liabilities and obligations of F&M Bank will become assets, debts, liabilities and obligations of CCF Bank as the surviving bank entity in the bank merger, as provided in applicable Wisconsin and Federal law. The articles of association and bylaws of CCF Bank, as in effect immediately prior to such merger, will continue as the articles of association and bylaws of CCF Bank as the surviving bank until the same shall be amended and changed as provided by law, and the directors and executive officers of CCF Bank, serving immediately prior to such merger will continue as the directors and executive officers of CCF Bank as the surviving bank until their respective successors are duly elected or appointed and qualified.

Merger Consideration

Upon completion of the merger and assuming the consideration is not adjusted pursuant to the terms of the merger agreement as described in this proxy statement/prospectus, each share of F&M common stock outstanding immediately prior to the effective time of the merger, except for F&M dissenting shares and shares of F&M common stock held by F&M as treasury stock or owned by Citizens, will be converted into the right to receive (i) the cash consideration consisting of an amount of cash equal to \$18,199,597 divided by the total number of shares of F&M common stock issued and outstanding immediately prior to the effective time, without interest, (or approximately \$84.05 in cash per share of F&M common stock, assuming 216,541 shares of F&M common stock outstanding at the effective time) and (ii) the stock consideration consisting of 1.3350 shares of Citizens common stock.

The cash consideration to be received for each share of F&M common stock is determined based on the aggregate cash consideration of approximately \$18,199,597, as adjusted in accordance with the merger agreement based on the amount of F&M's estimated aggregate common stockholders' equity, determined in

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accordance with GAAP, on the closing date (the Closing Date Equity Amount), divided by the number of shares of F&M Common Stock issued and outstanding immediately prior to the effective time of the merger. The aggregate cash consideration will be increased by the amount by which the Closing Date Equity Amount is greater than \$20,457,000 and decreased by the amount by which the Closing Date Equity Amount is less than \$20,457,000. See Merger Consideration on page 67 for a numerical depiction of the range of consideration to be received by F&M shareholders based on the Closing Date Equity Amount.

The stock consideration is determined based on the exchange ratio of the number of shares of Citizens common stock to be exchanged for each share of F&M common stock. The exchange ratio as set forth in the merger agreement is 1.3350, and means that a F&M shareholder will receive 1.3350 shares of Citizens common stock for each share of F&M common stock converted into the right to receive the stock consideration. The exchange ratio is subject to a pricing collar adjustment in certain circumstances based upon the average closing price of Citizens common stock for the 10 trading days ending on the third business day preceding the closing of the merger (the Citizens Closing Price). No adjustment to the exchange ratio would occur if the Citizens Closing Price is greater than \$10.00 (the Floor) or less than \$12.22 (the Ceiling). If the Citizens Closing Price is less than the Floor but equal to or greater than \$8.89 (the Basement) then the exchange ratio will be adjusted to equal the Floor Stock Value divided by the Citizens Closing Price. The Floor Stock Value means the product of the Floor and 1.3350 (the unadjusted exchange ratio). If the Citizens Closing Price is less than the Basement, then the Exchange Ratio shall be adjusted to equal the Floor Stock Value divided by the Basement. If the Citizens Closing Price is greater than the Ceiling but equal to or less than \$13.33 (the Attic), then the Exchange Ratio shall be adjusted to equal the Ceiling Stock Value divided by the Citizens Closing Price. The Ceiling Stock Value means the product of the Ceiling and 1.3350 (the unadjusted exchange ratio). If the Citizens Closing Price is greater than the Attic, then the Exchange Ratio shall be adjusted to equal the Ceiling Stock Value divided by the Attic. See Merger Consideration on page 67 for a numerical depiction of the range of consideration to be received by F&M shareholders based on the Citizens Closing Price.

If, after the date of the merger agreement and prior to the effective time of the merger, the outstanding shares of Citizens common stock or F&M common stock change in number or type as a result of a reclassification, reorganization, recapitalization, stock split, reverse stock split, stock dividend or other similar change in capitalization, or if there is any extraordinary dividend or distribution, then the merger consideration and the Ceiling, Basement, Floor and Attic will be adjusted to provide the holders of F&M common stock the same economic effect as contemplated by the merger agreement.

F&M shareholders will not receive any fractional shares of Citizens common stock that would otherwise be issued as merger consideration. Instead, such shareholders will receive a cash payment based on the Citizens Closing Price. See the section entitled The Merger Agreement Fractional Shares beginning on page 69 of this proxy statement/prospectus.

Under Wisconsin law, shareholders of F&M are entitled to exercise dissenters' rights. F&M dissenting shares will not receive the merger consideration; instead the holder of such shares shall be entitled only to such rights as are granted by the applicable provisions of the WBCL, provided such holder complies in all respects with the procedures set forth in Sections 180.1301 to 180.1331 of the WBCL. Any holder who fails to comply with these procedures, such that the holder's shares no longer qualify as F&M dissenting shares, will be entitled to receive the merger consideration in accordance with the terms of the merger agreement. See the section entitled Dissenters' Rights beginning on page 107 of this proxy statement/prospectus.

Background of the Merger

F&M's board of directors and senior management have from time to time explored and assessed various strategic options potentially available to F&M. These discussions have focused on, among other things, available strategic

transaction opportunities, the business and regulatory environment facing banks and financial institutions generally, the illiquid nature of F&M's common stock, the opportunities for profitable growth in F&M's immediate and surrounding markets, and conditions and ongoing consolidation in the financial services industry.

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Beginning in April 2014, F&M's board of directors initiated a series of strategic planning meetings to specifically address the long-term strategy of the company. On April 28, 2014, the board of directors and senior management attended an all-day strategic planning retreat facilitated by a third party attorney and consultant to discuss F&M's strengths, weaknesses, shareholder concerns, and strategic business planning. As a result of the conclusions drawn from the aforementioned formal strategic planning process, the board of directors determined that a sale at an appropriate price would be in the best interests of its shareholders and directed senior management to engage legal counsel to begin the process of a marketing of the company. In July 2014, F&M worked with its legal counsel to prepare a confidential information memorandum, which was distributed by its legal counsel to approximately 120 institutions. The marketing of F&M continued from August 2014 to February 2015, at which point efforts to identify a suitable acquirer were concluded as unsuccessful.

From February 2015 until March 2018, F&M continued to operate as an independent organization with the intent to continue doing so for the foreseeable future. In February 2018, F&M engaged Godfrey & Kahn, S.C. as its new corporate legal counsel for purposes of addressing shareholder requests for information at its upcoming 2018 annual shareholder meeting. On March 20, 2018, the annual shareholder meeting was held, immediately after which certain shareholders of F&M owning or controlling approximately 18% of outstanding shares of common stock (the Interested Shareholders) requested a meeting with F&M's board of directors. During that meeting, which was attended by a representative from Godfrey & Kahn, the Interested Shareholders expressed several opinions, including a strong desire for liquidity for their shares. Upon the advice of legal counsel, the board of directors treated this meeting as a listening session and let the Interested Shareholders in attendance know that their opinions would be taken under advisement.

At the conclusion of this meeting with the Interested Shareholders, and after the Interested Shareholders exited, the board of directors held an informal meeting to discuss the foregoing events. The board of directors then determined that the timing was right to reengage in a sale process. In particular, (i) significant time had passed since F&M's attempted 2014 sale, (ii) the rationale for the board of directors' decision to pursue a sale in 2014 remained largely unchanged, (iii) the Bank's financial condition had improved since 2014, and (iii) conditions for selling a community banking organization, in general, had become more favorable. Senior management was instructed to work with Godfrey & Kahn and to contact potential investment banking firms with experience in community bank mergers and acquisitions in the Wisconsin and contiguous markets.

On April 23, 2018, the board of directors held a meeting attended by all directors and a representative from Godfrey & Kahn. Godfrey & Kahn discussed and reviewed in detail the fiduciary duties of the F&M board of directors related to the exploration and pursuit of a potential sale of the company. There was further discussion regarding confidentiality, a moratorium on buying or selling F&M stock by insiders, and the critical need to disclose any conflicts of interest. The board of directors also discussed two investment banking firms that had been identified and interviewed by senior management. Finally, the board of directors appointed a committee of directors comprised of Keith Laugen, John Rose, Robert Mubarak, and Peter Reichardt, with authority to, among other things, engage professional advisors and negotiate the terms of a sale with a suitor to be presented to the full board of directors.

At a meeting held on May 7, 2018, the board of directors authorized Keith Laugen, director of F&M, with the assistance of Godfrey & Kahn, to engage The Oak Ridge Financial Group, Inc. (Oak Ridge) in order to pursue a fully auctioned sale process designed to maximize shareholder value. After review and negotiation of the proposed terms of Oak Ridge's engagement by Mr. Laugen and Godfrey & Kahn, on May 15, 2018, Oak Ridge was retained by F&M as its financial advisor to assist F&M in a structured sale process.

From late May 2018 to early August 2018, Oak Ridge conducted its initial due diligence on F&M and worked with senior management to prepare a confidential information memorandum. Oak Ridge also identified financial

institutions that might be interested in a merger with F&M. The committee of directors comprised of Messers. Laugen, Rose, Mubarak, and Reichardt and Oak Ridge reviewed strategies and the preparations being undertaken in connection with a potential sale of F&M, and discussed the financial institutions that could potentially be interested in a merger with F&M. Potential merger partners were identified based on publicly available

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information, Oak Ridge's market knowledge, proximity to F&M's market area, and general information regarding recent transactions involving financial institutions.

At a meeting on July 11, 2018, attended by the board of directors, representatives of Oak Ridge, and a representative of Godfrey & Kahn, the board of directors settled on a list of financial institutions for Oak Ridge to contact using the aforementioned criteria and directed Oak Ridge to contact them. Beginning August 7, 2018, in accordance with the F&M board's directives, Oak Ridge began contacting potential parties, distributed non-disclosure agreements and furnished copies of the confidential information memorandum to parties that executed the non-disclosure agreement. Oak Ridge contacted a total of sixty-two (62) financial institutions to ascertain their interest in a possible acquisition. Twenty-eight (28) of the financial institutions, including Citizens, executed non-disclosure agreements.

On September 21, 2018, written expressions of interest were received from Citizens and two other potential merger partners (Party A and Party B). Oak Ridge prepared a detailed analysis and comparison of the three expressions of interest for the board of directors. Party A and Party B each indicated all cash offers, while Citizens indicated a mixture of 85% cash and 15%. On September 27, 2018, the board of directors met to consider, review, analyze and discuss the expressions of interest and Oak Ridge's detailed analysis and comparison. Both Oak Ridge and Godfrey & Kahn attended the board meeting. At the meeting, the board of directors approved and authorized Oak Ridge to pursue further negotiations with all three interested bidders in order to solicit each party to improve the pricing and other terms included in each of their expressions of interest, and to permit all three bidders to continue due diligence. The three bidders were each notified that they would be permitted to continue due diligence and invited to submit final bids.

On October 10, 2018, Party B terminated its expression of interest due to limitations on its ability to consummate a transaction. On the same day, an additional party (Party C) submitted a late bid consisting of an all cash offer that was competitive with the offers made by Party A and Citizens. Oak Ridge was given direction to invite Party C to continue its due diligence and submit a final bid.

From late September 2018 to November 16, 2018, all of the remaining bidders were given access to information regarding F&M's operations. The information included a review of F&M's loan portfolio, securities portfolio and other assets, certain legal documents and obligations, and discussions with its senior management team. Citizens conducted its due diligence, including meeting with F&M's senior management in October and November 2018. In addition, F&M conducted due diligence on each suitor to learn more about their operating styles, cultures, financial prospects, and ability to consummate a transaction. Because Citizens' offer consisted of a portion of the consideration to be paid in Citizens common stock, Oak Ridge conducted additional due diligence on Citizens' financial condition, stock price, and business strategy.

On November 16, 2018, F&M received final bids from Citizens and Party C, Party A having determined not to submit a final bid. F&M's board of directors held a meeting on November 20, 2018 to discuss the final bids. At that meeting, Oak Ridge reviewed the process undertaken to that point and discussed the terms of the two final expressions of interest. The F&M board reviewed the key terms and characteristics of each proposal, including the amount and type of consideration offered. The board discussed other relevant information concerning Citizens and Party C and determined that a sale on terms presented by Citizens would be in the best interests of F&M shareholders. The board then authorized management and Godfrey & Kahn to commence negotiations of a definitive merger agreement for the board's consideration and approval.

On December 5, 2018, counsel to Citizens delivered a first draft of the merger agreement to F&M's counsel. Over the next approximately six weeks, counsel for Citizens and F&M exchanged several drafts of the merger agreement. In addition to negotiating the merger agreement, the parties also reviewed and negotiated the related transaction

documents, including a Voting Agreement, an merger agreement for the merger of F&M Bank and CCF Bank, and a form of Retention Bonus Agreement. In addition, Citizens negotiated a conditional Employment Agreement with Peter Reichardt to continue his employment with CCF Bank after the consummation of the merger. The parties ultimately agreed to a transaction in which Citizens would acquire

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F&M for aggregate consideration of approximately \$21.6 million, consisting of 15% Citizens common stock and 85% cash; provided, that the cash portion of the consideration would increase on a dollar-for-dollar basis to the extent there is a Stockholders Equity Surplus (as defined in the merger agreement), and would decrease on a dollar-for-dollar basis to the extent there is a Stockholders Equity Deficit (as defined in the merger agreement).

On January 21, 2019, the board of directors of F&M held a special meeting to consider the proposed transaction with Citizens. Also attending in person were representatives of Godfrey & Kahn and Oak Ridge. Prior to the meeting, directors received copies of the merger agreement and the related agreements, including the Voting Agreement, form of Retention Bonus Agreement, and Peter Reichardt's Employment Agreement. During the meeting, a representative of Oak Ridge gave a report on Oak Ridge's process and due diligence, the financial terms of the proposed transaction, the historical performance of Citizens' stock, the potential effects of the proposed merger on Citizens, Citizens' business and financial condition, various valuation methodologies for analyzing the purchase price being proposed by Citizens, and information regarding peer companies and comparable transactions. Oak Ridge then delivered its opinion that the amount of merger consideration to be received by F&M shareholders in connection with the proposed transaction was fair, from a financial point of view, to F&M and its shareholders. Oak Ridge's presentation included a discussion of the matters described under "The Merger Opinion of F&M's Financial Advisor" beginning on page 55 of this proxy statement/prospectus. A representative from Godfrey & Kahn discussed the board's fiduciary responsibilities and the legal standards applicable to the board's decision and actions with respect to Citizens' proposal. He also discussed in detail the material terms of the merger agreement, the Voting Agreement, the form of Retention Bonus Agreement, and Peter Reichardt's Employment Agreement. Mr. Reichardt was excused from the meeting during the board's discussion of his Employment Agreement.

Following these reports and discussions, and discussion and analysis among the members of the F&M board of directors, including consideration of the factors described under "The Merger Recommendation of the F&M Board and Reasons for the Merger," the board of directors of F&M determined that the merger agreement and the transactions contemplated thereby were advisable and fair to and in the best interests of F&M and its shareholders, and the directors voted unanimously to authorize and approve the merger agreement.

On January 21, 2019, the merger agreement and related agreements were executed and delivered, and the execution was announced on the morning of January 22, 2019, in a press release issued jointly by Citizens and F&M.

Recommendation of the F&M Board and Reasons for the Merger

After careful consideration, F&M's board of directors determined that the merger is fair to and in the best interests of F&M and its shareholders. Accordingly, F&M's board of directors unanimously approved the merger agreement and the merger. F&M's board of directors unanimously recommends that the F&M shareholders vote **FOR** the approval of the merger agreement and the merger.

In reaching the determination to approve the merger agreement and the merger, F&M's board of directors evaluated the merger agreement and the merger in consultation with F&M's senior management and F&M's financial and legal advisors, and drew on its knowledge of the business, operations, properties, assets, financial condition, operating results, historical market prices and prospects of F&M and Citizens, as well as current economic, regulatory and market conditions. In connection with its review and approval of the merger agreement and the merger, and in the course of its deliberations, F&M's board of directors considered numerous factors that weighed in favor of the merger, including the following:

The potential effects of not acting in a timely manner;

The alternative course of action available to F&M to remain an independent community bank in lieu of pursuing the merger;

The board of directors' understanding of Citizens' consolidated business, operations, management, financial condition, asset quality, earnings, and prospects compared to the risks and challenges associated with the continued operation of F&M and F&M Bank independently;

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The costs of remaining an independent financial institution, including the costs associated with raising capital and deploying that capital into infrastructure and personnel in order to enhance profitability;

Liquidity provided by the merger to F&M shareholders for their otherwise relatively illiquid stock;

The opportunity presented by accepting Citizens common stock as 15% of the total merger consideration, which will allow shareholders the opportunity to participate in any future earnings or growth of the combined organization and future appreciation in the value of the combined organization's common stock following the merger;

The belief that the price offered by Citizens was strong relative to other bids received in F&M's structured sale process, and confirmation from F&M's independent financial advisor that the total merger consideration was fair to F&M shareholders from a financial point of view;

The fact that the value of shares of Citizens common stock issued as a portion of the merger consideration is readily available and determined by market forces;

The prospects for growth of F&M Bank as an independent institution versus as an institution merged with CCF Bank;

Considerations relating to succession planning for shareholders, directors, and employees at F&M and F&M Bank if F&M were to remain independent;

The availability of enhanced products, services, and legal lending limits that CCF Bank can offer to F&M Bank's customers and communities once they merge;

The complementary areas of expertise among senior management of F&M Bank and CCF Bank which will allow the surviving bank to draw on their intellectual capital, technical expertise, and experience of a larger workforce;

The challenges facing community banks in general, including, for example, the regulatory environment and the increasing costs associated with remaining an independent community bank;

The review by F&M's board of directors with Godfrey & Kahn, S.C. of the structure of the merger, the terms of the merger agreement, including without limitation the obligations and rights of the parties under the merger agreement, the conditions to each party's obligation to complete the merger, the circumstances in which each party is permitted to terminate the merger agreement and the related termination fee payable by F&M in the event of termination of the merger agreement under specified circumstances, and the financial

and other terms of the merger agreement;

The Board of Directors' conclusion that Citizens' and CCF Bank's financial condition, earnings and prospects make it more likely that the merger will result in a superior financial condition, increased financial stability, superior pro forma capital levels and better future access to capital, greater ability to spread business strategy execution risks across a larger enterprise and additional options for future potential strategic alternatives on an independent basis;

The likelihood that the merger agreement will be completed in compliance with applicable law, including the likelihood that the regulatory approvals needed to consummate the merger will be obtained in a timely fashion;

Citizens' proven track record of consummating, obtaining regulatory approvals for, and integrating acquisitions;

The availability of statutory appraisal rights to F&M shareholders who otherwise comply with all required procedures under Wisconsin law, which allows such shareholders to seek appraisal of the fair value of their shares in accordance with Wisconsin law;

The ability of the board of directors under the merger agreement to withdraw or modify their recommendation in favor of the merger agreement under certain circumstances, including the ability to terminate the merger agreement under certain circumstances, such as in connection with a Superior Proposal (as defined in the merger agreement), subject to payment of a \$750,000 termination fee;

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Post-transaction indemnification and directors and officers liability insurance tail coverage afforded the former directors and officers of F&M and F&M Bank under the terms of the merger agreement; and

The fact that simultaneously with the execution of the merger agreement, certain directors and officers of F&M and F&M's largest shareholder have executed a Voting Agreement pledging to vote in favor of the merger.

In the course of its deliberation regarding the merger with Citizens, F&M also considered the following factors, which it determined did not outweigh the expected benefits of the merger to F&M and its shareholders:

The loss of independence and primary focus on the Tomah, Wisconsin community;

The possibility that market values for community banks similar to F&M Bank may increase in the coming years;

The potential negative impact to our employees, customers, and communities associated with a possible change in institutional culture;

The possibility that the merger agreement may not be consummated, or that completion of the merger may be unduly delayed, for reasons beyond the control of the parties;

The potential for diversion of management and employee attention, and for employee attrition, during the period prior to the completion of the merger and the potential effect on F&M's and F&M Bank's business and relations with customers, service providers and other stakeholders whether or not the merger is completed;

The costs to be incurred in connection with the merger, including the costs of data conversion and contract termination costs, and other transaction expenses arising from the merger agreement and the merger;

The risk that potential benefits and synergies sought in the merger may not be realized or may not be realized within the expected time period, and the risks associated with the integration of the businesses of the parties;

The tax consequences of the merger to F&M shareholders. Specifically, the value of the merger consideration received, both cash and stock, may be taxable to F&M shareholders. See Material United States Federal Tax Consequences beginning on page 87 of this proxy statement/prospectus; and

The interests that certain directors and/or executive officers of F&M and F&M Bank have in the merger. See Interests of F&M's Directors and Executive Officers in the Merger beginning on page 87 of this proxy

statement/prospectus.

F&M's board of directors concluded that the anticipated benefits of the proposed merger were likely to substantially outweigh the risks. The foregoing discussion of the factors is not intended to be exhaustive, but includes the material factors considered by the board of directors. In view of the wide variety of factors considered in connection with its evaluation of the merger and the complexity of these matters, the board of directors did not find it useful to, and did not attempt to, quantify, rank or otherwise assign relative weights to these factors. In addition, the board of directors may have given different weights to different factors. The board of directors collectively made its determination to approve and adopt the merger agreement and the merger based on the conclusion reached by its members, in light of the factors that each of them considered appropriate.

F&M's board of directors realized there can be no assurance about future results, including results expected or considered in the factors listed above. However, the board of directors concluded the potential positive factors outweighed the potential risks of consummating the merger. It should be noted that this explanation of the analysis and reasoning of the board of directors and all other information presented in this section is forward-looking in nature and, therefore, should be read in light of the factors discussed under the heading "Cautionary Statement Regarding Forward-Looking Statements" contained in this proxy statement/prospectus.

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*F&M's board of directors unanimously recommends that F&M shareholders vote **FOR** the approval and adoption of the merger agreement and the merger.*

Opinion of F&M's Financial Advisor

In connection with the merger, F&M engaged Oak Ridge, effective on May 15, 2018, to act as exclusive financial advisor in connection with a possible sale of F&M and, if requested, to render a fairness opinion to F&M's board with respect to the fairness, from a financial point of view, of the merger consideration to F&M's shareholders. For purpose of Oak Ridge's opinion, Oak Ridge utilized the estimated merger consideration to be received at closing as calculated by management of F&M for its financial analysis described below. F&M selected Oak Ridge because Oak Ridge is a recognized investment banking firm with substantial experience in community bank transactions similar to the merger. As part of its investment banking business, Oak Ridge is regularly engaged in the purchase, sale, merger and valuations of financial services businesses in the Upper Midwest. F&M chose Oak Ridge after conducting a search for a qualified financial advisor, which included interviewing potential candidates. Oak Ridge had no relationship with F&M prior to engaging in discussions with F&M as part of F&M's search.

Oak Ridge participated in the meeting of F&M's board held on January 21, 2019, at which F&M's board evaluated the proposed merger. At this meeting, Oak Ridge reviewed, among other items, the financial aspects of the proposed merger, including the estimated merger consideration at closing, and rendered an opinion to the effect that the estimated merger consideration at closing to be received by F&M's shareholders in the proposed merger was fair, from a financial point of view, to such shareholders. F&M's board unanimously approved the merger agreement at this meeting.

Oak Ridge's opinion speaks only as of the date of the opinion. The opinion was for the information of, and was directed to, F&M's board in connection with its consideration of the financial terms of the merger, including the estimated merger consideration at closing. The opinion addressed only the fairness, from a financial point of view, of the estimated merger consideration at closing to be paid to F&M's shareholders in the merger. It did not address the underlying business decision of F&M's board to engage in the merger or enter into the merger agreement or constitute a recommendation to F&M's board in connection with the merger, and it does not constitute a recommendation to any holder of F&M's common stock or stock options or any shareholder of any other entity as to how to vote in connection with the merger or any other matter.

The description of the opinion set forth herein is qualified in its entirety by reference to the full text of the opinion, which is attached as Annex B to this document and is incorporated herein by reference, and describes the procedures followed, assumptions made, matters considered, and qualifications and limitations on the review undertaken by Oak Ridge in preparing the opinion.

In connection with Oak Ridge's review of the merger, and in arriving at Oak Ridge's opinion, Oak Ridge:

Reviewed drafts of the merger agreement, the most recent received on January 18, 2019, including the financial terms of the draft of the merger agreement received;

Reviewed and analyzed historical financial and other corporate data relating to the business, earnings, assets, liabilities and shareholders' equity of F&M and F&M Bank that was publicly available;

Reviewed and analyzed certain information, including corporate and financial data, relating to the business, earnings, assets, liabilities, forecasts and prospects of F&M and F&M Bank and information pertaining to F&M's unsuccessful attempt to sell in 2014, information that was furnished to Oak Ridge by F&M;

Conducted discussions with senior management of F&M concerning the matters described in items (2) and (3) above, as well as their business and prospects before and after giving effect to the merger pursuant to the merger agreement and the process and considerations they reviewed in entering into the merger agreement;

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Reviewed and analyzed historical financial and other corporate data with respect to Citizens that was publicly available or furnished to Oak Ridge by Citizens;

Conducted discussions with senior management of Citizens concerning the matters described in clause (5) above, as well as its ability to finance the transaction and its business and prospects before and after giving effect to the merger pursuant to the merger agreement;

Reviewed and discussed with F&M's management and board the estimated merger consideration and the estimated Closing Date Equity Amount;

Reviewed the current and historically reported trading activity information for certain other companies deemed by Oak Ridge to be comparable to Citizens;

Compared the financial performance of Citizens with that of certain publicly-traded companies that Oak Ridge deemed relevant;

Reviewed the current and historically reported trading activity information for certain other companies deemed by Oak Ridge to be comparable to F&M;

Compared the financial performance of F&M with that of certain publicly-traded companies that Oak Ridge deemed relevant;

Reviewed the financial terms, to the extent publicly available, of certain business combination transactions that Oak Ridge deemed relevant; and

Prepared and reviewed discount dividend valuation analysis utilizing industry standards.

In addition, Oak Ridge reviewed additional information, conducted such other analyses, examinations and inquiries and considered such other financial, economic and market criteria as it deemed necessary in arriving at its opinion.

In connection with Oak Ridge's review and in rendering Oak Ridge's opinion, Oak Ridge relied upon and assumed the accuracy, completeness and fairness of all information that was publicly available or was furnished by F&M, or otherwise made available, to Oak Ridge or discussed with or reviewed by Oak Ridge, including all financial, accounting, tax, regulatory and legal information, and Oak Ridge did not make (and did not assume any responsibility for) any independent verification of such information. Oak Ridge assumed, in reliance upon the assurances of the management of F&M, that the information provided to Oak Ridge was been prepared on a reasonable basis in accordance with industry practice, and such information reflects the best currently available estimates and judgment of management and that management is not aware of any facts or circumstances that would make such information inaccurate, incomplete or misleading. With respect to the financial forecasts, estimates and other financial information utilized in Oak Ridge's analyses, Oak Ridge was advised by the management of F&M, and at the direction of F&M, Oak Ridge assumed that they have been prepared on a reasonable basis in accordance with industry practice. Oak

Ridge assumed that with respect to financial forecasts, estimates and other forward-looking information reviewed by Oak Ridge, that such information was reasonably prepared based on assumptions reflecting the best currently available estimates and judgments of the management of F&M as to the expected future results of operations and financial condition of F&M. Oak Ridge relied on the assumptions of the management of F&M as to all accounting, legal, tax and financial reporting matters with respect to F&M and the merger agreement.

In arriving at Oak Ridge's opinion, Oak Ridge assumed that the executed merger agreement will be in all material respects identical to the last draft reviewed by Oak Ridge. Oak Ridge relied upon and assumed, without independent verification, that (i) the representations and warranties of all parties to the merger agreement and all other related documents and instruments that are referred to therein are true and correct in all respects material to Oak Ridge's analysis, (ii) each party to the merger agreement will fully and timely perform all of the covenants and agreements required to be performed by that party, (iii) the merger pursuant to the merger agreement will be consummated pursuant to the terms of the merger agreement without amendments thereto and (iv) all conditions

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to the consummation of the merger pursuant to the merger agreement will be satisfied without waiver by any party of any conditions or obligations thereunder. Additionally, Oak Ridge assumed that the merger pursuant to the merger agreement will be consummated in compliance with all applicable laws and that all the necessary regulatory approvals and consents required for the merger pursuant to the merger agreement will be obtained, without amendment or waiver of any material terms or conditions, and that, in the course of obtaining any necessary legal, regulatory or third party consents, approvals or agreements for the merger pursuant to the merger agreement, no delay, limitation or restriction, including any divestiture or other requirements, will be imposed or action will be taken that will have an adverse effect on F&M or the merger pursuant to the merger agreement.

In arriving at Oak Ridge's opinion, Oak Ridge did not perform any appraisals or valuations of any specific assets or liabilities (fixed, contingent or other) of F&M or any other entity, and was not furnished or provided with any such appraisals or valuations, nor did Oak Ridge evaluate the solvency of F&M or any other entity under any state or federal law relating to bankruptcy, insolvency or similar matters. The analyses performed by Oak Ridge in connection with its opinion were going concern analyses. Oak Ridge expressed no opinion regarding the liquidation value of F&M or any other entity. Without limiting the generality of the foregoing, Oak Ridge undertook no independent analysis of any pending or threatened litigation, regulatory action, possible unasserted claims or other contingent liabilities, to which F&M or any of its affiliates was a party or may be subject, and at the direction of F&M and with its consent, Oak Ridge's opinion made no assumption concerning, and therefore did not consider, the possible assertion of claims, outcomes or damages arising out of any such matters. Oak Ridge also assumed that there had been no material changes in the assets, financial condition, results of operations, business or prospects of F&M since the date of the last financial statements made available to Oak Ridge. Oak Ridge also assumed that neither F&M nor Citizens is party to any material pending transaction, including without limitation any financing, recapitalization, acquisition or sale, divestiture or spin-off, other than the merger pursuant to the merger agreement.

The opinion was necessarily based upon the information available to Oak Ridge and on economic, market, financial and other conditions, facts and circumstances as they existed. Events occurring after the date of the opinion could materially affect the assumptions used in preparing the opinion. Oak Ridge has not undertaken to reaffirm or revise its opinion or otherwise comment upon any events occurring after the date hereof.

Oak Ridge will receive a fee for rendering its opinion that is not contingent upon the consummation of the merger pursuant to the merger agreement or the conclusions reached in Oak Ridge's opinion. F&M has also agreed to indemnify Oak Ridge against certain liabilities and reimburse Oak Ridge for certain expenses in connection with Oak Ridge's services. Oak Ridge may, in the future, provide investment banking and financial advisory services to F&M, Citizens or other entities, for which Oak Ridge would expect to receive compensation.

Oak Ridge's opinion was provided to the board of F&M in connection with its consideration of the merger pursuant to the merger agreement and is not intended to be and does not constitute a recommendation to any shareholder of F&M as to how that shareholder should act or vote or make any election with respect to the merger pursuant to the merger agreement or any other matter.

The opinion addresses solely the fairness, from a financial point of view of the estimated merger consideration at closing, defined by Oak Ridge, pursuant to the merger agreement and does not address any other terms or agreement relating to the merger pursuant to the merger agreement, any other terms of the merger agreement or other transactions contemplated. Oak Ridge was not requested to opine as to, and its opinion does not address, the underlying business decision of F&M to enter into the merger agreement and to proceed with or effect the merger pursuant to the merger agreement, the merits of the merger pursuant to the merger agreement relative to any alternative transaction or business strategy that may be available to F&M, Citizens' ability to fund the estimated merger consideration at closing or the form of the merger agreement or the terms set forth in the merger agreement. Furthermore, Oak Ridge

expressed no opinion with respect to the amount or nature of compensation to any officer, director or employee of any party to the merger pursuant to the merger agreement or with respect to the fairness of any such compensation.

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The following is a summary of the material financial analyses performed by Oak Ridge in connection with its opinion. The summary is not a complete description of the financial analyses underlying the opinion or the presentation made by Oak Ridge to F&M's board, but summarizes the material analyses performed and presented in connection with such opinion. The preparation of a fairness opinion is a complex analytic process involving various determinations as to appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances. The financial analyses summarized below include information presented in tabular format.

Accordingly, Oak Ridge believes that its analyses and the summary of its analyses must be considered as a whole and that selecting portions of its analyses and factors or focusing on the information presented below in tabular format, without considering all analyses and factors or the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of the process underlying its analyses and opinion. The tables alone do not constitute a complete description of the financial analyses. For purposes of its analyses, Oak Ridge utilized the estimated value of the merger consideration at closing of \$107.40 per share of F&M's common stock, consisting of, (i) \$92.20 in cash and (ii) 1.3350 shares of Citizens common stock to be exchanged for each share of F&M's common stock. The estimated value of the merger consideration at closing includes estimated adjustments from December 31, 2018 through closing including deal related expenses and projected earnings. The net sum of the estimated adjustments as calculated by F&M management resulted in an estimated Stockholders Equity Surplus (as defined in the merger agreement) at closing of approximately \$1.8 million which had a positive impact on the estimated cash merger consideration at closing.

Selected Companies Analysis

Using publicly available information, Oak Ridge compared the financial performance, financial condition and market performance of F&M to 20 selected banks and bank holding companies traded on OTC Pink or OTCQX, trade at minimum 100 shares a day, are headquartered in a market with population less than 100,000, had total assets between \$100 million and \$500 million, and had return on average assets between 25bps and 100bps over the latest twelve months.

The selected companies included in F&M's peer group were:

Blue Ridge Bankshares, Inc.	Century Financial Corporation
West Shore Bank Corporation	Denali Bancorporation, Inc.
PSB Holding Corporation	CNB Bancorporation
Highlands Bankshares, Inc.	National Bank of Coxsackie
Community First Bancorporation	Cominibanc Corp.
First Bancshares, Inc.	Virginia Community Bankshares, Inc.
Delmarva Bancshares, Inc.	Cornerstone Community Bancorp
Eastern Michigan Financial Corporation	Peoples Bancorp, Inc.
First Robinson Financial Corporation	Crazy Woman Creek Bancorp Inc

Delhi Bank Corp.

Empire Bancshares, Inc.

To perform this analysis, Oak Ridge used last-twelve-months (LTM) and other financial information as of the most recent completed quarter available and market price information as of January 16, 2019. Certain financial data prepared by Oak Ridge, and as referenced in the tables presented below, may not correspond to the data presented in F&M's historical financial statements as a result of the different periods and the assumptions and methods used by Oak Ridge to compute the financial data presented. Oak Ridge's analysis showed the following concerning the financial performance and condition of the selected companies in its peer group:

	Minimum	Peer Group Median	Maximum
Total Assets (\$Mil)	\$ 114.1	\$ 303.4	\$ 460.1
LTM ROAA	0.27%	0.74%	0.99%
Nonperforming assets (NPAs) / Assets	0.00%	1.08%	2.29%

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In addition, Oak Ridge's analyses showed the following concerning the market performance of the selected companies in its peer group:

	Peer Group		
	Minimum	Median	Maximum
Price / Tangible Book	38.72%	104.38%	179.07%
Price to LTM EPS	4.5x	13.8x	29.5x
Price to Assets	3.05%	8.94%	16.80%

Using publicly available information, Oak Ridge then compared the financial performance, financial condition and market performance of Citizens to 19 selected banks and bank holding companies traded on NASDAQ and headquartered in the Midwest with total assets between \$1.0 billion and \$2.0 billion.

The selected companies included in Citizens' peer group were:

First Business Financial Services, Inc.	Ames National Corporation
Southern Missouri Bancorp, Inc.	Level One Bancorp, Inc.
Macatawa Bank Corporation	MBT Financial Corp.
Bridgewater Bancshares, Inc.	Mackinac Financial Corporation
Bank First National Corporation	Middlefield Financial Corporation
LCNB Corp.	Farmers & Merchants Bancorp, Inc.
BankFinancial Corporation	Limestone Bancorp, Inc.
Civista Bancshares, Inc.	First Savings Financial Group, Inc.
County Bancorp, Inc.	Ohio Valley BanCorp.

Hawthorn Bancshares, Inc.

To perform this analysis, Oak Ridge used LTM and other financial information as of the most recently-completed quarter available and market price information as of January 16, 2019. Certain financial data prepared by Oak Ridge, and as referenced in the tables presented below, may not correspond to the data presented in Citizens' historical financial statements as a result of the different periods and the assumptions and methods used by Oak Ridge to compute the financial data presented.

Oak Ridge's analyses showed the following concerning the financial performance, condition and market performance of Citizens and the selected companies in its peer group:

	Citizens	Peer Group Median
Assets (\$Mil)	\$ 975.1	\$ 1,448.7
ROAA	0.45%	1.01%
NPAs / Assets	1.61%	1.00%
Volume (90 day)	12,505	13,512
Price to tangible book	125%	144%

No company used as a comparison in the above selected companies analyses is identical to F&M or Citizens. Accordingly, an analysis of these results is not mathematical. Rather, it involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies involved.

Select Transactions Analysis

Oak Ridge reviewed publicly available information related to all bank and thrift merger transactions announced since January 1, 2017 with specific focus on acquired companies headquartered in a market with population less than 100,000, total assets between \$100 million and \$300 million, LTM ROAA between 25 bps and 100 bps and a C-Corp.

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The selected focused transactions included in the group were:

Acquirer:

LCB Bancshares, Inc.
Peoples Bankshares, Inc.
Gideon Bancshares Company
Community First Bancorp, Inc.
Great State Bank
ASB Financial Corp. Inc.
CCB Bankshares, Inc.
Morgan Financial Corporation
CentrePointe Community Bank
Wells Financial Corp.
Mountain Valley Bancshares, Inc.
Patriot Federal Bank
Citizens Bancshares, Inc.
Sound Banking Company
Tammcorp, Inc.
Union Banc Corp.
Island Bancorp, Inc.
Sparta Union Bancshares, Inc.
Banco Harlan, Inc.
S Bankshares, Inc.
IT&S of Iowa, Inc.
Highland County Bankshares, Inc.
Kosciusko Financial, Inc.
Milton Bancorp, Inc.

Acquired Company:

Colony Bankcorp, Inc.
Summit Financial Group, Inc.
Southern Missouri Bancorp, Inc.
Emclair Financial Corp.
Parkway Acquisition Corp.
Peoples Bancorp, Inc.
Bank of McKenney
Mid-America Financial Corp
Northwest Bancorporation, Inc.
Citizens Community Bancorp, Inc.
Piedmont Bancorp, Inc.
Kinderhook Bank Corporation
Investar Holding Corporation
West Town Bancorp, Inc.
Southern Missouri Bancorp, Inc.
Little Bank, Inc.
Independent Bank Corp.
River Holding Company
Monticello Bankshares, Inc.
State Bank Financial Corporation
Community Bancshares Corp.
Summit Financial Group, Inc.
Horizon Bancorp
Ohio Valley Banc Corp.

The high, low and median results of the transaction multiples for the selected transactions were used to impute a range of values to compare with the estimated merger consideration at closing per share of \$107.40 and the aggregate merger consideration \$23.2 million.

The results of the analysis are set forth in the following tables:

Imputed Value Per Share:

	Low	Median	High	Low Per Share	Median Per Share	High Per Share
Deal Value to:						
Assets	8.08%	12.50%	19.37%	\$ 73.56	\$ 113.79	\$ 176.33
TCE	91.17%	123.64%	195.38%	\$ 91.12	\$ 123.57	\$ 195.28
LTM Earnings	12.2x	21.8x	41.0x	\$ 90.29	\$ 161.27	\$ 303.65

Imputed Aggregate Value (in Millions):

Deal Value to:	Low	Median	High	Low	Median	High
Assets	8.08%	12.50%	19.37%	\$ 15.9	\$ 24.6	\$ 38.1
TCE	91.17%	123.64%	195.38%	\$ 19.7	\$ 26.3	\$ 42.3
LTM Earnings	12.2x	21.8x	41.0x	\$ 19.5	\$ 34.9	\$ 65.8

No company or transaction used as a comparison in the above selected transaction analyses is identical to F&M or the merger. Accordingly, an analysis of these results is not mathematical. Rather, it involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies involved.

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Discounted Cash Flow Analysis

Oak Ridge performed two discounted cash flow analysis to estimate ranges for the implied value of F&M.

In the first analysis, Oak Ridge used F&M's projections of earnings and assumed discount rates ranging from 12.5% to 17.5%. The range of values were derived by adding (i) the present value of the estimated free cash flows, above a required capital level of 9%, that F&M could generate over a five-year period as a standalone company, and (ii) the present value of F&M's implied terminal value at the end of such period. In calculating the terminal value of F&M, Oak Ridge assumed terminal multiples of earnings ranging from 10-14 times. This discounted cash flow analysis resulted in a range of implied value of \$71.69 per share to \$99.55 per share for F&M's common stock.

In the second analysis, Oak Ridge used F&M's projections of earnings and assumed discount rates ranging from 15.0% to 20.0%. The range of values were derived by adding (i) the present value of the estimated free cash flows, above a required capital level of 9%, that F&M could generate over a five-year period as a standalone company, (ii) enhanced by cost reductions of 15%, (iii) reduced by one time charges, and (iv) the present value of F&M's implied terminal value at the end of such period. In calculating the terminal value of F&M, Oak Ridge assumed terminal multiples of adjusted earnings ranging from 12-16 times. This discounted cash flow analysis resulted in a range of implied value of \$81.83 per share to \$119.39 per share for F&M's common stock.

The discounted cash flow analysis is a widely used valuation methodology, but the results of such methodology are highly dependent on the assumptions that must be made, including asset and earnings growth rates, terminal values, dividend payout rates, and discount rates.

Miscellaneous

Oak Ridge acted as financial advisor to F&M in connection with the proposed merger and did not act as an advisor to or agent of any other person. As part of its investment banking business, Oak Ridge is continually engaged in the valuation of bank and bank holding company securities in connection with acquisitions and valuations for various other purposes. As specialists in the securities of banking companies, Oak Ridge has experience in, and knowledge of, the valuation of banking enterprises.

Pursuant to the Oak Ridge engagement agreement with F&M, F&M agreed to pay Oak Ridge a fee of 1.25% of the transaction value (as defined in the engagement agreement) in exchange for investment advisory services. Included in this investment advisory fee was a \$5,000 retainer paid upon execution of the engagement agreement and a \$25,000 milestone payment paid upon execution of the merger agreement. The balance of the investment advisory fee is contingent upon completion of the merger. In addition to the investment advisory fee, Oak Ridge received a payment of \$25,000 upon delivery of its fairness opinion to F&M's board. The total fees to be paid are expected to be approximately \$358,000 of which approximately \$303,000 remains contingent upon the consummation of the proposed transaction. F&M also agreed to reimburse Oak Ridge for certain reasonable out-of-pocket expenses and disbursements incurred in connection with its retention and to indemnify Oak Ridge against certain liabilities relating to or arising out of Oak Ridge's engagement.

Citizens Reasons for the Merger

In reaching the determination to approve the merger agreement and the merger, Citizens' board of directors evaluated the merger agreement and the merger in consultation with Citizens' senior management and Citizens' financial and legal advisors. The Citizens board considered a number of factors, including, but not limited to:

the merger agreement terms, structure and consideration to be paid to F&M shareholders;

the adjustments for the cash consideration;

the pricing collar adjustment with respect to the exchange ratio for the stock consideration;

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the sources of funding and ability to raise debt financing;

the representations and warranties, pre-closing covenants and termination rights provided for in the merger agreement;

the non-solicitation terms within the merger agreement along with the exceptions thereto;

the provision permitting Citizens to match a superior proposal;

the termination fee payable under certain circumstances;

the voting agreements entered into with F&M's directors, non-director executive officers and a certain shareholder to vote their shares in favor of the merger;

the business, operations, financial condition, earnings and prospects of Citizens and of F&M;

the results of previous due diligence efforts;

the current environment in the community banking industry;

expected synergies to be realized by the combined company;

the financial terms of the merger as described by FIG Partners in its presentation to the Citizens board; and

the regulatory and other approvals required to be received in a timely manner and without unacceptable conditions.

The Citizens board also considered possible risk factors associated with the merger, including:

that the merger agreement would divert management focus and resources from other strategic opportunities and operational matters;

the possibility of losses of key customers and employees of F&M;

the possible effects of announcing the merger and steps taken to consummate it;

the possibility of litigation challenging the merger;

the risk that potential benefits and synergies sought in the merger may not be realized or may not be realized within the expected time period;

risks associated with the integration of the two companies;

risks that the deal may not close because of

Citizens' failure to perform its covenants in the merger agreement;

failure to receive regulatory approval;

a material adverse change to Citizens or F&M;

governmental action challenging the transaction; and

failure to close the merger by October 31, 2019.

After considering the above factors, Citizens' board of directors unanimously approved the merger agreement and the merger. This discussion of the factors considered by Citizens' board of directors does not list every factor considered by the board but includes the most material factors considered by the board. In reaching its determination to approve and adopt the merger agreement, the board did not give relative or specific importance to each of the factors listed above, and individual directors may have given differing importance to different factors.

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Closing and Effective Time

Unless the parties otherwise mutually agree, the closing of the merger will take place on the third business day following (x) the expiration of all applicable waiting periods associated with regulatory approvals and (y) the satisfaction or waiver of the conditions to closing of the merger. See the section entitled "The Merger Agreement - Conditions to Completion of the Merger" beginning on page 81 of this proxy statement/prospectus for a more complete description of the conditions that must be satisfied prior to closing. The date on which the closing occurs sometimes is referred to in this proxy statement/prospectus as the "closing date".

On the closing date, Citizens and F&M will effect the merger by filing articles of merger with the Wisconsin Department of Financial Institutions and the Minnesota Secretary of State. The merger will become effective on the date and time of filing of the articles of merger or on such later date and time as may be specified in the articles of merger. The time at which the merger becomes effective is sometimes referred to in this proxy statement/prospectus as the "effective time".

Regulatory Approvals Required for the Merger

Completion of the merger, the holdco merger and the bank merger are subject to receipt of certain approvals and consents from applicable governmental and regulatory authorities, provided that Citizens will not be required to agree to any condition or requirement in order to receive any such approval which would impose any restraint or condition that would reasonably be expected to impair in any material respect the economic or other benefits to Citizens or F&M's shareholders of the merger or the transactions contemplated by the merger agreement, have a materially negative effect on the operation of the business currently conducted by F&M or on any other business of Citizens or its affiliates or require the sale, transfer, license or other disposition of any assets or categories of assets that, individually or in the aggregate, would be material to any of Citizens, its existing affiliates or F&M (which we refer to as a "burdensome condition"). Citizens and F&M have each agreed to furnish the other party with such information as may be reasonably necessary or advisable in connection with any regulatory filing, notice or other application to be made by or on behalf of either Citizens or F&M. These approvals include, among others, approvals or waivers from the OCC, the WDFI and the Federal Reserve Board. Citizens has submitted a Streamlined Business Combination Application with the OCC, an Application to Acquire a Wisconsin Bank Holding Company with the WDFI and a Form FR Y-3 with the Federal Reserve Board.

Office of the Comptroller of the Currency

CCF Bank is subject to primary regulation by the OCC. The merger of F&M Bank with and into CCF Bank requires prior approval of the OCC pursuant to Section 3 of the National Bank Consolidation and Merger Act, as amended. In evaluating an application for such approval, the OCC takes into consideration a number of factors, including (i) the competitive impact of the transaction in the relevant markets; (ii) the financial and managerial resources of the banks both on a current and pro forma basis; (iii) the convenience and needs of the communities to be served and the record of the banks under the CRA, including their CRA ratings; (iv) the banks' effectiveness in combatting money laundering activities and (v) the extent to which the bank merger would result in greater or more concentrated risks to the stability of the U.S. banking or financial system. Citizens has requested expedited processing from the OCC and, to that end, on March 13, 2019 submitted a Streamlined Business Combination Application with the OCC. Unless the OCC removes Citizens from the expedited process, which it may do in its discretion, the OCC has 45 days to review and make a decision on Citizens' application.

Wisconsin Department of Financial Institutions

F&M Bank is a state bank chartered, regulated and supervised by the WDFI. The bank merger requires an Application to Acquire a Wisconsin Bank Holding Company to be filed with the WDFI under applicable Wisconsin banking laws. The matters required to be addressed in the Application to Acquire a Wisconsin Bank Holding Company are generally similar to matters to be addressed in the applications to the OCC and the Federal Reserve Board. Citizens filed the Notice of Proposed Acquisition on March 14, 2019.

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Federal Reserve Board

Citizens is a bank holding company regulated and supervised by the Federal Reserve Board under the BHCA. Citizens is required to submit an application for approval on Form FR Y-3 pursuant to the BHCA. In evaluating an application for such approval, the Federal Reserve Board will take into consideration a number of factors, including (i) the competitive impact of the transaction in the relevant markets; (ii) the financial condition and future prospects, including capital positions and managerial resources of the parties, on both a current and pro forma basis; (iii) the convenience and needs of the communities to be served and the record of the parties' banking subsidiaries under the Community Reinvestment Act of 1977; (iv) the effectiveness of the parties and their banking subsidiaries in combatting money laundering activities and (v) the extent to which the transaction would result in greater or more concentrated risks to the stability of the U.S. banking or financial system.

Additional Regulatory Approvals and Notices

Citizens and F&M believe that neither the merger nor the bank merger raise substantial antitrust or other significant regulatory concerns and that the parties will be able to obtain all requisite regulatory approvals. However, neither Citizens nor F&M can provide any assurance that the closing of the merger will occur within the prescribed time of any of the approvals obtained, the timing of any such further approvals as may be required if the closing of the merger does not occur within such prescribed time, their ability to obtain any such further approvals on satisfactory terms or the absence of any litigation challenging such approvals. In addition, there can be no assurance that such approvals will not impose conditions or requirements that may be deemed to impose a material burden on Citizens.

Neither Citizens nor F&M are aware of any material governmental approvals or actions that are required for completion of the merger or the bank merger other than those described above. It is presently contemplated that if any such additional governmental approvals or actions are required, those approvals or actions will be sought. There can be no assurance, however, that any additional approvals or actions will be obtained.

Accounting Treatment

In accordance with current accounting guidance, the merger will be accounted for using the acquisition method. As a result, the recorded assets and liabilities of Citizens will be carried forward at their recorded amounts, the historical operating results will be unchanged for the prior periods being reported on and the assets and liabilities of F&M will be adjusted to fair value at the date of the merger. In addition, all identified intangible assets will be recorded at fair value and included as part of the net assets acquired. To the extent that the purchase price, consisting of cash plus the fair value of the Citizens common stock to be issued to former F&M shareholders, exceeds the fair value of the net assets including identified intangible assets of F&M on the date the merger is completed, such amount will be reported as goodwill. In accordance with current accounting guidance, goodwill will not be amortized but will be evaluated for impairment annually. Identified finite life intangible assets will be amortized over their estimated lives. Further, the acquisition method of accounting will result in the operating results of F&M being included in the operating results of Citizens beginning from the date of completion of the merger.

NASDAQ Market Listing

The shares of Citizens common stock to be issued in the merger will be listed for trading on the NASDAQ Global Market.

Dividends/Distributions

From and after the date of the merger agreement, F&M may not, and may not permit its subsidiaries to, without the prior written consent of Citizens, make any dividend payments or distributions.

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No dividends or other distributions declared or made with respect to Citizens common stock after closing of the merger will be paid to the holder of any unsurrendered certificate or book entry share that evidenced ownership of shares of F&M common stock until such holder properly surrenders such shares. See the section entitled "The Merger Agreement Exchange and Payment Procedures" beginning on page 70 of this proxy statement/prospectus.

Litigation Related to the Merger

Potential plaintiffs may file lawsuits challenging the proposed transaction. If any such cases are not resolved, such lawsuits could prevent or delay completion of the merger and result in significant costs to F&M and Citizens, including costs associated with the indemnification of directors and officers. The defense or settlement of any lawsuit or claim that remains unresolved at the time the merger is completed may adversely affect Citizens' business, financial condition and results of operations.

Table of Contents**THE MERGER AGREEMENT**

This section describes the material terms of the merger agreement. The description in this section and elsewhere in this proxy statement/prospectus is qualified in its entirety by reference to the complete text of the merger agreement, a copy of which is attached as Annex A and is incorporated by reference into this proxy statement/prospectus. This section does not purport to be complete and may not contain all of the information about the merger agreement that is important to you. You are encouraged to read the merger agreement carefully and in its entirety. This section is not intended to provide you with any factual information about Citizens or F&M. Such information can be found elsewhere in this proxy statement/prospectus beginning on page 131 of this proxy statement/prospectus

Explanatory Note Regarding the Merger Agreement

The merger agreement and this summary of terms are included to provide you with information regarding the terms of the merger agreement. Factual disclosures about Citizens and F&M contained in this proxy statement/prospectus or in the public reports of Citizens filed with the SEC may supplement, update or modify the factual disclosures about Citizens contained in the merger agreement. The merger agreement contains representations and warranties by Citizens, on the one hand, and by F&M, on the other hand, made solely for the benefit of the other party. The representations, warranties and covenants made in the merger agreement by Citizens and F&M were qualified and subject to important limitations agreed to by Citizens and F&M in connection with negotiating the terms of the merger agreement. In particular, during your review of the representations and warranties contained in the merger agreement and described in this summary, it is important to understand that the representations and warranties were negotiated with the principal purpose of establishing circumstances in which a party to the merger agreement may have the right not to consummate the merger if the representations and warranties of the other party prove to be untrue due to a change in circumstance or otherwise, and allocating risk between the parties to the merger agreement, rather than establishing matters as facts. The representations and warranties also may be subject to a contractual standard of materiality different from that generally applicable to shareholders and reports and documents filed with the SEC, and some were qualified by the matters contained in the confidential disclosure schedules that Citizens and F&M each delivered in connection with the merger agreement and certain documents filed with the SEC. Moreover, information concerning the subject matter of the representations and warranties, which do not purport to be accurate as of the date of this proxy statement/prospectus, may have changed since the date of the merger agreement. Accordingly, the representations and warranties in the merger agreement should not be relied on by any person as characterizations of the actual state of facts about Citizens or F&M at the time they were made or otherwise.

Merger Consideration

Upon completion of the merger and assuming the consideration is not adjusted pursuant to the terms of the merger agreement as described in this proxy statement/prospectus, each share of F&M common stock outstanding immediately prior to the effective time of the merger, except for F&M dissenting shares and shares of F&M common stock held by F&M as treasury stock or owned by Citizens, will be converted into the right to receive (i) the cash consideration consisting of an amount of cash equal to \$18,199,597 divided by the total number of shares of F&M common stock issued and outstanding immediately prior to the effective time, without interest, (or approximately \$84.05 in cash per share of F&M common stock, assuming 216,541 shares of F&M common stock outstanding at the effective time) and (ii) the stock consideration consisting of 1.3350 shares of Citizens common stock.

The cash consideration is determined based on the aggregate cash consideration of approximately \$18,199,597, as adjusted in accordance with the merger agreement based on the amount of F&M's Closing Date Equity Amount. Set forth below is a table showing the hypothetical value of the cash consideration based on a range of

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values for F&M's closing date stockholders equity amount. The table does not reflect the fact that cash will be paid instead of fractional shares of Citizens common stock.

Hypothetical Cash Consideration Per Share		
F&M Closing Date	Aggregate Cash	
Equity Amount	Consideration (1)	Hypothetical Per Share Value (2)
\$21,707,000	\$19,449,597	\$89.82
\$21,457,000	\$19,199,597	\$88.66
\$21,207,000	\$18,949,597	\$87.51
\$20,957,000	\$18,699,597	\$86.36
\$20,707,000	\$18,449,597	\$85.20
\$20,457,000	\$18,199,597	\$84.05
\$20,207,000	\$17,949,597	\$82.89
\$19,957,000	\$17,699,597	\$81.74
\$19,707,000	\$17,449,597	\$80.58
\$19,457,000	\$17,199,597	\$79.43
\$19,207,000	\$16,949,597	\$78.27
\$18,957,000	\$16,699,597	\$77.12

- (1) Hypothetical adjusted aggregate cash consideration based on \$18,199,597 increased or decreased by the amount by which the hypothetical F&M Closing Date Equity Amount is greater or less than \$20,457,000.
- (2) Hypothetical value based on hypothetical adjusted aggregate cash consideration divided by 216,541, the number of shares of F&M common stock issued and outstanding.

The stock consideration is subject to adjustment based upon the Citizens Closing Price, computed as the average closing price of Citizens common stock for the 10 trading days ending on the third business day preceding the closing of the merger. Set forth below is a table showing the hypothetical value of the stock consideration based on a range of values for the Citizens Closing Price. The table does not reflect the fact that cash will be paid instead of fractional shares of Citizens common stock.

Hypothetical Stock Consideration Per Share		
Citizens Closing Prices	Shares of Citizens Common Stock (1)	Hypothetical Per Share Value (2)
\$13.50	1.2238	\$16.52
\$13.33(3)	1.2238	\$16.31
\$13.00	1.2549	\$16.31
\$12.50	1.3051	\$16.31
\$12.22(4)	1.3350	\$16.31
\$12.00	1.3350	\$16.02
\$11.00	1.3350	\$14.69
\$10(5)	1.3350	\$13.35
\$9.50	1.4053	\$13.35
\$9.00	1.4833	\$13.35

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\$8.89(6)	1.5017	\$13.35
\$8.50	1.5017	\$12.76

- (1) Represents the exchange ratio.
- (2) Hypothetical value based on hypothetical average closing price for Citizens common stock on NASDAQ for the 10 trading days ending three business days prior to the closing of the merger.
- (3) Represents the "attic" as defined in the merger agreement, or the price point at which further increases to Citizens Closing Price no longer result in a decrease in the number of shares to be received by F&M shareholders.

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- (4) Represents the ceiling as defined in the merger agreement, or the price point at which further increases to the Citizens Closing Price begin to result in a decrease in the number of shares to be received by F&M shareholders.
- (5) Represents the floor as defined in the merger agreement, or the price point at which further decreases to the Citizens Closing Price begin to result in increase in the number of shares to be received by F&M shareholders.
- (6) Represents the basement as defined in the merger agreement, or the price point at which further decreases to the Citizens Closing Price no longer result in an increase in the number of shares to be received by F&M shareholders.

The examples above are illustrative only and adjustments to the cash and stock consideration are unrelated and independent. The value of the merger consideration that an F&M shareholder actually receives will be based on F&M's Closing Date Equity Amount, which may change prior to closing, and the market price of Citizens common stock, which will fluctuate with the market. F&M's Closing Date Equity Amount may be above or below the range of amounts set forth above, and Citizens common stock may trade at values above or below the range of the amounts set forth above. As a result, the actual value of the merger consideration per share of F&M common stock may not be shown in the above table.

Each option to purchase shares of F&M common stock that is outstanding immediately prior to the effective time of the merger will be cancelled and converted into the right to receive an amount of consideration equal to the per share merger consideration deliverable to the issued and outstanding shares of F&M common stock, less the applicable exercise price of such option.

If, after the date of the merger agreement and prior to the effective time, the outstanding shares of Citizens common stock or F&M common stock change in number or type as a result of a reclassification, reorganization, recapitalization, stock split, reverse stock split, stock dividend or other similar change in capitalization, or if there is any extraordinary dividend or distribution, then the merger consideration, the Ceiling, Basement, Floor and Attic will be adjusted to provide the holders of F&M common stock the same economic effect as contemplated by the merger agreement.

Fractional Shares

Citizens will not issue any fractional shares of Citizens common stock in the merger. Instead, an F&M shareholder who otherwise would have received a fraction of a share of Citizens common stock will receive an amount in cash (rounded to the nearest cent), without interest, determined by multiplying (i) the Citizens Closing Price by (ii) the fraction of a share (rounded to the nearest thousandth when expressed in decimal form) of Citizens common stock that such holder would otherwise have been entitled to receive pursuant to the merger agreement.

Effect of the Merger; Effective Time; Organizational Documents of the Surviving Corporation

Effect of the Merger

The merger agreement provides for the merger of Merger Sub will merge with and into F&M, with F&M being the surviving corporation and becoming a wholly-owned subsidiary of Citizens. Immediately following the merger, F&M will merge with and into Citizens, with Citizens being the surviving corporation in the holdco merger. We sometimes refer to F&M following the merger as the initial surviving company and Citizens following the holdco merger as the surviving corporation.

As a result of the merger, there will no longer be any shares of F&M common stock held by F&M shareholders. F&M shareholders will only participate in Citizens' future earnings and potential growth through their ownership of Citizens common stock. All of the other incidents of direct ownership of F&M common stock, such as the

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right to vote on certain corporate decisions, to elect directors and to receive dividends and distributions from F&M, will be extinguished upon completion of the merger. All of the properties, rights, privileges, powers and franchises of F&M shall vest in the surviving corporation, and all debts, duties and liabilities of F&M shall become the debts, duties and liabilities of the surviving corporation.

Effective Time

The merger will be effected by filing the articles of merger with the Wisconsin Department of Financial Institutions and the Minnesota Secretary of State. The merger will become effective as of the date and time of the filing of the articles of merger or such later date and time specified in such articles of merger, which we refer to as the effective time.

Organizational Documents of the Surviving Corporation

The charter and bylaws of F&M that are in effect immediately prior to the effective time will be the charter and bylaws of the initial surviving company, and the charter and bylaws of Citizens that are in effect immediately prior to the effective time of the holdco merger will be the charter and bylaws of the surviving corporation until thereafter changed or amended as provided therein or by applicable law. The surviving corporation following the holdco merger will continue to exist under the name Citizens Community Bancorp, Inc.

Exchange and Payment Procedures

No later than the closing date of the merger transaction, Citizens will deposit, or cause to be deposited, with the exchange agent, for the benefit of the holders of shares of F&M common stock, sufficient cash and Citizens common stock to be exchanged in accordance with the merger agreement, which amounts we refer to as the exchange fund. As promptly as practicable after the effective time, but in no event later than five (5) business days thereafter, Citizens will cause the exchange agent to mail to each record holder, as of immediately prior to the effective time, of shares of F&M common stock, a letter of transmittal for use in connection with the exchange, which shall include a statement that delivery shall be effected, and risk of loss and title to the F&M stock certificates shall pass, only upon delivery of the F&M stock certificates to the exchange agent, and instructions for use in surrendering the applicable certificates or book entry shares in exchange for the merger consideration. From and after the effective time, F&M shareholders who properly surrender their certificates or book entry shares to the exchange agent, together with a properly completed and duly executed letter of transmittal, and such other documents as may be required pursuant to such instructions, will receive, for each share of F&M common stock, the merger consideration, which they have become entitled to receive, plus any cash payable in lieu of any fractional shares of Citizens common stock, and any dividends or distributions on Citizens common stock such holder has the right to receive pursuant to the merger agreement. No interest will be paid or accrue on any merger consideration, cash in lieu of fractional shares, or any dividends or distributions.

Distributions with Respect to Unsurrendered Shares

No dividends or other distributions declared or made with respect to Citizens common stock after closing of the merger will be paid to the holder of any unsurrendered certificate or book entry share that evidenced ownership of shares of F&M common stock until such holder properly surrenders such shares in accordance with the merger agreement. Subject to applicable law, after such surrender, the holder will be entitled to receive the per share merger consideration, the fractional share cash amount to which such holder is entitled and any dividends or other distributions that have been payable or become payable with respect to the holder's whole shares of Citizens common stock. No interest will be payable on the foregoing.

Transfers Following the Effective Time

From and after the effective time, the stock transfer books of F&M will be closed and there will be no further registration of transfers of shares of F&M common stock on the records of F&M, except for the cancellation of

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such shares in connection with the merger. Except for dissenting shares, from and after the effective time, the holders of certificates or book entry shares that evidenced ownership of shares of F&M common stock outstanding immediately prior to the effective time will cease to have any rights with respect to such shares, except as otherwise provided for in the merger agreement or by applicable law. Any bona fide certificates or book entry shares presented to the surviving corporation after the effective time will be canceled and exchanged in accordance with the merger agreement.

Termination of Exchange Fund

Any portion of the exchange fund that has not been disbursed to F&M shareholders after the date that is six months following the effective time will be paid to the surviving corporation. From and after such time, any former holders of F&M common stock who have not properly surrendered their shares may thereafter seek from Citizens (subject to abandoned property, escheat and other similar laws) the merger consideration payable in respect of such shares of F&M common stock, any cash payable in lieu of any fractional shares of Citizens common stock and any dividends or distributions such holder has the right to receive pursuant to the merger agreement. Neither the surviving corporation nor the exchange agent will be liable to any holder of shares of F&M common stock for any shares of Citizens common stock (or any related dividends or distributions) or cash from the exchange fund that is properly delivered in to any public official pursuant to any applicable abandoned property, escheat or similar laws.

Lost, Stolen or Destroyed Stock Certificates

If any certificate representing shares of F&M common stock is lost, stolen or destroyed, upon the making of an affidavit of such fact by the person claiming the certificate to be lost, stolen or destroyed and, if required by Citizens, the posting by such person of a bond in such amount as Citizens may determine is reasonably necessary as indemnity against any claim that may be made against it with respect to such certificate, the exchange agent or Citizens, as applicable, will issue in exchange for the lost, stolen or destroyed certificate the applicable merger consideration, cash in lieu of fractional shares and any dividends or other distributions that have been payable or become payable in respect of the shares of F&M common stock represented by that certificate pursuant to the merger agreement.

Withholding Rights

Each of Citizens, the exchange agent and the surviving corporation will be entitled to deduct and withhold from any amounts payable pursuant to the merger agreement to any holder of F&M common stock such amounts as Citizens, the exchange agent or the surviving corporation, as applicable, are required to deduct or withhold under applicable tax laws, and any such withheld amounts that are paid to the appropriate taxing authorities will be treated for purposes of the merger agreement as having been paid to the holder of F&M common stock from whom such amounts were deducted or withheld.

Representations and Warranties

The merger agreement contains representations and warranties made by Citizens and F&M. These include, among other things, representations relating to:

valid corporate organization and existence;

capitalization;

authority to own and operate its business and to enter into the merger agreement and the merger;

binding nature of the merger agreement;

third party consents and approvals;

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no breach of organizational documents, law or other agreements as a result of the merger;

broker/finder fees;

accuracy and conformity with GAAP of financial statements;

filing of necessary reports with regulatory authorities;

operation in the ordinary course of business and absence of material adverse changes (since December 31, 2018);

involvement in litigation or the existence of any orders issued by governmental authorities;

compliance with applicable laws and permits;

orders, decrees or agreements with regulatory agencies;

matters relating to owned and leased property; and

accuracy of the information supplied for inclusion in registration statement/proxy statement/prospectus. F&M made additional representations and warranties to Citizens in the merger agreement relating to, among other things:

no insolvency;

exemption under state takeover statutes for the transactions contemplated by the merger agreement;

certain indebtedness and business relationships between F&M and its affiliates;

absence of undisclosed liabilities;

accuracy of books and records and maintenance of internal controls over financial reporting;

intellectual property;

certain tax matters;

certain environmental matters;

labor relations and employment matters;

certain employee benefit matters, including matters relating to employee benefit plans;

material contracts;

related party transactions;

insurance coverage;

F&M's loan portfolios;

interest rate risk management instruments;

F&M's deposits and investment portfolio;

the receipt of an opinion from F&M's financial advisor regarding the fairness, from a financial point of view, of the consideration to be paid to holders of F&M common stock in the merger; and

shareholder approvals required.

Citizens made additional representations and warranties to F&M in the merger agreement relating to, among other things, its financing of the transactions and compliance with SEC filing requirements.

Some of the representations and warranties contained in the merger agreement are qualified as to materiality or by a material adverse effect standard (that is, they will not be deemed to be untrue or incorrect unless their

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failure to be true or correct is material or would result in a material adverse effect on the party making such representation or warranty). In addition, certain of the representations and warranties in the merger agreement are subject to knowledge qualifications, which means that those representations and warranties would not be deemed untrue, inaccurate or incorrect as a result of matters of which certain officers of the party making the representation did not have actual knowledge, after due investigation.

For purposes of the merger agreement, a material adverse effect with respect to Citizens or F&M, as the case may be, means any effect that is material and adverse to the assets, liabilities (contingent or otherwise), condition (financial or otherwise), results of operations, business or prospects of the applicable party and its subsidiaries, taken as a whole, or that would materially impair the ability of such party to perform its obligations under the merger agreement or to consummate the transactions contemplated thereby.

However, a material adverse effect will not be deemed to include any fact, event or circumstance to the extent caused by:

changes in banking and other laws of general applicability or changes in the interpretation thereof by governmental entities;

changes in GAAP or regulatory accounting principles generally applicable to banking organizations;

changes in prevailing interest rates or market prices or other general economic conditions generally affecting banking organizations; or

actions or omissions expressly required by the merger agreement or taken with the prior written consent of the other party

so long as, in the case of the first, second and third bullets above, the applicable party and its subsidiaries are not materially disproportionately affected thereby.

Conduct of F&M Business Prior to Completion of the Merger

Under the merger agreement, F&M has agreed to certain restrictions on the activities of its subsidiaries during the period from the date of the merger agreement to the effective time. In general, F&M is required to cause its subsidiaries to conduct its business in the ordinary course consistent with past practice, use reasonable best efforts to preserve intact its current business organization, and maintain its relationships with customers, suppliers, vendors, employees and others having business dealings with it.

The following is a summary of the more significant restrictions imposed upon F&M. Subject to the exceptions set forth in the merger agreement, F&M will cause its subsidiaries not to, without Citizens' prior written consent:

Enter into any new line of business or change its lending, investment, underwriting, risk and asset liability management or other banking and operating policies or practices, except as required by applicable law or

policies imposed by any governmental entity, or for immaterial adjustments to such policies or practices made in the ordinary course.

materially alter any of its policies or practices with respect to the rates, fees, charges, credit or underwriting policies, levels of services or products available to customers of F&M Bank or, other than in response to market developments and with notice to Citizens, offer any promotional pricing with respect to any product or service available to customers of F&M Bank; provided that F&M Bank's response to market developments is comparable with its past practices in responding to similar market developments.

Other than in the ordinary course, (i) book any brokered deposits, as such term is defined in 12 C.F.R. § 337.6, issue any new certificates of deposit in connection with its deposit program or make any additional borrowings in the form of a Federal Home Loan Bank advance with an original maturity that is past the last day of the month that immediately precedes the month in which the Closing occurs.

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Incur any additional indebtedness other than as permitted as described above, provided, that, this restriction shall not apply if its application would cause F&M or its subsidiaries to operate outside of the ordinary course of business.

Materially alter the mix, type or aggregate amount of deposits held by F&M Bank.

Other than in the ordinary course, purchase any securities other than short-term securities issued by the United States Department of the Treasury with an original maturity that is no later than the last day of the month that immediately precedes the month in which the closing occurs.

Make any capital expenditures in excess of \$25,000 individually or \$50,000 in the aggregate.

Terminate, enter into, amend, modify, extend or renew any material contract, provided, that, this restriction shall not apply if its application would cause F&M or its subsidiaries to operate outside of the ordinary course of business.

Make, renew or amend any loan or a group of related loans in excess of \$500,000 or make, renew, amend any loan or a group of related loans to any borrower carrying, or proposed to carry, a risk rating of 8, 9, or 10; enter into, renew or amend any interest rate swaps, caps, floors and other option agreements and other interest rate risk management arrangements in excess of \$300,000; or terminate any interest rate swaps, caps, floors and other option agreements and other interest rate risk management arrangements prior to its stated maturity; provided, however, that F&M Bank may take any of the foregoing actions, if (1) F&M Bank has delivered to Citizens a notice of its intention to take such action and such additional information as Citizens shall request in respect thereof and (2) Citizens shall not have objected to such action within two business days following the delivery to Citizens of the notice of intention and information requested by Citizens, if any; provided, that, this restriction shall not apply if its application would cause F&M or its subsidiaries to operate outside of the ordinary course of business.

Amend or modify, including by entering into any forbearance agreement with respect to, any loan or a group of related loans, other than those described above and other than in the ordinary course and consistent with the written loan policies of F&M Bank.

Issue, sell, split, combine, reclassify or otherwise permit to become outstanding, or dispose of, allow the creation of an adverse right in respect of or permit a lien to be placed on any shares of its capital stock, or authorize or propose the creation of any additional shares of its capital stock or rights with respect to its capital stock.

Make, declare, pay or set aside for payment any dividend on or in respect of, or declare or make any distribution on any shares of its capital stock, or directly or indirectly adjust, split, combine, redeem, reclassify, purchase or otherwise acquire, any shares of its stock.

Fail to maintain in effect certain insurance policies of F&M, in each case on substantially the same terms as currently in effect.

Close, sell, consolidate or relocate or materially alter any of its branches or offices.

Adopt a plan of complete or partial liquidation, dissolution, merger, consolidation, restructuring, recapitalization or other reorganization, except pursuant to the merger agreement.

Sell, transfer, mortgage, encumber, allow a lien to be placed on or otherwise dispose of or discontinue any of its assets, deposits, business or properties, except (i) for sales, transfers, liens or other dispositions or discontinuances in the ordinary course and in a transaction that individually or taken together with all other such transactions is not material or not reasonably likely to be material to F&M, individually or in the aggregate, or (ii) in respect of assets received in foreclosure or otherwise in satisfaction of debts and which are sold in a commercially reasonable manner and in the ordinary course (provided that, at Citizens request, F&M shall provide a list of dispositions of any such assets specified in clause (ii) during the period specified in such request).

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Acquire (other than by way of foreclosures or acquisitions in a fiduciary or similar capacity, through an investment advisory or trust account, or in satisfaction of debts previously contracted in good faith, in each case in the ordinary course) all or any portion of the assets, business, deposits or properties of any other person.

Amend its governing documents (or similar governing documents).

Implement or adopt any change in (i) its accounting principles, practices or methods, other than as may be required by GAAP or applicable accounting requirements of a governmental entity, or (ii) the scope or schedule of its auditing activities, other than F&M Bank writing up the value of its Bankers Bancorporation, Inc. stock to fair value pursuant to and in accordance with FASB Accounting Standards Codification 321.

Make, change or revoke any material tax election, file any amended tax return with respect to a material amount of taxes, enter into any material closing agreement, settle any material tax claim or assessment, surrender any right to claim a material refund of taxes, take any action with respect to taxes, other than in the ordinary course, change the residence of F&M or any of its subsidiaries for tax purposes or take any action which is reasonably likely to have a materially adverse impact on the tax position of F&M or any of its subsidiaries, or, after the merger or holdco merger, on the tax position of the initial surviving company, surviving corporation or Citizens or their respective subsidiaries.

Grant any license with respect to, permit the lapse of, or enter into, modify or terminate, any agreement relating to any intellectual property.

Use open source software, incorporate open source software into any product or service offered by F&M or F&M Bank or into any F&M's intellectual property, or modify or distribute any product or service offered by F&M, F&M Bank or any F&M's intellectual property, in each case, such that F&M or F&M Bank would be required to disclose, distribute or otherwise make available the source code of any software contained in F&M's intellectual property in order to comply with applicable Open Source Software licenses.

Commence, settle or compromise any Proceeding, except for a Proceeding that is settled or compromised in the ordinary course in an amount or for consideration not in excess of \$10,000 and that would not (x) impose any restriction on the business of F&M, any of F&M's subsidiaries or, after the effective time of the merger, Citizens or its subsidiaries or (y) create a precedent for claims that is reasonably likely to be adverse to F&M, any of F&M's subsidiaries, or, after the effective time of the merger, Citizens or its subsidiaries.

Except as required by applicable law, the terms of any employee benefit plan of F&M in effect on the date hereof, or as provided for under the merger agreement, (i) increase the compensation, target and accrued bonus amounts or pension, welfare, severance or other benefits of any officer, employee or director of F&M or any of F&M's subsidiaries, other than ordinary course increases in base salaries not to exceed, in the aggregate, five percent (5%) of total base salaries in effect as of the date of the merger agreement (and corresponding increases in target annual bonuses occurring solely as a result of such increases in base

salaries), (ii) grant any equity-based award, (iii) materially increase the benefits provided under any employee benefit plan of F&M, (iv) grant or provide any increase in severance or termination payments or benefits to any officer, employee or director of F&M or any of its subsidiaries, (v) establish, adopt, enter into, amend or terminate any employee benefit plan of F&M or award thereunder, (vi) take any action to accelerate the vesting or payment, or fund or in any other way secure the payment, of compensation or benefits under any employee benefit plan of F&M, (vii) enter into or forgive any loan to any officer, employee or director of F&M or any of its subsidiaries, (viii) terminate the employment of any key executive (as defined in F&M's or its subsidiaries' severance guidelines as in effect as of the date hereof, if any), other than for cause, (ix) hire any employee who would be a key executive (as defined in F&M's or its subsidiaries' severance guidelines as in effect as of the date hereof, if any), or (x) establish, adopt or enter into any collective bargaining or other labor agreement.

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Except as may be expressly required by applicable law or by applicable plan documents, make any written or oral communications to the directors, officers or employees of F&M or any of its subsidiaries pertaining to compensation or benefit matters that are affected by the transactions contemplated by the merger agreement without (i) providing Citizens with a copy of the intended communication, (ii) providing Citizens with a reasonable period of time to review and comment on the communication, and (iii) cooperating with Citizens in providing any such mutually agreeable communication (it being agreed that communications made in accordance with a plan pre-approved by Citizens shall not require separate subsequent notification or approval).

notwithstanding any other provision hereof, knowingly take, or knowingly omit to take, any action that is reasonably likely to result in any of the conditions to the consummation of the merger not being satisfied in a timely manner, or any action that is reasonably likely to materially impair its ability to perform its obligations under the merger agreement or to consummate the transactions contemplated hereby, except as required by applicable law.

enter into any contract with respect to, or otherwise agree or commit to do, any of the foregoing.

Regulatory Matters

Citizens and F&M have agreed to use reasonable best efforts to take and do all things necessary, proper, desirable or advisable to consummate and make effective the merger, the holdco merger, the bank merger and the other transactions contemplated by the merger agreement. This includes using their reasonable best efforts to take all commercially reasonable actions to cause the conditions precedent in the merger agreement to be satisfied, to obtain all permits, consents, approvals and authorizations, to make all necessary registrations, declarations and other filings and to take all commercially reasonable steps as may be necessary to avoid any claim, action or other proceeding by any governmental entity. Citizens and F&M have also agreed to furnish the other party with all information concerning itself, its subsidiaries, directors, officers and shareholders and such other matters as may be reasonably necessary or advisable in connection with any filing, notice or application made by or on behalf of any other party to the merger agreement or any of its subsidiaries with or to any third party or governmental entity in connection with the transactions contemplated by the merger agreement.

Citizens has agreed to use its reasonable best efforts to take and do all things necessary to enable the listing of shares of Citizens common stock on the NASDAQ no later than the effective time, subject to official notice of issuance, and to obtain all necessary state securities law or Blue Sky permits and approvals required to carry out the transactions contemplated by the merger agreement (other than to qualify to do business in any jurisdiction in which it is not now so qualified or file a general consent to service of process).

See also Conditions to Completion of the Merger beginning on page 81 of this proxy statement/prospectus.

F&M Shareholder Meeting; Withdrawal of Recommendation; Restructuring

F&M has agreed, as soon as practicable following the effectiveness of the SEC Form S-4 Registration Statement of which this proxy statement/prospectus forms a part and receipt of the required regulatory authorizations and approvals as set forth in the merger agreement, in consultation with Citizens, to duly call, give notice of, convene and hold a meeting of its shareholders for the purpose of considering the approval and adoption of the merger agreement. Except as set forth below, F&M, through its board of directors, is required to recommend to its shareholders approval and adoption of the merger agreement and the transactions contemplated by the merger agreement, including the merger,

and is required to use reasonable best efforts to solicit such approval and adoption by its shareholders. Except as set forth below, F&M's board of directors or committee thereof, may not withdraw or modify in a manner adverse to Citizens its recommendation to its shareholders or its declaration that the merger agreement and merger are advisable, which we refer to as an adverse recommendation change. Each director of F&M has entered into a voting agreement, in the form of Exhibit A to the merger agreement, pursuant to which, among other things, such persons have agreed to vote shares of F&M common stock owned by them in favor of the merger.

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Notwithstanding the foregoing, subject to certain restrictions in the merger agreement, F&M's board of directors may make an adverse recommendation change in response to a Superior Proposal (as defined below) made after the date of the merger agreement and which shall not have been withdrawn if the board of directors determines in good faith (after consultation with outside counsel and its outside financial advisor) that the failure to do so would reasonably be expected to violate the fiduciary duties of the board of directors to F&M's shareholders under applicable law.

Notwithstanding the foregoing, F&M's board of directors may not make such adverse recommendation change if F&M or its board of directors did not comply with the non-solicitation provision of the merger agreement, and no adverse recommendation change may be made until after the fifth (5th) business day after F&M's board of directors provides notice to Citizens of its intent to take such action and its reasoning, including the terms and conditions of the applicable Superior Proposal, identifying the person making such proposal and providing copies of any agreements intended to effect such Superior Proposal and representing that F&M has complied with the merger agreement provisions applicable to such Superior Proposal. During this five (5) business day period, F&M and its advisors must negotiate with Citizens in good faith to make such adjustments to the terms and conditions of the merger agreement as would enable F&M's board of directors to proceed with its recommendation of the merger agreement, including the merger. F&M's board of directors may not make an adverse recommendation change if, prior to the expiration of such five (5) business day period, Citizens makes a proposal to adjust the terms and conditions of the merger agreement that F&M's board of directors determines in good faith (after consultation with its financial advisors) to be at least as favorable as the Superior Proposal after giving effect to, among other things, the payment of the termination fee of \$750,000 plus Citizens' out-of-pocket expenses incurred in connection with the merger agreement.

A **Superior Proposal** means an unsolicited, bona fide written Takeover Proposal (as defined below) to acquire more than (i) 50% of the outstanding voting securities of F&M or (ii) 50% of the consolidated assets of F&M and its subsidiaries, in either case on terms that, in the reasonable good faith judgment of F&M's board of directors (after consultation with its outside financial advisors and its outside legal counsel) taking into account relevant legal, financial and regulatory aspects of the proposal, the termination fee, the identity of the third party making such proposal and the conditions for completion of such proposal, is more favorable, from a financial point of view, to F&M shareholders than the merger, taking into account all of the terms and conditions of such proposal and the merger agreement (including any changes to the terms of the merger agreement proposed by Citizens in response to such proposal or otherwise) and is reasonably capable of being completed within the same period of time reasonably expected to be necessary to consummate the merger.

A **Takeover Proposal** means an inquiry, offer or proposal by a person or group (as defined under Section 13(d) of the Securities Exchange Act of 1934, as amended and the rules and regulations promulgated thereunder) other than Citizens and its affiliates relating to any transaction or series of related transactions other than the merger and the bank merger involving: (i) any acquisition or purchase from F&M by any such persons of more than a 5% interest in the total outstanding voting securities of F&M or any of its subsidiaries; (ii) any tender offer or exchange offer that if consummated would result in such persons, or any other person, beneficially owning 5% or more of the total outstanding voting securities of F&M or any of its subsidiaries; (iii) any merger, consolidation, business combination, recapitalization or similar transaction involving F&M pursuant to which the shareholders of F&M immediately preceding such transaction hold less than 95% of the equity interests in the surviving or resulting entity of such transaction in substantially the same proportion as prior to such transaction; (iv) any sale, lease, exchange, transfer, license, acquisition or disposition of more than 5% of the assets (based on the fair market value thereof) of F&M or any of its subsidiaries; or (v) any liquidation or dissolution of F&M or any of its subsidiaries. We refer to the matters set forth in (i) through (v) of this paragraph as an **Acquisition Transaction**.

See also **Termination of the Merger Agreement** and **Termination Fee** beginning on pages 82 and 83, respectively, of this proxy statement/prospectus.

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No Solicitation

The merger agreement prohibits F&M, its subsidiaries and any of their respective officers, directors, employees, financial advisors, attorneys or other representatives prior to the effective time from, directly or indirectly, soliciting, initiating or knowingly facilitating, inducing or encouraging the submission of any Takeover Proposal (as defined above in section F&M Shareholder Meeting; Withdrawal of Recommendation; Restructuring beginning on page 77 of this proxy statement/prospectus) or any proposal that could reasonably be expected to lead to a Takeover Proposal, entering into any letter of intent, agreement in principle, or other agreement relating to a Takeover Proposal, participating in any discussions or negotiations with any third party with respect to a Takeover Proposal, or furnishing any third party with any information with respect to F&M or its subsidiaries in connection with or in response to a Takeover Proposal.

Notwithstanding the foregoing, prior to the meeting of F&M's shareholders to approve the merger, F&M and its board of directors may participate in discussions or negotiations with any third party with respect to a Takeover Proposal or any proposal that could reasonably be expected to lead to a Takeover Proposal, and may furnish any third party with any information with respect to F&M or its subsidiaries in connection with a Takeover Proposal if it was an unsolicited bona fide written Takeover Proposal by such third party, and only if F&M's board of directors has determined, in its reasonable good faith judgment after consultation with its outside financial and legal advisors, that (i) such Takeover Proposal would reasonably be expected to lead to a Superior Proposal (as defined above in section F&M Shareholder Meeting; Withdrawal of Recommendation; Restructuring beginning on page 77 of this proxy statement/prospectus), (ii) the failure to take such action would reasonably be expected to violate the fiduciary duties of F&M's board of directors to F&M's shareholders under applicable law, and (iii) prior to engaging in such actions, F&M's board of directors receives from such third party an executed confidentiality agreement substantially equivalent to the confidentiality agreement existing between F&M and Citizens. F&M must also provide Citizens with notices and certain information with respect to such Takeover Proposal before participating in discussions or negotiations with any third party with respect to a Takeover Proposal, or to furnish any third party with any information with respect to F&M or its subsidiaries in connection with a Takeover Proposal, as set forth below.

In all events, the merger agreement requires F&M to promptly, and in any event no later than two (2) days after it receives any Takeover Proposal, or any written request for information regarding F&M or its subsidiaries in connection with a Takeover Proposal or any inquiry with respect to, or which could reasonably be expected to lead to, any Takeover Proposal, advise Citizens orally and in writing of such Takeover Proposal or request, including providing a description of the third party sufficient to permit an evaluation of the relative merits of the Takeover Proposal or request, and, if it is in writing, the material terms of such Takeover Proposal and any related draft agreements, and, if it is oral, a reasonably detailed summary thereof. F&M is required to keep Citizens informed in all material respects on a prompt basis of the status and details of any such Takeover Proposal or with respect to any change to the material terms of any such Takeover Proposal, and is required to provide to Citizens any non-public information concerning F&M and its subsidiaries concurrent with or before providing the same to such third party to the extent not previously provided to Citizens.

See also F&M Shareholder Meeting; Withdrawal of Recommendation; Restructuring beginning on page 77 of this proxy statement/prospectus.

Expenses

Except as otherwise provided in the merger agreement, including the termination fee of \$750,000 plus Citizens out-of-pocket expenses incurred in connection with the merger agreement payable by F&M to Citizens under certain circumstances, whether or not the merger is consummated, all costs and expenses incurred in connection with the

merger, the holdco merger, the merger agreement, the bank merger and the transactions contemplated thereby will be paid by the party incurring such expenses. For a description of the termination fee, see Termination Fee beginning on page 83 of this proxy statement/prospectus.

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Employee Matters

Citizens has agreed that the surviving corporation after the effective time will honor all employment contracts entered into by F&M and its employees to the extent disclosed in a disclosure letter delivered by F&M to Citizens in connection with the merger agreement (we refer to such employees herein as eligible employees), except for employment contracts subject to any taxes pursuant to Sections 280G or 409A of the Internal Revenue Code. This does not guarantee employment for any employee of F&M or its subsidiaries, or restrict the right of the surviving corporation or its subsidiaries to terminate any employee at any time for any or no reason with or without notice. However, if an eligible employee is terminated without cause before the first anniversary of the closing date, Citizens is required to provide severance benefits consisting of one week of pay for each full year of service the eligible employee had with F&M or its subsidiaries, with a minimum of one week's salary and a maximum of 20 weeks' salary, except to the extent such severance benefits, together with any other benefits payable to such eligible employee, would cause the eligible employee to be subject to Section 280G of the Internal Revenue Code. In addition, certain executive officers will receive alternative severance payments in the event of their termination of employment, see Interests of F&M's Directors and Executive Officers in the Merger beginning on page 87 of this of this proxy statement/prospectus.

Citizens has agreed to cause employees of F&M and its subsidiaries to be eligible to participate in any employee benefit plan, program or arrangement maintained by Citizens or its affiliates and to recognize their prior service with F&M or its subsidiaries as service with Citizens and its subsidiaries for purposes of eligibility and vesting under the applicable employee benefit plan, program or arrangement (but without duplication of benefits). In addition, Citizens has agreed to amend any defined contribution plans, to the extent permitted by applicable law and such plans, to allow eligible employees to effect an in-kind rollover of any eligible outstanding participant loan under a defined contribution plan of F&M.

Each employee of F&M or its subsidiaries who is listed in a specific section of a disclosure letter delivered by F&M to Citizens in connection with the merger agreement will be eligible to receive the retention bonus set forth in such specific section. In addition, Citizens entered into an employment agreement with Peter A. Reichardt in connection with the execution of the merger agreement. See Interests of F&M's Directors and Executive Officers in the Merger beginning on page 87 of this of this proxy statement/prospectus.

Indemnification and Insurance

Citizens has agreed that all rights to indemnification, advancement of expenses and exculpation by F&M or its subsidiaries existing in favor of any person who is at such time, or has been at any time prior to such date or who becomes prior to the closing date, an officer or director of F&M or its subsidiaries, will survive the closing of the merger and continue in full force and effect in accordance with their terms.

F&M and its subsidiaries are required to obtain as of the closing date directors' and officers' liability tail insurance policies with a claims period of six years from the closing date providing coverage for claims arising out of or relating to events which occurred on or prior to the closing date, with at least the same coverage and limits, and containing at least as advantageous terms and conditions as the policies in place immediately prior to the closing date. However, F&M and its subsidiaries are not required to pay an annual premium for such coverage in excess of 150% of the last annual premium paid by them for such insurance prior to the date of the merger agreement. If such insurance coverage cannot be obtained at an annual premium equal to or less than such amount, F&M and its subsidiaries must obtain such insurance as is obtainable for an annual premium equal to such maximum amount.

Certain Additional Covenants

The merger agreement also contains additional covenants, including, among others, covenants relating to the filing of this proxy statement/prospectus, the listing of shares of Citizens common stock to be issued in the

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merger, coordination with respect to litigation relating to the merger, remediation of environmental conditions of F&M's properties, transition and integration matters, state takeover laws, certain transition services, disposal of certain designated securities, and public announcements with respect to the transactions contemplated by the merger agreement.

Conditions to Completion of the Merger

Each of Citizens and F&M's obligation to complete the transactions contemplated by the merger agreement is subject to fulfillment of certain conditions, including:

approval of the merger agreement by the requisite vote of F&M shareholders;

regulatory approvals from all government entities necessary to consummate the merger and the transactions contemplated thereby, which we refer to as requisite regulatory approvals, shall have been obtained and shall remain in full force and effect and all mandatory statutory waiting periods in respect thereof shall have expired;

no court or other governmental entity having jurisdiction over F&M, Citizens or their respective subsidiaries, shall have enacted, issued, promulgated, enforced or entered any law, rule, regulation or order which is then in effect prohibiting or having the effect of making illegal the consummation of the merger or the bank merger, and no governmental entity shall have instituted any proceeding that is pending seeking such an order;

the Form S-4 of which this proxy statement/prospectus forms a part, having been declared effective by the SEC and no stop order suspending the effectiveness shall be in effect;

all blue sky or state securities approvals shall have been obtained; and

Citizens common stock, including the shares to be issued in the merger, shall continue to be listed on NASDAQ.

F&M's obligation to complete the transactions contemplated by the merger agreement is also subject to fulfillment of certain conditions, including:

accuracy of Citizens' representations and warranties pertaining to Citizens' organization, capitalization, financial advisors and power and authority with respect to its business, the merger agreement and the transactions contemplated thereby as of the closing date, and the accuracy of Citizens' other representations and warranties in the merger agreement as of the closing date (other than representations and warranties addressing matters only as of a certain date which must be accurate as of such certain date), except for inaccuracies that do not meet the materiality standards in the aggregate merger agreement;

performance in all material respects by Citizens and Merger Sub of each of their agreements contained in the merger agreement required to be performed on or prior to the closing;

nonoccurrence of any event that has had a material adverse effect on Citizens;

delivery by Citizens to F&M of an officer's certificates, certifying the fulfillment of Citizens' obligations to complete the transaction; and

delivery by Citizens to F&M the certificate from the exchange agent certifying receipt of sufficient cash and stock to pay the aggregate merger consideration.

Citizens' obligation to complete the transactions contemplated by the merger agreement is also subject to fulfillment of certain conditions, including:

accuracy of F&M's representations and warranties pertaining to F&M organization, capitalization, financial advisors, required consents and approvals, lack of default under certain agreements, certain

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tax matters and power and authority with respect to its business, the merger agreement and the transactions contemplated thereby as of the closing date, and the accuracy of F&M's other representations and warranties in the merger agreement as of the closing date (other than representations and warranties addressing matters only as of a certain date which must be accurate as of such certain date), except for inaccuracies that do not meet the materiality standards in the aggregate merger agreement;

performance in all material respects by F&M of each of its agreements contained in the merger agreement required to be performed on or prior to the effective time;

nonoccurrence of any event that has had a material adverse effect on F&M;

F&M shall have obtained certain third-party consents required by F&M's contracts listed on the disclosure letter provided by F&M;

delivery by F&M to Citizens of an officer's certificates, certifying the fulfillment of Citizens' obligations to complete of the transaction; and

no more than 10% of the issued and outstanding shares of F&M common stock shall have exercised dissenters rights under Wisconsin law.

Termination of the Merger Agreement

The merger agreement can be terminated at any time prior to the effective time in the following circumstances:

by mutual written consent of Citizens and F&M;

by either Citizens or F&M, if there has been a breach of any representation, warranty, covenant or other agreement made by the other party in the merger agreement, in each case such that certain closing conditions in the merger agreement would not be satisfied and such breach or condition is not cured within 30 days after written notice thereof is given by the terminating party to the other party;

by either Citizens or F&M, if any governmental entity denies any requisite regulatory approval in connection with the merger or the other transactions contemplated by the merger agreement and such denial has become final and nonappealable (but neither Citizens nor F&M, as applicable, may terminate the merger agreement if they caused, or materially contributed to, the failure to obtain the approval through failure to fulfill obligations under the merger agreement);

by either Citizens or F&M, if the merger has not been effected on or prior to the close of business on October 31, 2019, which we refer to as the termination date (but neither Citizens nor F&M, as applicable,

may terminate the merger agreement if they caused such delay failure to fulfill obligations under the merger agreement);

by either Citizens or F&M, if (i) any applicable law is enacted, entered, promulgated, enforced or issued by any governmental entity or other restraint or prohibition is in effect which prevents the consummation of the merger or (ii) there is a final and non-appealable denial by any governmental entity of a consent necessary to consummate the merger and the transactions contemplated the merger agreement or Citizens receives notification that a governmental entity will, as a condition to its consent to the merger, impose a burdensome condition;

by either Citizens or F&M, if any event, change, circumstance or occurrence has occurred which has, or would be reasonably likely to have, any material adverse effect on the other party

by either Citizens or F&M, if the shareholders of F&M do not adopt the merger agreement at the special meeting or at any adjournment or postponement thereof, except that F&M may not so terminate the merger agreement if it fails to comply with certain obligations in the merger agreement related to its non-solicitation agreement or shareholder meeting provisions;

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by Citizens, if: (i) F&M breached the non-solicitation, or shareholder meeting provisions of the merger agreement; (ii) F&M's board of directors or a committee thereof shall have effected an adverse recommendation change or shall have taken any other action or made any other statement in connection with the special meeting inconsistent with the board of directors recommending the merger; (iii) F&M's board of directors or any committee thereof shall have recommended to F&M shareholders any Superior Proposal; or (iv) a tender offer or exchange offer for 10% or more of the outstanding shares of capital stock of F&M is commenced, and F&M's board of directors fails to recommend against acceptance of, or takes no position with respect to, such tender offer or exchange offer by its shareholders;

by F&M, if, prior to the approval and adoption of the merger agreement by its shareholders, (i) F&M's board of directors has received a Superior Proposal, (ii) F&M has complied with its non-solicitation covenants under the merger agreement, (iii) after such negotiations, F&M's board of directors continues reasonably to determine that the proposal constitutes a Superior Proposal after giving effect among other things, to the payment of the termination fee, and (iv) at the time of such termination, Citizens receives the termination fee of \$750,000 plus Citizens' out-of-pocket expenses incurred in connection with the merger agreement and F&M enters into a definitive acquisition, merger or similar agreement to effect the Superior Proposal; or

by F&M, if the estimated remediation costs of any on-site recognized environmental conditions on its properties are reasonably likely to exceed \$500,000.

Effect of Termination

If the merger agreement is terminated, no party will have any liability or further obligation under the merger agreement, except that (i) designated provisions of the merger agreement will survive the termination, including those relating to payment of fees and expenses and the confidential treatment of information, and (ii) both Citizens and F&M will remain liable for any willful breach of the merger agreement.

Termination Fee

F&M will be required to pay Citizens the termination fee of \$750,000 plus Citizens' out-of-pocket expenses incurred in connection with the merger agreement if the merger agreement is terminated:

by F&M or Citizens if the F&M shareholders do not approve the merger and (i) a Superior Proposal existed between the date of the merger agreement and termination thereof and (ii) concurrently with or within twelve months after any such termination the Superior Proposal is consummated or F&M or its subsidiaries have entered into any agreement, letter of intent, agreement in principal or definitive agreement with respect to the Superior Proposal;

by F&M if the if the merger is not effected prior to close of business on October 31, 2019 and (i) a Superior Proposal (as existed between the date of the merger agreement and termination thereof and (ii) concurrently with or within twelve months after any such termination the transactions contemplated by such Superior Proposal are consummated or F&M or its subsidiaries have entered into any agreement, letter of intent, agreement in principal or definitive agreement with respect to such Superior Proposal;

by F&M if the estimated remediation costs of any on-site recognized environmental conditions on its properties are reasonably likely to exceed \$500,000 and (i) a Superior Proposal (as existed between the date of the merger agreement and termination thereof and (ii) concurrently with or within twelve months after any such termination the transactions contemplated by such Superior Proposal are consummated or F&M or its subsidiaries have entered into any agreement, letter of intent, agreement in principal or definitive agreement with respect to such Superior Proposal;

by Citizens if: (i) F&M breached the non-solicitation, or shareholder meeting provisions of the merger agreement; (ii) F&M's board of directors or a committee thereof shall have effected an adverse

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recommendation change or shall have taken any other action or made any other statement in connection with the special meeting inconsistent with the board of directors recommending the merger; (iii) F&M's board of directors or any committee thereof shall have recommended to F&M's shareholders any Superior Proposal; or (iv) a tender offer or exchange offer for 10% or more of the outstanding shares of capital stock of F&M is commenced, and F&M's board of directors fails to recommend against acceptance of, or takes no position with respect to, such tender offer or exchange offer by its shareholders; or

by F&M if prior to the approval and adoption of the merger agreement by its shareholders, (i) F&M's board of directors has received a Superior Proposal, (ii) F&M has complied with its non-solicitation covenants under the merger agreement, and (iii) after such negotiations, F&M's board of directors continues reasonably to determine that the proposal constitutes a Superior Proposal after giving effect among other things, to the payment of the termination fee.

Amendment and Modification

The merger agreement may be amended by the parties to the merger agreement, by action taken or authorized by their respective boards of directors, at any time before or after approval of the merger agreement proposal by the F&M shareholders, in a writing signed on behalf of each of the parties. However, after any approval of the transactions contemplated by the merger agreement by the F&M shareholders, the parties may not amend the merger agreement without further approval of such shareholders if such amendment requires further shareholder approval under applicable law.

Any waiver, permission, consent or approval of any kind relating to any breach or default under the merger agreement, or any waiver of any provision or condition of the merger agreement, may be made by a party only in writing.

Governing Law; Jurisdiction; Waiver of Jury Trial

The merger agreement is to be governed by and construed in accordance with the laws of the State of Wisconsin, without regard to its principles of conflict of laws. The parties to the merger agreement have waived their right to a jury trial with respect to any proceeding arising out of or relating to the merger agreement or the transactions contemplated thereby.

Specific Performance

The parties to the merger agreement have agreed that irreparable damage would occur if any provision of the merger agreement were not performed in accordance with the terms thereof (and, more specifically, that irreparable damage would likewise occur if any of the transactions contemplated by the merger agreement were not consummated), and that the parties are entitled to an injunction or injunctions to prevent breaches of the merger agreement or to enforce specifically the performance of the terms and provisions of the merger agreement (including the obligation of the parties to consummate the transactions contemplated by the merger agreement, and the obligation of Citizens to pay, and F&M's shareholders' right to receive, the consideration payable to them pursuant to the transactions contemplated by the merger agreement).

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VOTING AGREEMENTS WITH CERTAIN F&M SHAREHOLDERS

In order to induce Citizens to enter into the merger agreement, concurrently with the execution and delivery of the merger agreement on January 21, 2019, each of the directors of F&M and a certain other shareholder, who we refer to as the interested shareholders, entered into a voting agreement with Citizens. As of the record date, the interested shareholders beneficially owned, in the aggregate, 40,643 shares of F&M common stock, or approximately 18.77% of the outstanding shares of F&M common stock.

The following is a summary description of the voting agreement. This summary does not purport to be complete and may not contain all of the information about the voting agreement that is important to you. The summary of the material terms of the voting agreement below and elsewhere in this proxy statement/prospectus is qualified in its entirety by reference to the form of the voting agreement which appears as Exhibit 99.1 to the Current Report on Form 8-K of Citizens filed on January 22, 2019.

Under the terms of the voting agreement, each interested shareholder has agreed as follows:

at the F&M special meeting (or any adjournment thereof), or under any other circumstances in which a vote, consent or other approval with respect to the merger proposal is sought, the interested shareholder will vote (or cause to be voted) his or her shares of F&M common stock in favor of the merger proposal;

at any meeting of F&M shareholders (or any adjournment thereof), or under any other circumstance in which a vote, consent or other approval is sought, the interested shareholder will vote (or cause to be voted) his or her shares of F&M common stock against: (i) any merger (other than the merger with Citizens), consolidation, combination, sale of substantial assets, reorganization, dissolution, liquidation or winding up of F&M or alternative acquisition proposal involving F&M or any of its subsidiaries; (ii) any amendment of the F&M charter or bylaws that would impede, prevent or nullify the merger or any of the other transactions contemplated by the merger agreement or result in a breach of the merger agreement, or change in any manner the voting rights of any class of capital stock of F&M; or (iii) the nomination or election of any person as a director of F&M who is not a member of the F&M board as of the date the merger agreement was executed;

to not directly, or indirectly through any affiliate, director, officer, employee, investment banker or other advisor: (i) solicit, initiate or knowingly encourage the submission of any alternative acquisition proposal, or (ii) participate in any discussions or negotiations regarding, or furnish to any person any information with respect to, or take any other action to facilitate any inquiries or the making of any proposal that may reasonably be expected to lead to an alternative acquisition proposal;

to use his or her reasonable best efforts to take, or cause to be taken, all actions to assist and cooperate with Citizens in doing all things necessary, appropriate or advisable to support and consummate the merger and the other transactions contemplated by the merger agreement; and

to not: (i) sell, transfer, pledge, assign or otherwise dispose of his or her shares of F&M common stock or enter into any agreement to do any of the foregoing unless such transferee agrees to be bound by the terms of the voting agreement, or (ii) enter into any voting arrangement, whether by proxy, voting agreement or otherwise, in relation to his or her shares of F&M common stock, except with respect to the voting agreement with Citizens in support of the merger.

Each voting agreement and all obligations of the interested shareholder thereunder will terminate upon the earliest of: (i) the favorable vote of F&M shareholders with respect to the merger, (ii) the termination of the merger agreement in accordance with its terms, or (iii) the effective time of the merger.

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MEETING ADJOURNMENT PROPOSAL

The special meeting may be adjourned to another time or place, if necessary or appropriate, to permit, among other things, further solicitation of proxies in favor of the merger proposal.

If, at the special meeting, the number of shares of F&M common stock present in person or represented by proxy and voting in favor of the merger proposal is insufficient to approve the merger proposal, F&M intends to move to adjourn the special meeting in order to enable the F&M board to solicit additional proxies for the approval of the merger proposal. In accordance with the F&M bylaws, a vote to approve the meeting adjournment proposal may be taken in the absence of a quorum.

In the adjournment proposal, F&M is asking its shareholders to authorize the holder of any proxy solicited by the F&M board to vote in favor of granting discretionary authority to the proxy holders, and each of them individually, to adjourn the special meeting to another time and/or place for the purpose of soliciting additional proxies. If the F&M shareholders approve the adjournment proposal, F&M could adjourn the special meeting and any adjourned session of the special meeting and use the additional time to solicit additional proxies, including the solicitation of proxies from F&M shareholders who have previously voted. F&M does not intend to call a vote on adjournment of the special meeting to solicit additional proxies if the merger proposal is approved at the special meeting.

Vote Required

The approval of the adjournment proposal requires the affirmative vote of a majority of the outstanding shares of F&M common stock represented at the special meeting. For the meeting adjournment proposal, you may vote for, against or abstain. If your shares are not present at the special meeting, it will have no effect on the outcome of the meeting adjournment proposal. If you abstain, your abstention will also have no effect on the outcome of the meeting adjournment proposal.

The F&M board unanimously recommends that F&M shareholders vote FOR the meeting adjournment proposal.

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INTERESTS OF F&M S DIRECTORS AND EXECUTIVE OFFICERS IN THE MERGER

General. F&M s officers and directors have financial and other interests in the merger as individuals in addition to, or different from, their interests as shareholders of F&M, including, but not limited to, payments under their existing employment or change in control severance agreements (for certain officers noted below), stock options (for certain officers noted below), a supplemental executive retirement plan (for Mr. Reichardt), and continuation of indemnification and insurance coverage (for officers and directors) to be provided by Citizens after the merger. The F&M board of directors was aware of these interests and considered them in its decision to approve the merger agreement. These interests are discussed below.

Change in Control Agreements with F&M Management. F&M Bank previously entered into change in control employment agreements, each dated as of April 23, 2018, with each of Peter Reichardt, President and Chief Executive Officer of F&M and F&M Bank, Patrick Scott, Senior Vice President and Chief Financial Officer of F&M Bank, Robin Pierce, Senior Vice President of Operations and Compliance of F&M Bank. The change in control employment agreements provide severance payments in the event of a termination without cause or for good reason if a termination of employment occurs during the period commencing upon a change of control transaction and ending on the first anniversary of the date thereof.

Peter Reichardt. Pursuant to Mr. Reichardt s change in control employment agreement, if Mr. Reichardt s employment is terminated without cause or he resigns for good reason, he is entitled to a severance payment equal to the product of 2.5 times the sum of his base salary in effect at the date of such change in control plus the average annual bonus paid to him within the three years preceding either the date of such termination or the date of such change in control, whichever is higher. The severance payment to him under the agreement for such a termination in 2019 would be \$522,604. Notwithstanding the foregoing, all sums payable thereunder shall be reduced so that no such payments made under the agreement exceed an amount equal to 2.99 times his base amount (as defined under Section 280G of the Code).

Per the terms of the merger agreement, Mr. Reichardt s change in control employment agreement will be terminated at the closing of the merger and he will receive a payment of \$522,604 upon the closing of the merger.

Patrick Scott. Pursuant to Mr. Scott s change in control employment agreement, if his employment is terminated without cause or he resigns for good reason, he is entitled to a severance payment equal to the product of 100% times the sum of his base salary in effect at the date of such change in control plus the average annual bonus paid to him within the three years preceding either the date of such termination or the date of such change in control, whichever is higher. The severance payment to him under the agreement for such a termination in 2019 would be \$153,292.

Per the terms of the merger agreement, Mr. Scott s change in control employment agreement will be terminated at the closing of the merger and he will receive a payment of \$153,292 upon the closing of the merger.

Robin Pierce. Pursuant to Ms. Pierce s change in control employment agreement, if her employment is terminated without cause or she resigns for good reason, she is entitled to a severance payment equal to the product of 100% times the sum of her base salary in effect at the date of such change in control plus the average annual bonus paid to her within the three years preceding either the date of such termination or the date of such change in control, whichever is higher. The severance payment to her under the agreement for such a termination in 2019 would be \$89,335.

Per the terms of the merger agreement, Ms. Pierce s change in control employment agreement will be terminated at the closing of the merger and she will receive a payment of \$89,335 upon the closing of the merger.

Supplemental Executive Retirement Plan. Pursuant to the supplemental executive retirement plan, effective as of May 1, 2012, by and between F&M Bank and Mr. Reichardt (the SERP), upon a change of control of F&M

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Bank, Mr. Reichardt is entitled to a lump sum payment of the present value of his SERP benefit within 90 days of such change in control. Absent a change in control, pursuant to the terms of the plan, the present value of Mr. Reichardt's vested SERP benefit in 2019 would be approximately \$173,613 (where payments would be made over a 17 year period following his termination of employment). Pursuant to the plan, in the event of a change in control, Mr. Reichardt is given 24 months of additional vesting credit for his SERP benefit and the present value of such enhanced benefit (approximately \$383,725) would be paid to him in a lump sum. Notwithstanding the foregoing, all sums payable to him under the plan will be reduced, if, when the value of the SERP enhancement is paired with the payments under his change in control employment agreement, such combined values would exceed 2.99 times his base amount (as defined under 280G of the Code). As a result of this reduction, Mr. Reichardt will be entitled to a payment of approximately \$174,288 as his SERP benefit. Said sum shall be paid in one (1) lump sum within 90 days of the date of such change of control. Per the terms of the merger agreement, Mr. Reichardt's SERP will be terminated at the closing of the merger.

Stock Options. Each option to purchase shares of F&M common stock that is outstanding immediately prior to the effective time of the merger will be cancelled and converted into the right to receive an amount of consideration equal to the per share merger consideration deliverable to the issued and outstanding shares of F&M common stock, less the applicable exercise price of such option. Based on the estimated total per share merger consideration value of \$98.80 as of January 21, 2019 for shares of F&M common stock, Mr. Reichardt is estimated to receive aggregate consideration with a value of approximately \$139,200 in exchange for the vested stock options he holds at closing, and Ms. Pierce will receive aggregate consideration with a value of approximately \$9,750 in exchange for the vested (45%) and unvested (55%) stock options she holds at closing.

New Employment Agreement between CCF Bank and Mr. Reichardt. In connection with the execution of the merger agreement, CCF Bank entered into an employment agreement, dated January 17, 2019, with Mr. Reichardt, which becomes effective as of, and contingent upon, the closing of the bank merger and continues for a term of two years thereafter. Pursuant to the employment agreement, contingent upon the closing of the bank merger, Mr. Reichardt will be appointed as Senior Vice President Region President for CCF Bank. The employment agreement sets forth the terms and conditions for Mr. Reichardt's employment with CCF Bank, including the following: (i) an initial annual base salary of \$160,000, (ii) participation in the short term incentive plan, (iii) participation in the long term incentive plan under Citizens' 2018 Equity Incentive Plan, and (iv) participation in Citizens' other employee benefit plans as in effect from time to time on the same basis as generally made available to similarly situated senior management employees, including health insurance and retirement plans and paid time off. In addition, Mr. Reichardt's employment agreement provides for certain payments and benefits in the event of a termination of his employment under specific circumstances. If, during the term of Mr. Reichardt's employment, his employment is terminated by CCF Bank other than for cause or death or disability (each as defined in the employment agreement), he would be entitled to his salary earned but unpaid as of his termination date and all vested benefits to which he is entitled under any benefit plans set forth in the employment agreement (the accrued obligations). Furthermore, Mr. Reichardt would be entitled to a payment equal to his pro-rated annual salary through the end of the term of the employment agreement. If Mr. Reichardt's employment is terminated by CCF Bank for cause or voluntarily by him, he would be entitled to the accrued obligations, and if the employment is terminated by reason of disability or death, Mr. Reichardt would be entitled to the accrued obligations and pro-rated amounts under the short term and long term incentive plans. Mr. Reichardt's employment agreement also commits him to certain restrictive covenants regarding non-disclosure of confidential information, non-solicitation of customers, non-solicitation of CCF Bank personnel and non-competition.

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MATERIAL UNITED STATES FEDERAL INCOME TAX CONSEQUENCES

The following general discussion sets forth the anticipated material United States federal income tax consequences of the merger to U.S. holders (as defined below) of F&M common stock that exchange their shares of F&M common stock for a combination of cash and shares of Citizens common stock. This discussion does not address any state, local or foreign tax consequences, or under any United States federal laws other than those pertaining to income tax. This discussion is based upon the Code, United States Treasury Regulations promulgated under the Code and published ruling and administrative pronouncements of the Internal Revenue Service (the "IRS"), all as in effect on the date of this proxy statement/prospectus. These laws may change, possibly retroactively, and any change could affect the accuracy of the statements and conclusions set forth in this discussion.

This discussion addresses only those F&M common shareholders that hold their shares of F&M common stock as a capital asset within the meaning of Section 1221 of the Code (generally, property held for investment). Further, this discussion does not address all aspects of United States federal income taxation that may be relevant to a particular F&M shareholder in light of that shareholder's particular circumstances or that may be applicable to a F&M shareholder who is subject to special treatment under the United States federal income tax laws, including without limitation:

a financial institution;

a tax-exempt organization;

an S corporation or other pass-through entity (or an investor in an S corporation or other pass-through entity);

an insurance company;

a mutual fund;

a dealer or broker in stocks and securities, or currencies;

a trader in securities that elects mark-to-market treatment;

a holder of F&M common stock subject to the alternative minimum tax provisions of the Code;

a holder of F&M common stock that received F&M common stock through the exercise of an employee stock option, through a tax qualified retirement plan or otherwise as compensation;

a person that is not a U.S. holder (as defined below);

a person that has a functional currency other than the U.S. dollar;

a holder of F&M common stock that holds F&M common stock as part of a hedge, straddle, constructive sale, conversion or other integrated transaction; or

a United States expatriate.

In addition, the discussion does not address any alternative minimum tax or any state, local or foreign tax consequences of the merger, nor does it address any tax consequences arising under the unearned income Medicare contribution tax pursuant to the Health Care and Education Reconciliation Act of 2010. Determining the actual tax consequences of the merger to a particular F&M shareholder may be complex and will depend on such shareholder's specific situation and on factors that are not within the control of F&M or Citizens. Accordingly, you should consult with your own tax advisor as to the tax consequences of the merger in your particular circumstances.

For purposes of this discussion, a U.S. Holder is a beneficial owner of F&M common stock that is, for United States federal income tax purposes: (i) an individual citizen or resident of the United States, (ii) a corporation (or

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other entity treated as a corporation for United States federal income tax purposes) organized in or under the laws of the United States, any state thereof or the District of Columbia, (iii) an estate whose income is subject to United States federal income taxation regardless of its source or (iv) a trust that (1) is subject to the supervision of a court within the United States and the control of one or more United States persons or (2) has a valid election in effect under applicable Treasury Regulations to be treated as a United States person.

The United States federal income tax consequences to a partner in an entity or arrangement that is treated as a partnership for United States federal income tax purposes and that holds F&M common stock generally will depend on the status of the partner and the activities of the partnership. Partners in a partnership holding F&M common stock should consult their own tax advisors.

Tax Consequences of the Merger Generally

The receipt of the cash consideration and the stock consideration by F&M stockholders in exchange for their shares of F&M common stock is expected to be a taxable transaction for United States federal income tax purposes, and is not expected to qualify as a tax-free reorganization or other non-recognition transaction under any provision of the Code. In addition, the receipt of cash in lieu of any fractional Citizens common stock to which such holder would otherwise be entitled, is also expected to be a taxable transaction for United States federal income tax purposes.

F&M stockholders generally will recognize gain or loss equal to the difference, if any, between (1) the sum of the fair market value of Citizens common stock and the cash consideration received by such stockholder and any cash received in lieu of any fractional Citizens common stock to which such holder may otherwise be entitled, and (2) such stockholder's adjusted tax basis in the F&M common stock surrendered in exchange therefor. For this purpose, U.S. Holders of F&M common stock must calculate gain or loss separately for each identified block of F&M common stock exchanged (that is, F&M common stock acquired at the same cost in a single transaction).

A F&M stockholder's gain or loss in F&M common stock generally will be capital gain or loss. Non-corporate U.S. Holders, including individuals, who have held the F&M common stock for more than one year will generally be eligible for long-term capital gains tax rates. The deductibility of capital losses is subject to limitations.

For United States federal income tax purposes, a F&M stockholder's aggregate tax basis in Citizens common stock received pursuant to the merger will be equal to the fair market value of the Citizens common stock received by such stockholder on the date the F&M common stock is exchanged pursuant to the merger agreement, and a stockholder's holding period with respect to such Citizens common stock will begin on the day following the date such stockholder's F&M common stock shares are exchanged pursuant to the merger agreement.

United States federal income tax law does not specify how U.S. Holders should determine the fair market value of the Citizens common stock on the date of exchange. Fair market value generally is the price at which property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of the facts. F&M stockholders should consult their tax advisors with respect to the determination of the fair market value of the Citizens common stock as of the date of the exchange.

A holder that is an individual may be subject to a 3.8% tax on the lesser of: (i) his or her net investment income for the relevant taxable year; or (ii) the excess of his or her modified gross income for the taxable year over a certain threshold (between \$125,000 and \$250,000 depending on the individual's U.S. federal income tax filing status). Estates and trusts are subject to similar rules. Net investment income generally would include any capital gain recognized in connection with the merger, as well as, among other items, other interest, dividends, capital gains and rental or royalty income received by such individual. Holders should consult their tax

advisors as to the application of this additional tax to their circumstances.

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Backup Withholding

F&M shareholders may be subject to information reporting and backup withholding (currently at a rate of 24%) on any cash payments received. Such F&M shareholders will not be subject to backup withholding, however, if they:

furnish a correct taxpayer identification number, certify that such F&M shareholders are not subject to backup withholding on the substitute Form W-9 or successor form included in the election form/letter of transmittal such F&M shareholders will receive and otherwise comply with all the applicable requirements of the backup withholding rules; or

provide proof that such F&M shareholders are otherwise exempt from backup withholding.

Any amounts withheld under the backup withholding rules will generally be allowed as a refund or credit against such F&M shareholders' United States federal income tax liability, provided such F&M shareholders timely furnish the required information to the IRS.

THIS SUMMARY OF THE MATERIAL UNITED STATES FEDERAL INCOME TAX CONSEQUENCES IS FOR GENERAL INFORMATION PROPOSES ONLY AND IS NOT TAX ADVICE. TAX MATTERS REGARDING THE MERGER ARE VERY COMPLICATED, AND THE TAX CONSEQUENCES OF THE MERGER TO ANY PARTICULAR F&M SHAREHOLDER WILL DEPEND ON THAT SHAREHOLDER'S PARTICULAR SITUATION. F&M SHAREHOLDERS ARE STRONGLY URGED TO CONSULT THEIR OWN TAX ADVISORS REGARDING THE SPECIFIC TAX CONSEQUENCES OF THE MERGER, INCLUDING REPORTING REQUIREMENTS AND THE APPLICABILITY OF FEDERAL, STATE, LOCAL AND FOREIGN TAX LAWS.

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COMPARISON OF SHAREHOLDERS RIGHTS

Citizens is incorporated under the laws of the State of Maryland, and, accordingly, the rights of its stockholders are governed under Maryland law, including the Maryland General Corporation Law (the MGCL). F&M is incorporated under the laws of the State of Wisconsin, and, accordingly, the rights of its shareholders are governed by Wisconsin law, including the Wisconsin Business Corporation Law (WBCL). After the effective time of the merger, the rights of former F&M shareholders will be governed by Maryland law and determined by reference to Citizens organizational documents.

The following is a summary comparison between (i) the current rights of F&M shareholders under the F&M charter and the F&M bylaws, and (ii) the current rights of Citizens stockholders under the Citizens charter and the Citizens bylaws.

The following summary is not a complete statement of the rights of shareholders of the two companies or a complete description of the specific provisions referred to below. This summary is qualified in its entirety by reference to Citizens and F&M s governing documents and the provisions of the MGCL and WBCL, respectively, which we urge you to read carefully and in their entirety. Copies of Citizens governing documents have been filed with the SEC. Copies of F&M s governing documents are available upon request from F&M. To find out where copies of these documents can be obtained, see the section entitled Where You Can Find More Information beginning on page 129 of this proxy statement/prospectus.

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Corporate Governance

The rights of Citizens stockholders are and will be governed by the MGCL, the Citizens charter and the Citizens bylaws The rights of F&M shareholders are governed by the WBCL, the F&M charter, and the F&M bylaws.

Authorized Capital Stock

Citizens is authorized to issue 31,000,000 shares, divided into two (2) classes consisting of: F&M is authorized to issue 400,000 shares of common stock, par value \$0.25 per share.

(i) 1,000,000 shares of preferred stock, par value \$0.01 per share;

(ii) 30,000,000 shares of common stock, par value \$0.01 per share;

The Citizens board is authorized to issue the preferred stock in one or more series.

Voting Rights

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Each holder of Citizens common stock is entitled to one vote for each share held of record. The affirmative vote of a 80% of the voting power of the then-outstanding shares of capital stock is required to:

- (a) remove any director, or the entire Citizens board, from office; provided that a director may only be removed for cause;
- (b) amend any provision of the Citizens bylaws;
- (c) approve certain business combinations, as more particularly set forth in Article 9 of the Citizens charter;

Each holder of F&M common stock is entitled to one vote for each share held of record, with the exception that if any person directly or indirectly acquires beneficial ownership of more than fifteen and one half percent (15.5%) of the issued outstanding shares of F&M common stock, each share beneficially owned by such person in excess of fifteen and one half percent (15.5%) of the issued and outstanding shares of F&M shall be entitled to one-tenth of one vote per share. The affirmative vote of a two-thirds of the votes outstanding and entitled to be cast is required to amend the 15.5% limitation on voting rights.

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(d) approve certain acquisitions of equity securities by Interested Persons (as such term is defined in the Citizens charter), as more particularly set forth in Article 11 of the Citizens charter; and

All director elections are determined by a plurality of the votes cast and, except as otherwise required by law or F&M charter, all other matters are determined by a majority of the votes cast. Holders of F&M common stock do not have cumulative voting rights with respect to the election of directors.

(e) amend the provisions of the Citizens charter relating to (i) Citizens preferred stock, (ii) restrictions on the voting rights of Citizens equity securities, (iii) the vote required to approve certain extraordinary actions, (iv) directors, (v) the Citizens bylaws, (vi) the approval of certain business combinations, (vii) the approval of acquisitions of equity securities from interested persons, (viii) the indemnification of directors and officers, (iv) limitations of liability or (x) the vote required to amend any provision of the Citizens charter.

Except to the extent such matter requires the approval of 80% of the voting power of the then-outstanding shares of capital stock as described above, the affirmative vote of Citizens stockholders entitled to cast a majority of the votes entitled to be cast on the matter is generally required to approve any amendment to the Citizens charter or a merger, consolidation, conversion, statutory share exchange or dissolution of Citizens.

All director elections are determined by a plurality of the votes cast and, except as otherwise required by law or the Citizens charter, all other matters are determined by a majority of the votes cast. Holders of Citizens common stock do not have cumulative voting rights with respect to the election of directors.

Quorum

Except as otherwise provided by law or the Citizens charter, the holders of a majority of the outstanding shares of stock entitled to vote on a matter at a shareholder meeting, present in person or represented by proxy, constitutes a quorum. For purposes of the foregoing, where a separate vote by class or classes is required for any matter, the holders of a majority

Except as otherwise provided by law or the F&M charter, the holders of a majority of the outstanding shares of stock entitled to vote on a matter at a shareholder meeting, present in person or represented by proxy, constitutes a quorum. For purposes of the foregoing, where a separate vote by class or classes is

of the outstanding shares of such class or classes, present in person or represented by proxy, constitutes a quorum to take action with respect to that vote on that matter.

required for any matter, the holders of a majority of the outstanding shares of such class or classes, present in person or represented by proxy, constitutes a quorum to take action with respect to that vote on that matter.

Rights of Preferred Stock:

The Citizens board is authorized to divide the Citizens preferred stock into series and, with respect to each series, is required by the laws of the State of Maryland to fix and determine the preferences, conversion or other

The F&M charter does not provide for the issuance of preferred stock.

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rights, voting powers, restrictions, limitations as to dividends, qualifications and terms or conditions of redemption of each such series.

Unless otherwise provided in the resolution or resolutions of the Citizens board or a duly authorized committee thereof establishing the terms of a series of Citizens preferred stock, the exclusive voting power shall be vested in the Citizens common stock.

Subject to the rights of the holders of any series of Citizens preferred stock, the number of authorized shares of any class or series of Citizens preferred stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority of the outstanding shares of the Citizens common stock.

As of the date of this proxy statement/prospectus, no shares of Citizens preferred stock were outstanding.

Number and Term of Directors

The Citizens charter provides that the board of directors shall initially consist of six directors, subject to increase or decrease as provided in the Citizens bylaws, which permits the board of directors to fix the number of directors on the Citizens board as governed by Section 3-804(b) of the MGCL. There are currently 8 members of the Citizens board.

The F&M bylaws provide that the board shall consist of not less than five nor more than seven directors, except that the board may increase the number of directors. There are currently 7 members of the F&M board.

The F&M bylaws provide that each director is elected at the annual meeting of shareholders.

The directors of Citizens are divided into three classes, each serving staggered terms ending at the third annual meeting of shareholders following his or her election, so that one-third of the directors is elected at each annual meeting of shareholders.

Election of Directors

Directors are elected by the shareholders each year at the annual meeting of shareholders and hold office until the

The directors are elected by the shareholders each year at the annual meeting of shareholders and hold office

third annual meeting of stockholders following such director's election and until such director's successor has been duly elected and qualifies or until a director's earlier resignation or removal.

until the next annual meeting of shareholders and until each director's successor has been duly elected and qualified or until a director's earlier resignation or removal.

Filling Vacancies on the Board of Directors

Any vacancy on the Citizens board may be filled by a majority of the remaining directors, even if the remaining directors do not constitute a quorum, except that any vacancy resulting from an increase in the total number of directors may only be filled by a majority of the entire Citizens board. Any director elected by the

Any vacancy occurring on its board of directors may be filled by a majority vote of the directors then in office. Each director so chosen will hold office until the next election of directors.

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Citizens board to fill a vacancy will serve until the next annual meeting of shareholders and until his or her successor is duly elected and qualified.

The Citizens shareholders may elect a successor to fill a vacancy resulting from the removal of a director by the Citizens shareholders. Any director elected by the Citizens shareholders to fill a vacancy resulting from the removal of a director will serve for the balance of the term of the removed director and until his or her successor is duly elected and qualified.

Removal of Directors

Under the Citizens charter, any director or the entire board of directors may be removed, but only for cause and only by the affirmative vote of the holders of at least 80% of the voting power of the then outstanding shares of capital stock entitled to vote generally in the election of directors.

Under the F&M bylaws, any director or the entire board of directors may be removed by the affirmative vote of a majority of the then outstanding shares of capital stock entitled to vote generally in the election of directors.

Shareholder Proposals

The Citizens bylaws provide that for business to be properly brought before a meeting by a shareholder, the shareholder must give timely written notice to the Citizens principal executive office, in addition to any notice required by applicable law.

Neither the F&M charter nor bylaws provide specific procedures for shareholder proposals.

To be timely, notice must be given (i) in the case of an annual meeting, at least 90 days and no more than 120 days before the first anniversary of the date of the preceding year's annual meeting of shareholders or (ii) in the case of a special meeting called for electing persons to the board of directors, at least 90 days prior to the date of the meeting; provided, however, that if less than 100 days notice of date of the meeting is given or made to shareholders, notice must be received not later than the close of business 10th day following the day on which the first public notice of the date for such special meeting and the nominees proposed by the board of directors is made.

Notwithstanding the notice period specified above, in the event that the date of an annual meeting is advanced by

more than 20 days or delayed by more than 60 days from the first anniversary date of the preceding year's annual meeting, notice by a shareholder must be received by the later of 90 days prior to the meeting date or the 10th day following the first to occur of the day on which notice of the date of the meeting is first mailed or otherwise transmitted or the date the meeting date is first publicly announced.

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Shareholder notice for proposals to be brought before an annual meeting must contain the following (in addition to any information required by applicable law): (i) a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting; (ii) the name and address of the shareholder proposing such business, as they appear on Citizens books, and of the beneficial owner, if any, on whose behalf the proposal is made; (iii) the class and number of shares of Citizens capital stock that are beneficially owned or of record by such shareholder and beneficial owner; (iv) a description of all arrangements or understandings between such shareholder and any other person or persons (including their names) in connection with the proposal of such business by such shareholder and any material interest of such shareholder in such business; and (v) a representation that such shareholder intends to appear in person or by proxy at the annual meeting to bring such business before the meeting. The Chairman of the Board or other person presiding over the annual meeting shall, if the facts so warrant, determine and declare to the meeting that business was not properly brought before the meeting in accordance with the provisions of the Citizens bylaws.

The foregoing does not apply to shareholder proposals made pursuant to Rule 14a-8 under the Exchange Act.

Director Nominations by Shareholders

The Citizens bylaws provide that for shareholder nominations of directors to be properly brought before a shareholder meeting, in addition to the information generally required in a written notice of a shareholder proposal (as set forth above), such notice must set forth (i) as to each person whom such shareholder proposes to nominate for election as a director, all information relating to such person that is required to be disclosed in connection with solicitations of proxies for election of directors, or is otherwise required, in each case pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (the Exchange Act), or any successor rule or regulation; and (ii) as to the shareholder giving the notice: (A) the name and address of such shareholder as they appear on Citizens

Neither the F&M charter nor bylaws provide specific procedures for the nomination of directors. Directors may be nominated pursuant to the WBCL.

books and of the beneficial owner, if any, on whose behalf the nomination is made; (B) the class or series and number of shares of capital stock of Citizens which are owned beneficially or of record by such shareholder and such beneficial owner; (C) a description of all arrangements

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or understandings between such shareholder and each proposed nominee and any other person or persons (including their names) pursuant to which the nomination(s) are to be made by such shareholder; (D) a representation that such shareholder intends to appear in person or by proxy at the meeting to nominate the persons named in its notice; and (E) any other information relating to such shareholder that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to Regulation 14A under the Exchange Act or any successor rule or regulation. Such notice must be accompanied by a written consent of each proposed nominee to be named as a nominee and to serve as a director if elected. The officer of Citizens or other person presiding at the meeting shall, if the facts so warrant, determine that a nomination was not made in accordance with such provisions and, if he or she should so determine, he or she shall so declare to the meeting and the defective nomination shall be disregarded.

Shareholder Action by Written Consent

Under Maryland law, unless the charter of a company provides otherwise (which the Citizens charter does not), any action to be taken by the shareholders that the shareholders are required or permitted to take must be effected at a duly called annual or special meeting of shareholders or by unanimous written consent of the shareholders.

The F&M bylaws provide that any action required or permitted to be taken by the shareholders of F&M may be taken without a meeting by unanimous written consent of each shareholder entitled to vote on the matter.

Amendments to Articles of Incorporation and Bylaws

The affirmative vote of a 80% of the voting power of the then-outstanding shares of capital stock, and a declaration by the Citizens board that such amendment is advisable, is required to amend the provisions of the Citizens charter relating to (i) Citizens preferred stock, (ii) restrictions on the voting rights of Citizens equity securities, (iii) the vote required to approve certain extraordinary actions, (iv) directors, (v) the Citizens bylaws, (vi) the approval of certain business combinations, (vii) the approval of acquisitions of equity securities from interested persons, (viii) the indemnification of directors and officers, (iv) limitations of liability or (x) the vote required to amend any provision of the Citizens charter. Except for certain amendments that may be approved by the Citizens board without approval of any Citizens stockholders, amendments to the Citizens charter must be declared advisable by the

According to the WBCL, a corporation's articles of incorporation generally may be amended by the board of directors adopting a resolution setting forth the amendment proposed, followed by a vote of each voting group of outstanding shares entitled to vote on the proposed amendment at a meeting of shareholders, where such proposed amendment will be adopted if the votes cast favoring the amendment exceed the votes cast opposing the amendment. However, the F&M charter requires the affirmative vote of a two-thirds of the votes outstanding and entitled to be cast to amend the 15.5% limitation on voting rights.

Citizens board and approved by the

The board of directors has the authority to adopt, amend or repeal the F&M bylaws by the affirmative vote of a majority of the number of directors present at a meeting of the board at which a quorum is

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affirmative vote of the holders of a majority of the total number of shares of all classes outstanding and entitled to vote thereon.

The Citizens board has the power to adopt, amend or repeal any provision of the Citizens bylaws; provided that such adoption, amendment or repeal is approved by a majority of the total number of directors that Citizens would have if there were no vacancies on the Citizens board. In addition, Citizens stockholders may adopt, amend or repeal any provision of the Citizens bylaws upon the affirmative vote of the holders of at least 80% of the voting power of all of the then-outstanding shares of capital stock of Citizens entitled to vote generally in the election of directors.

Special Meetings of Shareholders

Special meetings of Citizens shareholders may be called only by (i) the Citizens president, (ii) the Citizens board, and (iii) Citizens secretary upon the written request of the holders of a majority of all shares outstanding and entitled to vote on the business to be transacted at the meeting.

Notice of Meetings of Shareholders

The Citizens bylaws provide that written or electronic notice stating the time, date, and place of all shareholder meetings and, in the case of a special meeting, the purpose for which the meeting is called, must be given to each shareholder entitled to vote at the meeting not less than ten (10) days nor more than ninety (90) days prior to the meeting.

Proxies

The Citizens bylaws provide that each shareholder entitled to vote at a meeting of shareholders may authorize another person or persons to act for such shareholder by proxy, but no such proxy shall be voted or acted upon after 11 months from its date, unless the proxy provides for a longer period.

Indemnification and Limitation of Liability of Directors and Officers

Section 2-405.2 of the Maryland General Corporation Law (MGCL) permits a Maryland corporation to include in its charter a provision eliminating the liability of its directors and officers to the corporation or its stockholders for monetary damages except: (1) to the extent it is proven that the director or officer actually received an improper benefit

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present. The board of directors does not have the power to adopt, amend or repeal any bylaw adopted by F&M shareholders.

F&M shareholders have the power to adopt, amend or repeal any of the F&M bylaws at any regular or special meeting of the shareholders at which a quorum is present.

Special meetings of F&M shareholders may be called only by the president, the board of directors or by shareholders holding 10% or more of all outstanding shares entitled to vote at the meeting.

The F&M bylaws provide that a written notice of the place, day and hour and the purpose or purposes of all shareholder meetings must be given to each shareholder entitled to vote at the meeting not less than ten (10) days nor more than fifty (50) days prior to the meeting.

The F&M bylaws provide that each shareholder entitled to vote may appoint a proxy in writing. No such proxy shall be valid after 11 months from its date, unless the proxy provides for a longer period.

The F&M bylaws provide that F&M shall indemnify its current and former directors, officers, employees and agents against all costs, damages and expenses (including the reimbursement expenses incurred and paid) in connection with or resulting from any claim or proceeding which results from their position whether

or profit, for the amount of the improper benefit or profit; or serving F&M or at its request any other entity, except
(2) to the extent a final judgment or adjudication against the in relation to matters where such
director or officer

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is based on a determination that the director's or officer's act or failure to act was the result of active and deliberate dishonesty and was material to the cause of action against the director or officer. The Citizens charter contains such a provision, thereby eliminating the liability of its directors and officers to the maximum extent permitted by Maryland law.

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person has been finally adjudged to have been guilty of fraud.

Section 2-418 of the MGCL permits a Maryland corporation to indemnify a director or officer who is made a party to any proceeding by reason of service in that capacity against judgments, penalties, fines, settlements and reasonable expenses actually incurred unless it is established that:

(1) the act or omission of the director or officer was material to the matter giving rise to the proceeding and was committed in bad faith or was the result of active and deliberate dishonesty; (2) the director or officer actually received an improper personal benefit in money, property or services; or (3) in the case of a criminal proceeding, the director or officer had reason to believe that his or her conduct was unlawful. The MGCL provides that, where a director or officer is a defendant in a proceeding by or on behalf of the corporation, the director or officer may not be indemnified if he or she is found liable to the corporation. The MGCL also provides that a director or officer may not be indemnified in respect of any proceeding alleging improper personal benefit in which he or she was found liable on the grounds that personal benefit was improperly received. A director or officer found liable to the corporation in a proceeding by or on behalf of the corporation or in a proceeding alleging improper personal benefit may petition a court to nevertheless order indemnification of expenses if the court determines that the director or officer is fairly and reasonably entitled to indemnification in view of all the relevant circumstances.

Section 2-418 of the MGCL provides that, unless limited by the charter of a Maryland corporation, a director or an officer who is successful on the merits or otherwise in defense of any proceeding must be indemnified against reasonable expenses incurred. Section 2-418 also provides that a Maryland corporation may advance reasonable expenses to a director or an officer upon the corporation's

receipt of (a) a written affirmation by the director or officer of his or her good faith belief that he or she has met the standard of conduct necessary for indemnification by the corporation and (b) a written undertaking by the director or officer or on his or her behalf to repay the amount

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paid or reimbursed by the corporation if it is ultimately determined that the standard of conduct was not met.

The Citizens charter provides for indemnification of Citizens current and former directors and officers, whether serving Citizens or any other entity at its request, to the fullest extent required or permitted by the MGCL now or hereafter in force, including the advancement of expenses under the procedures and to the fullest extent permitted by law.

Anti-Takeover Provisions and Interested Shareholders

The Citizens charter requires an affirmative vote of at least 80% of the voting power of the then outstanding shares of stock of Citizens entitled to vote in the election of directors voting together as a single class to enter into a business combination with or to acquire equity securities of with an interested shareholder (defined generally as a 10% shareholder); such 80% vote excludes the shares held by such interested shareholder.

Certain other anti-takeover provisions are applicable to Citizens. See *Description of Citizens Capital Stock Anti-Takeover Effects of Provisions of Applicable Law and the Citizens Charter and Citizens Bylaws* beginning on page 103 for more detail.

Except as may otherwise be provided by law, the required affirmative vote of shareholders of a Wisconsin corporation for certain significant corporate actions, including a merger or share exchange with another corporation, sale of all or substantially all of the corporate property and assets, or voluntary liquidation, is a majority of all the votes entitled to be cast on the transaction by each voting group of outstanding shares entitled to vote on the transaction. Various provisions of the WBCL, including Sections 180.1130 to 180.1134, Sections 180.1140 to 180.1144 and Section 180.1150, provide for higher voting requirements or otherwise modify voting standards or rights if holders of shares representing a significant percentage of voting power are involved.

The F&M charter also provides that any person who acquires more than fifteen and one half percent (15.5%) of the issued outstanding shares of F&M common stock shall only be entitled to one-tenth of one vote per share for any shares in excess of the fifteen and one half percent (15.5%) beneficial ownership limit.

Table of Contents**DESCRIPTION OF CITIZENS CAPITAL STOCK**

The following description of Citizens' capital stock is a summary of the material terms of Citizens' charter and bylaws, as amended. Reference is made to the more detailed provisions of, and the descriptions are qualified in their entirety by reference to, these documents, forms of which are filed with the SEC as exhibits to the registration statement of which this proxy statement/prospectus is a part, and applicable law.

The following description of Citizens capital stock is a summary only and is not a complete description of such terms. This description is subject to the detailed provisions of, and is qualified in its entirety by reference to, Maryland law, the Citizens charter and the Citizens bylaws, as amended. The Citizens charter and bylaws are filed with the SEC as exhibits to the registration statement of which this proxy statement/prospectus is a part and incorporated by reference herein and will be sent to F&M shareholders free of charge upon written or telephonic request. For additional information on Citizens' capital stock, see [Comparison of Shareholders' Rights](#) and [Where You Can Find More Information](#) beginning on pages 93 and 129, respectively.

General

Citizens' authorized capital stock consists of 30,000,000 shares of common stock, par value \$0.01 per share, which we have referred to herein as the Citizens common stock and 1,000,000 shares of preferred stock, par value \$0.01 per share, which we refer to as the Citizens preferred stock. As of [], 2019, there were [] shares of Citizens common stock issued and outstanding, and no shares of Citizens preferred stock were issued and outstanding. Subject to the rights and preferences granted to holders of the Company's preferred stock, if any, the authorized but unissued shares of the Company's capital stock are available for future issuance without stockholder approval, unless otherwise required by applicable law or the rules of any applicable securities exchange. All of Citizens' issued and outstanding shares of capital stock are validly issued, fully paid and non-assessable.

Citizens Common Stock

Subject to the rights and preferences granted to holders of Citizens' preferred stock then outstanding, if any, and except with respect to voting rights, conversion rights and certain distributions of Citizens' capital stock, holders of Citizens common stock will rank equally with respect to distributions and have identical rights, preferences, privileges and restrictions, including the right to attend meetings and receive any information distributed by Citizens with respect to such meetings.

Dividends

Holders of Citizens common stock are entitled to receive ratably such dividends as may be authorized by the Citizens board and declared by Citizens from time to time out of legally available funds. In no event will any stock dividends or stock splits or combinations of stock be authorized, declared or made on common stock unless the shares of common stock are treated equally and identically. The ability of the Citizens board to authorize, and our ability to declare and pay, dividends on Citizens common stock is subject to the laws of the State of Maryland, applicable federal and state banking laws and regulations, and the terms of any senior securities (including the terms of Citizens preferred stock) Citizens may then have outstanding. Citizens' principal source of income is dividends that are declared and paid by its wholly owned banking subsidiary, CCF Bank, on its capital stock. Therefore, Citizens' ability to pay dividends is dependent upon the receipt of dividends from CCF Bank.

Voting Rights

Each holder of Citizens common stock is entitled to one vote for each share of record held on all matters submitted to a vote of shareholders, except as otherwise required by law and subject to the rights and preferences

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of the holders of any outstanding shares of Citizens preferred stock. Holders of Citizens common stock are not entitled to cumulative voting in the election of directors. Directors are elected by a plurality of the votes cast. In addition to any other vote required by law, the affirmative vote of 80% of the voting power of all of the then-outstanding shares of capital stock of Citizens entitled to vote generally in the election of directors is required to:

- (a) remove any director, or the entire Citizens board, from office; provided that a director may only be removed for cause;
- (b) amend any provision of the Citizens bylaws;
- (c) approve certain business combinations, as more particularly set forth in Article 9 of the Citizens charter;
- (d) approve certain acquisitions of equity securities by Interested Persons (as such term is defined in the Citizens charter), as more particularly set forth in Article 11 of the Citizens charter; and
- (e) amend the provisions of the Citizens charter relating to (i) Citizens preferred stock, (ii) restrictions on the voting rights of Citizens equity securities, (iii) the vote required to approve certain extraordinary actions, (iv) directors, (v) the Citizens bylaws, (vi) the approval of certain business combinations, (vii) the approval of acquisitions of equity securities from interested persons, (viii) the indemnification of directors and officers, (ix) limitations of liability or (x) the vote required to amend any provision of the Citizens charter.

Except to the extent such matter requires the approval of 80% of the voting power of the then-outstanding shares of capital stock as described above, the affirmative vote of Citizens stockholders entitled to cast a majority of the votes entitled to be cast on the matter is generally required to approve any amendment to the Citizens charter or a merger, consolidation, conversion, statutory share exchange or dissolution of Citizens.

Liquidation Rights

In the event of Citizens liquidation, dissolution or winding up, holders of Citizens common stock are entitled to share ratably in all of Citizens assets remaining after payment of liabilities, including but not limited to the liquidation preference of any then outstanding Citizens preferred stock. Because Citizens is a bank holding company, Citizens rights and the rights of Citizens creditors and shareholders to receive the assets of any subsidiary upon liquidation or recapitalization may be subject to prior claims of Citizens subsidiary s creditors, except to the extent that Citizens may be a creditor with recognized claims against its subsidiary.

Preemptive and Other Rights

Holders of Citizens common stock are not entitled to any preemptive, subscription or redemption rights except as may be established by the Citizens board.

Citizens Preferred Stock

Citizens' charter authorizes the Citizens board to establish one or more series of preferred stock. Unless required by law or any stock exchange and subject to the rights and preferences of the holders of any outstanding shares of the Company preferred stock, the authorized shares of Citizens preferred stock are available for issuance without further action by the stockholders. The Citizens board is authorized to divide the preferred stock into series and, with respect to each series, is required by the laws of the State of Maryland to fix and determine the preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends, qualifications and terms or conditions of redemption of each such series. The number of authorized shares of preferred stock may be increased or decreased (but not below the number of shares then outstanding) by the affirmative vote of the holders of a majority of Citizens common stock, without a vote of the holders of the preferred stock, unless a vote of the holders of the preferred stock is required by law or pursuant to the terms of such preferred stock. Without stockholder approval, Citizens could issue preferred stock that could impede or discourage an acquisition attempt or other transaction that some, or a majority, of Citizens' stockholders may believe is in their best interests or in which they may receive a premium for their common stock over the market price of the common stock.

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Authorized but Unissued Citizens Capital Stock

The MGCL does not generally require shareholder approval for the issuance of authorized shares, and the Citizens charter explicitly provides that the Citizens board may be issued from time to time without further approval of the holders of Citizens common stock. These additional shares may be used for a variety of corporate purposes, including future public offerings, to raise additional capital or to facilitate acquisitions. However, the listing requirements of the NASDAQ, which would apply so long as the Citizens common stock remains listed on the NASDAQ, require shareholder approval of certain issuances equal to or exceeding 20% of the then outstanding voting power or then outstanding number of shares of common stock.

One of the effects of the existence of unissued and unreserved Citizens common stock or preferred stock may be to enable the Citizens board to issue shares to persons friendly to current management, which issuance could render more difficult or discourage an attempt to obtain control of Citizens by means of a merger, tender offer, proxy contest or otherwise, and thereby protect the continuity of Citizens management and possibly deprive Citizens shareholders of opportunities they may believe are in their best interests or in which they may receive a premium for their Citizens common stock over the market price of the common stock.

Anti-Takeover Effects of Provisions of Applicable Law and the Citizens Charter and Citizens Bylaws

The Subtitle 8 provisions of the MGCL and the supermajority vote requirements and advance notice requirements for director nominations and shareholder proposals, as well as the staggered board of directors, may have the effect of delaying, deterring or preventing a transaction or a change in the control that might involve a premium price for shares of Citizens common stock or otherwise be in the best interests of Citizens shareholders.

Federal Banking Law

The ability of a third party to acquire Citizens stock is also limited under applicable U.S. banking laws and regulatory approval requirements, including any applicable approval requirements of the OCC under the National Bank Consolidation and Merger Act, as amended and any applicable approval requirements of the Federal Reserve Board under the BHCA.

Classified Board; Director Removal

The Citizens charter provides that the Citizens board shall be divided into three classes of directors, with the classes as nearly equal in number as possible. As a result, approximately one-third of the Citizens board will be elected each year. The classification of directors has the effect of making it more difficult for shareholders to change the composition of the Citizens board. Further, Citizens directors may only be removed for cause and with an affirmative vote of 80% of the voting power of the then outstanding shares of stock Citizens entitled to vote in the election of directors, voting together as a single class.

Limits on Written Consents

Under Maryland law, unless the charter of a company provides otherwise (which the Citizens charter does not), any action to be taken by the shareholders that the shareholders are required or permitted to take must be effected at a duly called annual or special meeting of shareholders or by unanimous written consent of the shareholders.

Annual Meetings; Limits on Special Meetings

Citizens holds an annual meeting of stockholders each year. Citizens' 2018 annual meeting of stockholders was held on March 27, 2018. Subject to the rights of the holders of any series of preferred stock, special meetings of the shareholders may be called only by (i) the Citizens' president, (ii) the Citizens board, and (iii) Citizens' secretary upon the written request of the holders of a majority of all shares outstanding and entitled to vote on the business to be transacted at the meeting.

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Listing

The Citizens common stock is listed on the NASDAQ Global Market under the symbol CZWI.

Transfer Agent and Registrar

The transfer agent and registrar for the Citizens common stock and non-voting common stock is Continental Stock Transfer & Trust.

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DISSENTERS RIGHTS

The following summary of dissenters rights available to F&M shareholders identifies and discusses information necessary to perfect dissenter s rights. However, this summary is not intended to be a complete statement of applicable Wisconsin law and is qualified in its entirety by reference to the relevant provisions of the WBCL, Sections 180.1301 to 180.1331, which are set forth in their entirety in Annex C.

PURSUANT TO THE MERGER AGREEMENT, CITIZENS IS NOT OBLIGATED TO CLOSE THE MERGER IF HOLDERS OF MORE THAN 10% OF THE ISSUED AND OUTSTANDING SHARES OF F&M COMMON STOCK DISSENT AND SEEK PAYMENT FOR THEIR SHARES IN ACCORDANCE WITH APPROPRIATE LAW.

IN ORDER TO EXERCISE DISSENTERS RIGHTS A F&M SHAREHOLDER MUST FULLY AND EXACTLY COMPLY WITH THE STATUTORY REQUIREMENTS DISCUSSED BELOW AND SET FORTH IN ANNEX C. CITIZENS AND F&M URGE SHAREHOLDERS TO READ AND UNDERSTAND THIS DISCUSSION AND THE STATUTORY PROVISIONS ATTACHED AS ANNEX C.

General

Pursuant to the provisions of sections 180.1301 to 180.1331 of the WBCL, holders and beneficial holders of F&M common stock have the right to dissent from the merger and to receive the fair value of their shares in cash. Holders and beneficial holders of F&M common stock who fulfill the requirements of the WBCL summarized below and set forth in Annex C will be entitled to assert dissenters rights in connection with the merger. Shareholders or beneficial shareholders considering initiation of a dissenters proceeding should review this section and should also review Annex C in its entirety. A dissenters proceeding may involve litigation.

Preliminary Procedural Steps

Pursuant to the provisions of the WBCL, if the merger is consummated, in order to exercise dissenter s rights you must have:

given to F&M, prior to the vote at the special meeting with respect to the approval of the merger, written notice of your intent to demand payment for your shares of common stock (hereinafter referred to as shares);

not voted in favor of the merger; and

complied with the other statutory requirements summarized below.

If you have perfected your dissenters rights and the merger is consummated, you will receive the fair value of your shares as of the effective date of the merger. A shareholder or beneficial shareholder who fails to deliver written notice of his, her or its intent to demand payment for his, her or its shares if the merger is consummated in accordance with the requirements of the WBCL is not entitled to payment for his or her shares pursuant to the provisions of the WBCL and will only be entitled to receive the merger consideration as provided in the merger agreement.

Brokers or others who hold shares in their name that are beneficially owned by others may assert dissenters' rights as to fewer than all of the shares registered in your name only if they dissent with respect to all shares beneficially owned by any one person and notify F&M in writing of the name and address of each person on whose behalf they are asserting dissenters' rights. The rights of a shareholder who asserts dissenters' rights as to fewer than all of the shares registered in his, her or its name are determined as if the shares as to which that holder dissents and that holder's other shares were registered in the names of different shareholders.

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Written Dissent Demand

Voting against the merger will not independently satisfy the written demand requirement. In addition to not voting in favor of the merger, if you wish to preserve the right to dissent and seek appraisal, you must give a separate written notice of your intent to demand payment for your shares if the merger is effected.

Any written notice of intent to dissent to the merger, satisfying the requirements discussed above, should be addressed to F. & M. Bancorp. of Tomah, Inc., 1001 Superior Avenue, Tomah, Wisconsin 54660, Attn: Corporate Secretary. The written notice must be delivered to F&M prior to the special meeting.

Dissenters Notice

If the shareholders of F&M approve the merger at the special meeting, F&M (or Citizens as its successor) must deliver a written dissenters notice (the Dissenters Notice) to all F&M shareholders who satisfy the foregoing requirements. The Dissenters Notice must be sent no later than ten days after the date that the merger is approved by F&M s shareholders and must:

state where dissenting shareholders should send the demand for payment and where and when dissenting shareholders should deposit certificates for the shares;

inform holders of uncertificated shares as to what extent transfer of these shares will be restricted after the demand for payment is received;

include a form for demanding payment that includes the date of the first announcement to news media or to shareholders of the terms of the merger and requires the shareholder or beneficial shareholder asserting dissenters rights to certify whether he, she or it acquired beneficial ownership of the shares prior to that date;

set a date by which F&M (or Citizens as its successor) must receive the demand for payment (which date may not be fewer than 30 nor more than 60 days after the Dissenters Notice is delivered); and

be accompanied by a copy of sections 180.1301 to 180.1331 of the WBCL.

A shareholder or beneficial shareholder who receives the Dissenters Notice or a beneficial shareholder whose shares are held by a nominee who is sent a Dissenters Notice must demand payment and certify as to his or her ownership of the shares in accordance with the Dissenters Notice. A shareholder or beneficial shareholder who holds certificated shares must also deposit his, her or its share certificates with F&M (or Citizens as its successor) in accordance with the terms of the Dissenters Notice.

A dissenting shareholder or beneficial shareholder who demands payment and deposits his, her or its share certificate in accordance with the terms of the Dissenters Notice will retain all of the rights of a shareholder or beneficial shareholder, respectively, until those rights are canceled or modified by the consummation of the merger. F&M may restrict the transfer of uncertificated shares from the date that the demand for payment for those shares is received until the merger is effected or the restrictions released, in the event that it does not consummate the merger.

A shareholder or beneficial shareholder with certificated or uncertificated shares who does not demand payment by the date set forth in the Dissenters' Notice is not entitled to payment for his, her or its shares under sections 180.1301 to 180.1331 of the WBCL. A shareholder or beneficial shareholder with certificated shares who does not deposit his, her or its share certificates where required and by the date set forth in the Dissenters' Notice is not entitled to payment for his, her or its shares under sections 180.1301 to 180.1331 of the WBCL. F&M (or Citizens as its successor) may elect to withhold payment from a dissenter and instead make an offer of payment if that dissenter was not the beneficial owner of his, her or its shares prior to the date specified in the Dissenters' Notice as the date on which the first announcement of the merger was made to the news media or to F&M's shareholders.

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Payment

Except as described below, F&M (or Citizens as its successor) must, as soon as the merger is effected or upon receipt of a payment demand, whichever is later, pay each shareholder who has complied with the payment demand and deposit requirements described above the amount F&M (or Citizens as its successor) estimates to be the fair value of the shares, plus accrued interest. The offer of payment must be accompanied by:

recent financial statements of F&M;

a statement of the estimate of the fair value of the shares;

an explanation of how the interest was calculated;

a statement of the dissenter's right to demand payment under section 180.1328 of the WBCL if the dissenter is dissatisfied with the payment; and

a copy of sections 180.1301 to 180.1331 of the WBCL.

If the merger is not consummated within 60 days after the date set for demanding payment and depositing share certificates, F&M must return the deposited certificates and release the transfer restrictions imposed on uncertificated shares. F&M (or Citizens as its successor) must send a new Dissenters' Notice if the merger is consummated after the return of certificates and any dissenting shareholders must repeat the payment demand procedure described above.

Section 180.1328 of the WBCL provides that a dissenter may notify F&M (or Citizens as its successor) in writing of his, her or its own estimate of the fair value of such holder's shares and the interest due, and may demand payment of such holder's estimate, less any payment received from F&M (or Citizens as its successor), if:

he or she believes that the amount paid or offered by F&M (or Citizens as its successor) is less than the fair value of his or her shares or that F&M (or Citizens as its successor) has calculated incorrectly the interest due;

F&M (or Citizens as its successor) fails to make payment within 60 days after the date set in the Dissenters' Notice for demanding payment; or

F&M, having failed to consummate the merger, does not return the deposited certificates or release the transfer restrictions imposed on uncertificated shares within 60 days after the date set for demanding payment in the Dissenters' Notice.

A dissenting shareholder waives his, her or its right to demand payment of his, her or its own estimate of fair value and interest under sections 180.1328 unless such dissenting shareholder provides F&M (or Citizens as its successor)

with notice of his, her or its demand, in conformance with the notice requirements of section 180.0141, within 30 days after F&M (or Citizens as its successor) making or offering of payment for the dissenting shareholder's shares.

Litigation

If a demand for payment under section 180.1328 remains unsettled, F&M (or Citizens as its successor) must commence a nonjury equity valuation proceeding in the Circuit Court of Monroe County, Wisconsin (in the case of F&M) or Eau Claire County, Wisconsin (in the case of Citizens), within 60 days after having received the payment demand under section 180.1328 and must petition the court to determine the fair value of the shares and accrued interest. If F&M (or Citizens as its successor) does not commence the proceeding within those 60 days, the WBCL requires F&M (or Citizens as its successor) to pay each dissenting shareholder whose demand remains unsettled the amount demanded. F&M (or Citizens as its successor) is required to make all dissenting shareholders whose demands remain unsettled parties to the proceeding and to serve a copy of the petition upon each of them.

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The jurisdiction of the court in which the proceeding is brought is plenary and exclusive. The court may appoint one or more appraisers to receive evidence and to recommend a decision on fair value. An appraiser has the powers delegated to such appraiser in the court order appointing him or her or in any amendment to the order. Dissenters are entitled to the same discovery rights as parties in other civil proceedings.

Each dissenting shareholder made a party to the proceeding is entitled to judgment for the amount, if any, by which the court finds the fair value of such holder's shares, plus interest, exceeds the amount paid or offered, as applicable, by F&M (or Citizens as its successor).

The court in an appraisal proceeding commenced under the foregoing provision must determine the costs of the proceeding, excluding fees and expenses of attorneys and experts for the respective parties, and must assess those costs against F&M (or Citizens as its successor), except that the court may assess the costs against all or some of the dissenting shareholders to the extent the court finds they acted arbitrarily, vexatiously, or not in good faith in demanding payment under section 180.1328 of the WBCL. The court also may assess the fees and expenses of attorneys and experts for the respective parties against

F&M (or Citizens as its successor) if the court finds F&M (or Citizens as its successor) did not substantially comply with the requirements of the WBCL, or against either F&M (or Citizens as its successor) or a dissenting shareholder if the court finds that such party acted arbitrarily, vexatiously, or not in good faith with respect to the rights provided by the WBCL.

If the court finds that the services of attorneys or experts for any dissenter were of substantial benefit to other dissenters similarly situated, the court may award those attorneys' reasonable fees out of the amounts awarded the dissenters who were benefited.

This is a summary of the material rights of a dissenting shareholder and is qualified in its entirety by reference to the applicable portions of the WBCL, which are included as [Annex C](#) to this proxy statement-prospectus. If you intend to dissent from approval of the merger, you should review carefully the text of [Annex C](#) and should also consult with your attorney. We will not give you any further notice of the events giving rise to dissenters' rights or any steps associated with perfecting dissenters' rights, except as indicated above or otherwise required by law.

We have not made any provision to grant you access to any of the corporate files of Citizens or F&M, except as may be required by the WBCL, or to obtain legal counsel or appraisal services at the expense of F&M (or Citizens as its successor).

Any dissenting shareholder who perfects his, her or its right to be paid the fair value of his, her or its shares will recognize taxable gain or loss upon receipt of cash for such shares for federal income tax purposes. See [Material U.S. Federal Income Tax Consequences of the Merger](#) at page 87.

You must do all of the things described in this section and as set forth in the WBCL in order to preserve your dissenters' rights and to receive the fair value of your shares in cash (as determined in accordance with those provisions). If you do not follow each of the steps as described above, you will have no right to receive cash for your shares as provided in the WBCL and you will only be entitled to receive the merger consideration as provided in the merger agreement. In view of the complexity of these provisions of Wisconsin law, shareholders of F&M who are considering exercising their dissenters' rights should consult their legal advisors.

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BUSINESS OF F&M

History, Business, and Properties

F&M was organized in March, 1984 for the purpose of holding 100% of the outstanding stock of F&M Bank, a Wisconsin commercial bank located in Tomah, Wisconsin, and became a bank holding company for F&M Bank in 1984. F&M Bank's main office is located at 1001 Superior Avenue, Tomah, Wisconsin. The facility is owned by F&M Bank and it is also the location of the bank. There are a total of approximately 195 shareholders of F&M. F&M currently has no employees.

As of December 31, 2018, F&M had consolidated total assets of approximately \$197 million, total loans of approximately \$128 million, total deposits of approximately \$154 million and total shareholders' equity of approximately \$21.4 million.

F&M Bank was chartered by the Wisconsin Department of Financial Institutions in February 1911. F&M Bank's main office is located at 1001 Superior Avenue, Tomah, Wisconsin 54660, in a facility owned by F&M Bank. F&M Bank also operates a convenience drive-up office at the corners of Milwaukee and McLean in Tomah which is in close proximity to the 1001 Superior Avenue facility. F&M Bank opened a branch location at 1500 North Superior Avenue, Tomah, Wisconsin 54660 on November 14, 2001, in a 1,643 square foot facility owned by the bank. On December 31, 2018, F&M Bank's staff included 10 officers, plus 28 full-time and 2 part-time employees.

F&M Bank is a general business community bank. F&M Bank's primary trade area consists of a 60 mile radius surrounding Tomah, Wisconsin. This area includes the counties of Monroe, LaCrosse, Juneau, and Vernon. The foundation of F&M Bank's business strategy is an emphasis on local management and local ownership in its commitment to F&M Bank's market area. The following lending services are offered by F&M Bank:

Commercial Term loans and Revolving Lines of Credit

Commercial Real Estate and Construction loans

Small Business loans

Government guaranteed loans

Community Development loans

Not-for-Profit Organization loans

Municipal loans

Residential loans for 5+ Units

Residential loans for 1-4 Units

Housing rehabilitation loans

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VISA debit cards

Automated clearing house services

Bank by mail

Night depository

Cashier's checks

Business Online Banking

Wire transfers

Remote Deposit Capture

Consumer Online Banking

Consumer Mobile Banking with Mobile Deposit Capture

F&M Bank's business objectives focus on deposit growth, the preservation of deposits, the maximization of the profitability of F&M Bank's earning assets, safeguarding loan principal, serving the credit needs of F&M's trade area, preserving liquidity, and maintaining a prudent loan portfolio mix. F&M Bank's loan portfolio at December 31, 2018 consisted of approximately 49% commercial real estate loans and 18% commercial loans and 16% residential real estate loans. Approximately 76% of F&M Bank's loans are currently secured by real estate.

F&M Bank has a Loan Committee, composed of all of the directors of F&M Bank's board of directors. The Loan Committee establishes F&M Bank's Loan Policy and each individual loan officer's lending authority, reviews loans made, reviews and approves loans for amounts exceeding loan officer authority prior to making such loans, reviews and monitors past due and problem loans, reviews adequacy of F&M Bank's loan loss reserves, and monitors and ensures compliance with F&M Bank's Loan Policy. A list of all originated loans is submitted to the board of directors of F&M Bank for review on a monthly basis. Any and all loan charge-offs must be approved by the board of directors as well.

Loans are considered delinquent, and late charges will be assessed, when a borrower's payment is ten days past due. When a borrower fails to make a required payment on a loan, F&M Bank attempts to cause the deficiency to be cured by contacting the borrower. F&M Bank's policy is to institute foreclosure or otherwise seize collateral if other

collection remedies have been exhausted, and foreclosure or seizure of the collateral is necessary in the opinion of management. Pursuant to state banking regulations, F&M Bank does not continue to accrue interest on assets if payments of principal or interest have been in default for a period of at least 90 days. At such time as interest and principal payments on the loan are brought current, the loan will be restored to an accrual status. If and once a loan is placed on a nonaccrual status, all previously accrued but uncollected interest is charged back against F&M Bank's current income and/or loan loss reserve accounts, as appropriate. The board of directors of F&M Bank seeks to maintain a minimum loan loss reserve of 1.00% or more of the amount of loans outstanding based upon F&M Bank's intended loan portfolio composition and current economic conditions; however, the actual loan loss reserve may vary based upon these and other factors.

F&M Bank has established an Investment Policy to manage F&M Bank's investment portfolio for maximum return for both long-term and short-term needs in a manner consistent with sound banking practices and relative safety of principal, and an Asset/Liability Policy, whereby F&M Bank has adopted certain processes and procedures for liquidity and capital planning, asset mix and volume controls, loan pricing policies, and deposit interest rate policies.

F&M Bank established a wholly owned investment subsidiary, F&M Investment Corp. of Tomah, a Nevada corporation which assists the bank in maintaining its municipal securities.

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F&M Bank has a wholly owned subsidiary, Bob's Holdings, LLC, which was established to hold foreclosed properties, maintain them, and dispose of them.

F&M Bank has a 5.88% ownership in Generations Title Company, LLC, which is a company established by several Wisconsin banks to provide title work and loan closing services.

F&M Bank's fiscal year end is December 31. F&M holds a shareholder meeting within 120 days after the end of its fiscal year.

The general banking business in the F&M area, as in all of the State of Wisconsin, is very competitive. Commercial banks compete principally with respect to price (interest rates paid on deposits, interest rates charged on borrowings, and fees for services) and service. F&M Bank faces competition from 2 banks and 3 credit unions located in Tomah, Wisconsin and others in the rest of F&M Bank's primary trade area. F&M Bank also faces competition in its market area from finance companies, insurance companies, mortgage companies, securities brokerage firms, money market firms, and other providers of financial services. Most of F&M Bank's competitors have been in business a number of years and have established customer bases. Many state-wide multi-bank holding companies compete in the Tomah market and these companies are significantly larger and have more resources than F&M Bank.

F&M Bank competes for loans principally through its ability to communicate effectively with its customers and understanding and meeting their financial needs. Management believes that this personal service philosophy enhances F&M Bank's ability to compete favorably in attracting small business customers. F&M Bank actively solicits business customers and competes for deposits by offering customers personal attention, professional service and competitive interest rates.

Outstanding Debt

F&M currently has \$2.0 million in outstanding debt on a term loan with Chippewa Valley Bank. The loan matures on November 8, 2019. F&M is required to make quarterly payments of interest (the current interest rate is 3.50%) and no payments of principal.

Management

The following persons constitute the executive officers and directors of F&M and F&M Bank:

Name	Position with Company and Bank	Served Since
Peter Reichardt	President/CEO and Director	2010
John Rose	Chairman/Director	2001
Keith Laugen	Director	2007
Marshall Bosworth	Director	2004
Robert Mubarak	Director	1995
Terry Winchell	Director	2010
Vicki Nemitz	Director	2005
Patrick Scott	Senior Vice President/CFO	NA

Both F&M and F&M Bank have one class of directors, who serve one year terms. At each annual meeting of shareholders, all directors are elected for a term of one year. All executive officers are appointed to their respective positions for a one-year period by the board of directors of the respective organization at the annual meeting of the

board. There are no family relationships among any of the directors, executive officers or key personnel of F&M or F&M Bank.

A majority of the number of directors then serving generally constitutes a quorum for transacting business at any meeting of the board, and if a quorum is present or participating when a vote is taken, generally the affirmative

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vote of greater than 50% of the directors present or participating when a vote is taken is the act of the board unless the organization's articles of incorporation or bylaws or applicable law require the vote of a greater number of directors or approval of only disinterested directors.

Description of F&M's Capital Stock

F&M's authorized stock consists of 400,000 shares of common stock, \$0.25 per share par value, all of one class, 216,541 shares of which are issued and outstanding, and 163,641 shares of which are held in treasury stock. 5,250 shares have been allocated to bank management in a stock option plan which are included in the diluted earnings per share calculation.

Common shareholders do not have preemptive rights to purchase additional shares or other subscription rights in the event that F&M issues stock. Each share of stock has one vote on all matters presented to the shareholders of F&M. Each act by the shareholders of F&M requires a majority vote, except as otherwise provided by law or its bylaws or articles of incorporation. All shares issued have been fully paid and are nonassessable.

The shareholders of F&M are entitled to share pro rata in the net assets of the organization, after payment of all liabilities, if F&M is ever liquidated. The stock is not convertible into any other security. Finally, the stock is not subject to any call or redemption rights on the part of F&M.

F&M serves as transfer agent and registrar for the shares.

Upon the consummation of the merger, all of the shares of F&M shall cease to be outstanding, shall be cancelled and shall cease to exist, and each certificate formerly representing any share shall thereafter represent only the right to receive the merger consideration for each share.

Recent Stock Transactions

To the best knowledge of F&M, there were 11 different transfers of F&M stock, involving a total of 49,995 shares, between January 1, 2014 and the date of this prospectus/proxy statement. The following is a listing of sales of stock known to F&M for the dates shown, and the price per share known to F&M:

Date	Shares	Price/ Share
4/21/2014	200	\$ 67.00
5/16/2014	230	\$ 67.00
7/7/2015	17	\$ 70.00
5/9/2016	50	\$ 74.00
7/29/2016	60	\$ 74.00
9/6/2016	20	\$ 74.00
11/9/2016	49,265*	\$ 60.00
11/18/2016	18	\$ 74.00
4/20/2017	55	\$ 87.00
9/15/2017	75	\$ 87.00
10/10/2018	5	\$ 91.00

* The company initiated a stock repurchase program in 2016 and repurchased approximately \$3 million in stock. Approximately 99% of the share transactions shown above were repurchases of stock into Treasury and approximately 1% of the share transactions shown above were sales to shareholders. All of the sales shown above were conducted between non-family members.

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The per share book value of F&M's common stock was \$99.01 at December 31, 2018, and \$95.69 at December 31, 2017.

Earnings

F&M had basic earnings per common share of \$6.44 and diluted earnings per common share of \$6.29 for the year ended December 31, 2018. F&M had basic earnings per common share of \$4.33 and diluted earnings per common share of \$4.23 for the year ended December 31, 2017.

Dividends

F&M paid dividends to shareholders of \$1.65 per share in 2018 and \$1.50 per share in 2017.

Substantially all of F&M's assets consist of its investment in F&M Bank and the availability of funds for dividends to be paid by F&M depends upon the receipt of dividends from F&M Bank. Dividends of F&M are also dependent on future earnings, the financial condition of F&M and F&M Bank, and other factors. No assurance can be given that future earnings of F&M Bank and resulting dividends will be sufficient to permit the legal payment of dividends to F&M at any time in the future.

Under Wisconsin law, the board of directors of F&M Bank may generally declare and pay a dividend from the bank's undivided profits in an amount they consider appropriate. The board must provide for the payment of all expenses, losses, required reserves, taxes and interest accrued or due from the bank before the declaration of dividends from undivided profits. If dividends declared and paid in either of the two immediately preceding years exceeded net income for either of those two years respectively, F&M Bank may not declare or pay any dividend in the current year that exceeds year-to-date net income except with the written consent of the Wisconsin Department of Financial Institutions' Division of Banking pursuant to Section 221.0328(1) of the Wisconsin statutes.

F&M Bank's dividends may not in any way impair or diminish the capital of the bank other than by reducing undivided profits. Pursuant to Section 221.0328(2) of the Wisconsin statutes, a dividend is paid that does not comply with this section, every shareholder receiving the dividend is liable to restore the full amount of the dividend unless the capital is subsequently made good.

Federal regulators have authority to prohibit a bank from engaging in any action deemed by them to constitute an unsafe or unsound practice, including the payment of dividends. Federal law generally prohibits F&M Bank from paying a dividend to its holding company if the depository institution would thereafter be undercapitalized. The FDIC may prevent an insured bank from paying dividends if the bank is in default of payment of any assessment due to the FDIC. In addition, payment of dividends by a bank may be prevented by the applicable federal regulatory authority if such payment is determined, by reason of the financial condition of such bank, to be an unsafe and unsound banking practice. Under these circumstances, federal or state banking authorities have the authority to issue orders that could restrict the ability of a bank to pay sufficient dividends to its holding company in order to allow the company to pay dividends on its equity securities or service company debt. Bank holding companies may be similarly restricted by the Federal Reserve from paying dividends under certain circumstances. F&M is currently not limited in its ability to pay dividends on its common stock.

Wisconsin business corporations such as F&M are also prohibited by Wisconsin law from paying dividends while they are insolvent or if the payment of dividends would render them unable to pay debts as they come due in the usual course of business.

Even if F&M may legally declare dividends, the amount and timing of such dividends will be at the discretion of the board of directors. The board may in its sole discretion decide not to declare dividends.

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Trading Market

No established public trading market exists for F&M's common stock. The stock is, and is expected to remain, infrequently traded, and the market for the common stock is and will continue to be limited. F&M may be able to purchase its own shares and thereby help maintain a market for outstanding shares of its common stock, although this ability is limited.

In some circumstances, a bank holding company may not purchase its own shares without giving prior notice to the Federal Reserve. Specifically, if F&M desires to purchase its own stock, and the gross consideration paid by F&M, when aggregated with the net consideration paid by F&M for all such purchases in the past twelve months, is equal to 10% or more of F&M's consolidated net worth, it may be required in some instances to obtain approval for so doing from the Federal Reserve. Otherwise, F&M is restricted by sound business judgment, its prior commitments, and the consolidated financial condition of F&M and its subsidiaries. In no event may a Wisconsin corporation purchase its own shares when the corporation is insolvent or when such a purchase would make it insolvent. Although F&M may generally, at the board's discretion, purchase shares of its common stock, it is not obligated to do so. F&M is currently not specifically limited in its ability to redeem shares of its common stock.

Indemnification Provisions

As set forth in the Wisconsin Statutes, and subject to certain limitations, the bylaws of F&M and F&M Bank require each organization to indemnify a director or officer from all reasonable expenses and liabilities asserted against, incurred by, or imposed on that person in any proceeding to which he or she is made or threatened to be made a party by reason of being or having been an officer or director. The right to indemnification includes, in some circumstances, the right to receive reimbursement of costs and expenses in such a proceeding as they are incurred.

F&M and F&M Bank have purchased insurance against liabilities asserted against their respective directors, officers, employees, or agents.

Employee Benefits

F&M Bank provides the following employee benefits:

F&M Bancorp 401(k) Retirement Plan. All employees of F&M Bank who are 21 years of age are permitted to participate in the 401(k) Plan (the Plan). Under the Plan, participants are permitted to reduce compensation by a specific dollar amount and have that amount contributed to the Plan on a pre-tax basis as a salary deferral. In addition, the bank can make additional contributions to the Plan on the employee's behalf. The total deferrals by employees in any taxable year may not exceed a dollar limit set by law. The limit for 2019 is \$19,000. The bank's matching contribution is equal to 100% of the first 4.00% of an employee's deferral. In 2018, F&M Bank's total matching contribution to the Plan was \$53,499, and in 2017 it was \$47,312. For 2018 and 2017, the bank made no discretionary profit-sharing contribution to the Plan.

Bonus Plan. Bonuses are based on profitability of the Bank and personal objectives achievement by the participant. The amount of bonuses for a given year is determined at year end.

Health Insurance. F&M Bank pays between 70% and 75% of premium, based on the coverage chosen.

Dental Insurance. F&M Bank pays 50% of the premium.

Life Insurance. F&M Bank pays 100% of the premium.

Long-Term Disability Plan. F&M Bank pays 100% of the premium.

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Employee Assistance Program. The Employee Assistance Program is sponsored by F&M Bank. The Employee Assistance Program provides employees and their immediate family members confidential assistance in resolving financial, marital, alcohol/drug abuse, legal, job-related family, stress or emotional difficulties.

Transactions with Related Parties

F&M Bank has had in the ordinary course of business banking transactions such as personal and business loans with its directors, officers, and/or the owners of more than ten percent of F&M stock. Such loans are now and will continue to be made on the same terms, including collateral and interest rate, as those prevailing at the same time for comparable transactions with others of similar credit standing and do not and will not in the future involve more than normal risks of collectability or present other unfavorable features.

As required under current applicable law, the maximum aggregate direct and indirect extensions of credit by F&M Bank to any executive officer or 10% shareholder, and to his or her respective related interest, do not exceed fifteen percent (15%) of F&M Bank's capital.

Supervision and Regulation

The regulatory environment in which F&M and F&M Bank operate, and the laws to which they are subject, are generally the same as those of Citizens and CCF Bank, with the exception of the obligations of Citizens as a publicly traded company.

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F&M MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

F&M, incorporated in Wisconsin in 1984, is a one-bank holding company organized for the purpose of holding 100% of the outstanding stock of its wholly own subsidiary F&M Bank. F&M Bank was formed with the express purpose of providing financial services to clients in the markets it serves.

F&M Bank is a general business community bank offering a wide range of services to small and medium size businesses, their owners and employees. Services include: demand interest bearing and noninterest bearing accounts, money market deposit accounts, NOW accounts, time deposits, remote merchant deposit capture, internet banking, direct deposits, credit cards, debit cards and a full range of business loans. F&M's primary market area services customers in Monroe County, LaCrosse County, Juneau County and Vernon County.

Management's discussion and analysis is presented to assist the reader in understanding and evaluating the financial condition and results of operations of F&M. The analysis focuses on the consolidated financial statements, footnotes, and other financial data presented. The discussion highlights material changes from prior reporting periods and any identifiable trends which may affect F&M. Amounts have been rounded for presentation purposes. This discussion and analysis should be read in conjunction with the Audited Consolidated Financial Statements of F&M beginning on page F-1.

Critical Accounting Policies

General

F&M's financial statements are prepared in accordance with GAAP. The financial information contained within the financial statements is, to a significant extent, financial information that is based on measures of the financial effects of transactions and events that have already occurred. A variety of factors could affect the ultimate value that is obtained either when earning income, recognizing an expense, recovering an asset or relieving a liability. F&M uses historical loss factors as one factor in determining the inherent loss that may be present in its loan portfolio. Actual losses could differ significantly from the historical factors that are used. The fair value of the investment portfolio is based on period end valuations but changes daily with the market. In addition, GAAP itself may change from one previously acceptable method to another method. Although the economics of these transactions would be the same, the timing of events that would impact these transactions could change.

Securities Impairment

F&M monitors the investment portfolio for impairment on an individual security basis and has a process in place to identify securities that could have a potential impairment that is other than temporary. This process involves analyzing the length of time and the extent to which the fair value has been less than the amortized cost basis, the market liquidity for the security, the financial condition of the issuer and F&M's intent and ability to hold the investment for a period of time sufficient to recover the temporary impairment. A decline in value due to a credit event that is considered other than temporary is recorded as a loss in non-interest income. The Company had one security which was deemed to have a decline in fair value which was other than a temporary decline in 2018.

Results of Operations Comparison of Results between the Year Ended December 31, 2018 and the Year Ended December 31, 2017

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Net income for the year ended December 31, 2018 was \$1,394,000 or \$6.44 per share, compared to \$937,000 or \$4.33 per share for the same period in 2017, an increase of 49%. Noninterest income increased by \$103,000, while noninterest expense increased by \$332,000 between the year ended December 31, 2018 and the year ended December 31, 2017.

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The following is a summary of net income, on a consolidated basis, for the years ended December 31, 2018 and 2017 (in thousands):

	2018	2017
Net Income from Bank Operations	\$ 1,583	\$ 1,007
Expenses from Parent Company Activities	(189)	(70)
Net Income	\$ 1,394	\$ 937

As shown in Table I on page 125, the net interest income for the year ended December 31, 2018 increased \$483,000 or 8.2% compared to the same period in 2017. The yield on earning assets for the year ended December 31, 2018 increased 0.40% from the 2017 period, while the cost of funds increased 0.10% compared to the same period in 2017, and as a result of these changes the net interest margin showed an increase of 0.33%. The increase in the yield on earning assets resulted from higher market rates for loans which is consistent with higher national rates.

The Interest Sensitivity Analysis contained in Table II on page 126 indicates that F&M is in an asset sensitive position in the one year time horizon. This would indicate that in a rising rate environment, net interest income and net interest margin would increase as a result of assets repricing faster than liabilities. As the notes to the table indicate, the data was based in part on assumptions as to when certain assets or liabilities would mature or reprice. Approximately 41% of rate sensitive assets and 27% of rate sensitive liabilities are subject to repricing within one year. The transaction accounts of the company are deemed to be stable with predominately long term relationships and low levels of rate sensitivity. This assumption is a driver of the company's view of its rate sensitivity. Changes in this assumption will have material impacts on the rate sensitivity analysis of the company.

Noninterest income increased \$103,000 for the year ended December 31, 2018 compared to the year ended December 31, 2017. The increase was due to the recognition of gains from the sale of securities and foreclosed assets which increased \$166,000 for the year ended December 31, 2018, and was partially offset by a decrease in service charges and fees in 2018 of \$35,000 compared to 2017.

Noninterest expense increased \$332,000 for the year ended December 31, 2018 as compared to 2017. Significant changes included an increase in employee related expenses of \$266,000, and an increase of \$73,000 in Printing and Office supplies.

Financial Condition***Federal Funds Sold***

F&M's subsidiary bank invests a portion of its excess liquidity in Federal Funds Sold. Such deposits offer daily liquidity and pay market rates of interest that at December 31, 2018 were benchmarked at 2.25% to 2.50% by the Federal Reserve. Actual rates received vary slightly based upon money supply and demand among banks. Balances in Federal Funds Sold at December 31, 2018 increased since year end due to reductions in the loan portfolio.

Securities

Available for sale securities are carried at fair value with unrealized gains and losses excluded from earnings and reported separately in other comprehensive income (loss). F&M Bank currently has no securities designated as trading or held-to-maturity. Purchase premiums and discounts are recognized in interest income using the interest method over the terms of the securities. Gains and losses on the sale of securities are recorded on the trade date and are

determined using the specific identification method. They are included in non-interest income or expense and when applicable are reported as a reclassification adjustment in other comprehensive income (loss).

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As of December 31, 2018, the cost exceeded the market value of securities available for sale by \$335,000. As of December 31, 2017, the market value exceeded the cost of securities available for sale by \$202,000. The portfolio is made up of primarily municipal securities with an average portfolio life of less than 5 years. This short average life results in less portfolio volatility and is intended to position F&M Bank to reposition assets in response to a rising interest rate environment. Market rates did increase substantially in 2018 which caused the decline in market value relative to the cost.

Loan Portfolio

The loan portfolio of \$127.9 million decreased \$8.5 million at December 31, 2018 compared to December 31, 2017.

Commercial real estate loans decreased \$8.5 million to \$64.0 million, commercial loans increased \$4.5 million, loans secured by multi-family real estate decreased \$7.4 million, and construction and land development loans increased \$3.7 million and all other increased by \$1.3 million. The overall decrease in the loan portfolio was attributable to increased competition.

Nonperforming loans include nonaccrual loans, loans 90 days or more past due and restructured loans. Nonaccrual loans are loans on which interest accruals have been suspended or discontinued. Nonperforming loans totaled \$0.4 million at December 31, 2018 compared to \$0.6 million at December 31, 2017. These amounts are considered steady and the small changes are considered immaterial.

As of December 31, 2018, F&M held no real estate which was acquired through foreclosure. This is a decrease of \$443,000 compared to December 31, 2017.

The following is a summary of information pertaining to risk elements and nonperforming loans (in thousands):

	2018	2017
<i>Nonaccrual Loans</i>		
Secured by 1-4 Family	\$ 335	\$ 431
Commercial Loans	109	190
Total Nonperforming Loans	\$ 444	\$ 621
<i>Restructured Loans Current and Performing</i>		
Non-Farm Non Residential	\$ 366	\$ 389
Residential Real Estate		115
Commercial	445	448
Total Restructured Loans Current and Performing	\$ 811	\$ 952
Nonperforming Loans as a percentage of total loans	0.34%	0.45%
Allowance for loan and lease losses to nonperforming loans	637.61%	444.77%

Allowance for Loan Losses

The allowance for loan losses, which we refer to in this section as the allowance, is an estimate of loan losses inherent in F&M's loan portfolio. The allowance is established through a provision for loan losses which is charged to income as an expense. Additions to the allowance are expected to maintain the adequacy of the total allowance after loan losses and loan growth. Loan losses are charged off against the allowance when F&M determines the loan balance to

be uncollectible. Cash received on previously charged off amounts is recorded as a recovery to the allowance. The allowance consists of 2 primary components, general reserves and specific reserves related to impaired loans.

The general component covers non-impaired loans and is based on historical losses adjusted for current factors. The historical loss experience is determined by portfolio segment and is based on a weighted average of the

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actual loss history experienced by F&M over the most recent 3 years. F&M places equal emphasis on all of the quarters in the loss history period. This actual loss experience is adjusted for economic factors based on the risks present for each portfolio segment. These economic factors include consideration of the following: levels of and trends in delinquencies and impaired loans; levels of and trends in charge-offs and recoveries; trends in volume and terms of loans; effects of any changes in management and other relevant staff; national and local economic trends and conditions; industry conditions; and effects of changes in credit concentrations. These factors are inherently subjective and are driven by the repayment risk associated with each portfolio segment.

The loan is considered impaired when, based on current information and events, it is probable that F&M will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record, and the amount of the shortfall in relation to the principal and interest owed. Impairment is generally measured on a loan by loan basis by either the present value of the expected future cash flows discounted at the loan's effective interest rate, the loan's obtainable market price, or the fair value of the collateral if the loan is collateral dependent.

Under certain circumstances, F&M has provided borrowers relief through loan restructuring. A restructuring of debt constitutes a trouble debt restructuring, which we refer to in this section as a TDR, if F&M for economic or legal reasons related to the borrower's financial difficulties grants a concession to the borrower that it would not otherwise consider. Restructured loans typically present an elevated level of credit risk as the borrowers are not able to perform according to the original contractual terms. Loans that are reported as TDRs are considered impaired and measured for impairment as described above. TDR concessions can include reduction of interest rates, extension of maturity dates, forgiveness of principal or interest due, or acceptance of other assets in full or partial satisfaction of the debt. Restructured loans can involve loans remaining on nonaccrual, moving to nonaccrual, or continuing on accrual status, depending on the individual facts and circumstances of the borrower. Nonaccrual restructured loans are included and treated with other nonaccrual loans.

Large groups of smaller balance homogeneous loans are collectively evaluated for impairment. Accordingly, F&M does not separately identify individual consumer and residential loans for impairment disclosures, unless such loans are the subject of a restructuring agreement due to financial difficulties of the borrower.

F&M maintains a separate general valuation allowance for each portfolio segment. These portfolio segments include construction and land development, residential 1-4 family real estate, multi-family real estate, nonfarm nonresidential real estate, agricultural, commercial loans, consumer and other, and SBA guarantee purchase loans.

The allowance for loan losses of \$2.8 million at December 31, 2018 is equal to 2.17% of total loans. This compares to an allowance of \$2.8 million, or 1.98% of total loans, at December 31, 2017. Based on the evaluation of the loan portfolio described above, management has not provided funding for the allowance for the year ended December 31, 2018 and the year ended December 31, 2017. Net recoveries for the year ended December 31, 2018 were \$69,000.

Deposits

F&M's main source of funding is comprised of deposits received from individuals, governmental entities and businesses located within F&M's service area. Deposit accounts include demand deposits, savings, money market and

certificates of deposit. Total deposits have increased \$1.3 million since December 31, 2017. Time deposits decreased \$0.9 million during this period while demand deposits and savings deposits increased

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\$2.2 million. The increase in demand deposits and savings deposits is a result of new account growth during the year, resulting from increased sales efforts related to personal and commercial accounts. As of December 31, 2018 and 2017 F&M had the following brokered deposits (in thousands):

	2018	2017
Brokered Certificates of Deposit	\$ 13,335	\$ 16,358
Reciprocal Deposits classified as brokered		9,803
Total Brokered Deposits	\$ 13,335	\$ 26,161
Reciprocal Deposits not classified as brokered	\$ 16,830	\$

Indebtedness

F&M has an outstanding note with a third-party bank in the amount of \$2.0 million. The note bears interest on the unpaid principal at a fixed rate of 3.5%. The note matures on November 8, 2019. The note had an outstanding balance of \$2.0 million at December 31, 2018 and 2017, respectively.

For additional details relative to F&M debt, see the Audited Consolidated Financial Statements of F&M Notes to Consolidated Financial Statements-December 31, 2018 beginning on page F-9.

Capital

F&M seeks to maintain a strong capital base to support current operations and grow at a manageable level.

As of December 31, 2018, F&M Bank had total risk based capital and Tier I common equity ratios were 17.30% and 12.07%, respectively, as compared to December 31, 2017 ratios of 15.13% and 10.91%, respectively. For F&M Bank these ratios are in excess of required regulatory minimums to be considered well capitalized.

Liquidity

Liquidity is the ability to meet present and future financial obligations through either the sale or maturity of existing assets or the acquisition of additional funds through liability management. Liquid assets include cash, interest-bearing deposits with banks, investments and loans maturing within one year. F&M's ability to obtain deposits and purchase funds at favorable rates determines its liquidity exposure. As a result of F&M's management of liquid assets and the ability to generate liquidity through liability funding, management believes that F&M maintains overall liquidity sufficient to satisfy its depositors' requirements and meet its customers' credit needs.

Additional sources of liquidity available to F&M include, but are not limited to, loan repayments, the ability to obtain deposits through the adjustment of interest rates and the purchasing of federal funds. To further meet its liquidity needs, F&M's subsidiary bank also maintains a line of credit with its primary correspondent financial institution. F&M Bank also has lines of credit with the Federal Home Loan Bank of Chicago that allow for secured borrowings.

Interest Rate Sensitivity

In conjunction with maintaining a satisfactory level of liquidity, management must also control the degree of interest rate risk assumed on the balance sheet. Managing this risk involves regular monitoring of interest sensitive assets relative to interest sensitive liabilities over specific time intervals. F&M monitors its interest rate sensitivity periodically and makes adjustments as needed. There are no off balance sheet items that will impair future liquidity.

As of December 31, 2018, F&M had a cumulative Gap Rate Sensitivity Ratio of 19.79% for the one year repricing period. This generally indicates that earnings would increase in an increasing interest rate environment

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as assets reprice more quickly than liabilities. However, the placement of NOW accounts, Money Market accounts, Savings accounts (Transaction accounts) on the repricing schedule is a key assumption on the interest rate risk position of the company. The GAP report used by the company spreads the rate sensitivity of these transaction accounts through time based on the decay rate assumptions for those products. Management's assessment of the rate sensitivity of these transaction accounts is that they are more rate sensitive than is disclosed on the GAP report and the earnings would decrease in an increasing interest rate environment as liabilities reprice more quickly than assets. Items such as balance sheet leverage, funding needs and competitive factors within the market could dictate the need to raise deposit rates more quickly. Management constantly monitors F&M's interest rate risk and has decided the current position is acceptable for its current capital position.

A summary of asset and liability repricing opportunities is shown in Table II, on page 126.

Effect of Newly Issued Accounting Standards

In June 2016, the FASB approved ASU 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. The main objective of the ASU is to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. To achieve this objective, the amendments in the ASU replace the incurred loss impairment methodology in current GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The ASU is effective for the Bank for the fiscal year beginning after December 15, 2021, and interim periods within that fiscal year. Early adoption is permitted for the fiscal year beginning after December 15, 2018, including interim periods within this fiscal year. The Company is currently evaluating the impact of ASU 2016-13 on the consolidated financial statements.

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606), which does not apply to financial instruments. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The amendments can be applied retrospectively to each prior reporting period or retrospectively with the cumulative effect of initially applying this ASU recognized at the date of initial application. Early application is not permitted. The Company does not expect the impact of ASU 2014-09 to have a material impact on its consolidated financial statements when implemented in 2019.

In January 2016, FASB issued ASU No. 2016-01, Financial Instruments: Recognition and Measurement of Financial Assets and Financial Liabilities, to address certain aspects of recognition, measurement, presentation, and disclosure of financial instruments. This amendment supersedes the guidance to classify equity securities with readily determinable fair values into different categories, requires equity securities to be measured at fair value with changes in the fair value recognized through net income, and simplifies the impairment assessment of equity investments without readily determinable fair values. The amendment requires public business entities that are required to disclose the fair value of financial instruments measured at amortized cost on the balance sheet to measure that fair value using the exit price notion. The amendment requires an entity to present separately in other comprehensive income the portion of the total change in the fair value of a liability resulting from a change in the instrument-specific credit risk when the entity has elected to measure the liability at fair value in accordance with the fair value option. The amendment requires separate presentation of financial assets and financial liabilities by measurement category and form of financial asset on the balance sheet or in the accompanying notes to the financial statements. The amendment reduces diversity in current practice by clarifying that an entity should evaluate the need for a valuation allowance on a deferred tax asset related to available for sale securities in combination with the entity's other deferred tax assets. This amendment is effective for fiscal years beginning after December 15, 2018, including interim periods within

those fiscal years. Entities should apply the amendment by means of a cumulative-effect adjustment as of the beginning of the fiscal

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year of adoption, with the exception of the amendment related to equity securities without readily determinable fair values, which should be applied prospectively to equity investments that exist as of the date of adoption. The Company is currently evaluating the effects this ASU has on its consolidated financial statements.

In February 2018, the FASB issued ASU 2018-02, Income Statement Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income, which requires companies to reclassify the stranded effects in other comprehensive income to retained earnings as a result of the change in the tax rates under the Tax Cuts and Jobs Act, Public Law 115-97 (the 2017 Tax Act). The amendment is effective for fiscal years beginning after December 15, 2018, with early adoption permitted, including adoption in an interim period. The Company early adopted this amendment as of January 1, 2018 and included the impact of the reclassification from other comprehensive income to retained earnings in the consolidated statements of shareholders equity. The Company has evaluated the impact of this ASU on its consolidated financial statements and it did not have a material impact.

Table of Contents**TABLE I****F. & M. Bancorp. of Tomah, Inc. and Subsidiaries Net Interest Margin Analysis****(Dollar Amounts in Thousands) (Unaudited)**

	December 31, 2018			December 31, 2017		
	Average Balance	Income/Expense	Average Rates	Average Balance	Income/Expense	Average Rates
Assets						
Securities	\$ 42,126	\$ 970	2.30%	\$ 47,288	\$ 1,079	2.28%
Loans (1)	129,103	6,651	5.15%	138,455	6,081	4.39%
Interest Bearing Deposits	16,181	241	1.49%	6,088	127	2.09%
Total Interest Earning Assets	\$ 187,410	\$ 7,862	4.20%	\$ 191,831	\$ 7,287	3.80%
Allowance for Loan Losses	(2,830)			(2,800)		
Cash & Cash Equivalents	1,009			748		
Restricted Stock	947			1,125		
Premises and Equipment	1,943			2,202		
Deferred Tax asset Net	1,012			1,200		
Other Assets	5,657			4,950		
Total Assets	\$ 195,148			\$ 199,256		
Liabilities						
NOW & MMDA	77,159	415	0.54%	82,330	304	0.37%
Time Deposits	49,154	554	1.13%	42,979	474	1.10%
Total Interest-bearing Deposits	\$ 126,313	\$ 969	0.77%	\$ 125,309	\$ 778	0.62%
Repurchase Agreements	2	1	2.59%	1,090	48	4.40%
Other Borrowings	2,000	70	3.50%	2,144	72	3.36%
Federal Home Loan Bank Advances	18,500	422	2.28%	23,000	471	2.05%
Total Interest Bearing Liabilities	\$ 146,815	\$ 1,462	1.00%	\$ 151,543	\$ 1,369	0.90%
Non-Interest Bearing Deposits	26,389			27,258		
Other Liabilities	650			569		
Total Liabilities	173,854			179,370		
Shareholder s Equity	21,294			19,886		
Total Liabilities & Equity	\$ 195,148			\$ 199,256		
Net Interest Income		\$ 6,400			\$ 5,918	
Interest Rate Spread (2)			3.20%			2.90%
Net Interest Margin			3.41%			3.09%
Ratio of Interest-earning assets to interest-bearing liabilities		127.65%			126.59%	

- (1) Includes loan fee income, non-accruing loan balances and interest received on such loans.
- (2) Interest rate spread represents the difference between the yield on average interest-earning assets and the cost of average interest-bearing liabilities.

Table of Contents**TABLE II****F. & M. Bancorp. of Tomah, Inc. and Subsidiaries Interest Sensitivity Analysis****December 31, 2018****(In Thousands of Dollars) (Unaudited)**

	Immed	0-3 Months	4-12 Months	1-4 Years	Over 4 Years	Total
<i>Use of Funds</i>						
Interest Bearing Due from Financial Institutions	\$ 3,759	\$	\$	\$	\$	\$ 3,759
Federal Funds Sold	12,595					12,595
Interest Bearing Time Deposits in Other Financial Institutions			496	992		1,488
U.S. Government and Federal Agency Agency Collateralized Mortgage Obligations (CMO)		795	578	1,898	2,879	6,150
Agency Mortgage-Backed Securities		322	833	1,744	1,194	4,093
Municipal Bonds		234	607	1,271	786	2,898
Swaps	2,985	1,711	2,555	11,002	11,059	26,327
Corporate Bonds		452			(2,985)	452
Trust Preferred Securities	940					940
Construction and Land Development Secured by 1-4 Family	1,505	309	1,126	1,884	1,945	6,769
Secured by Multi Family	2,427	1,461	3,135	10,213	3,139	20,375
Secured by Nonfarm Nonresidential Agriculture	829	579	1,243	4,049	1,245	7,945
Commercial Loans	6,679	4,664	10,012	32,617	10,025	63,997
Consumer and Other	680	504	223	678	10	2,095
SBA Guarantee Loans	5,265	1,059	3,860	6,458	6,553	23,195
Non-Accrual Loans	69	172	190			431
Equity Securities	1,322	272	989	1,655	1,707	5,945
	444					444
	947					947
Total RS Assets	\$ 40,377	\$ 12,431	\$ 25,829	\$ 74,651	\$ 37,557	\$ 190,845
<i>Sources of Funds</i>						
Interest Bearing Demand Deposits		3,951	11,853	36,714	23,835	\$ 76,353
Savings Deposits		760	2,280	9,114	3,872	16,026
Certificates of Deposit Less than or equal to \$250,000		3,004	4,699	9,502	234	17,439
Certificates of Deposit Greater than \$250,000		3,136	4,906	9,920	243	18,205
Other Borrowed Funds		1,000	4,000	13,500		18,500
Swaps	(4,000)		4,000			

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Total RS Liabilities	\$ (4,000)	\$ 11,851	\$ 31,738	\$ 78,750	\$ 28,184	\$ 146,523
Periodic Gap	\$ 44,377	\$ 580	\$ (5,909)	\$ (4,099)	\$ 9,373	\$ 44,322
Cumulative Gap	\$ 44,377	\$ 44,957	\$ 39,048	\$ 34,949	\$ 44,322	\$
Ratio of Cumulative Gap to Total Assets	22.49%	22.79%	19.79%	17.71%	22.46%	

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**SECURITY OWNERSHIP OF F&M DIRECTORS, EXECUTIVE OFFICERS
AND CERTAIN BENEFICIAL OWNERS**

The following table shows as of [], 2019, the shares of F&M common stock beneficially owned by F&M s directors, executive officers and owners of more than 5% of the issued and outstanding shares of F&M common stock. Unless otherwise indicated, each director, executive officer or 5% shareholder has sole voting power (or shares such power with his or her spouse or child) with respect to the shares set forth in the following table. The source of information provided in the table is F&M s shareholders records and inquiries to its directors and officers.

Directors, Executive Officers and 5% Shareholders	Amount and Nature of Beneficial Ownership of Common Stock (1)	Ownership as % of Common Stock Outstanding (2)
Marshall Bosworth	1,200	0.55%
Keith Laugen	1,840	0.85%
Robert Mubarak	2,675	1.24%
Vicki Nemitz	4,600	2.12%
Peter Reichardt (3)	5,900	2.68%
John Rose (4)	1,560	0.72%
Terry Winchel (5)	2,300	1.06%
All Directors and Executive Officers as a Group (7 person)	16,075	9.27%
5% Shareholders		
Donald D Kortbein & Norita E Kortbein	12,600	5.82%
Timothy J Kress Family Trust U/A Dated 01/21/2008 (6)	19,360	8.94%
Timothy J Kress Marital Trust U/A Dated 01/21/2008 (6)	5,200	2.40%

Notes:

- (1) In accordance with Rule 13d-3 under the Exchange Act, a person is deemed to be the beneficial owner for purposes of this table, of any shares of our common stock if he or she has or shares voting or investment power with respect to such security, or has a right to acquire beneficial ownership at any time within 60 days from [], 2019. As used herein, "voting power" is the power to vote or direct the voting of shares, and "investment power" is the power to dispose or direct the disposition of shares. The nature of beneficial ownership for shares shown in this column, unless otherwise noted, represents sole voting and investment power.
- (2) Reflects 216,541 shares outstanding as of [], 2019.
- (3) Includes 300 shares held in a 401(k) and stock options for 4,000 shares of F&M common stock. Mr. Reichardt is one of three 401(k) Trustees and has sole voting power.
- (4) Includes 792 shares held in an IRA. The custodian of the IRA has sole voting of these shares.
- (5) Includes 1,240 shares held in an IRA. The custodian of the IRA has sole voting of these shares.
- (6) All shares held in the Timothy J Kress Family Trust U/A Dated 01/21/2008 and the Timothy J Kress Marital Trust U/A Dated 01/21/2008 for which Trust Point, Inc. is the trustee and has voting and investment power. Trust Point, Inc. has the authority to grant voting power to a third party.

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LEGAL MATTERS

Venable, LLP has given its opinion with respect to the validity of the shares of Citizens common stock to be issued in the merger. Certain matters will be passed upon for F&M by Godfrey & Kahn, S.C.

EXPERTS

The consolidated financial statements of Citizens for the transition period ended December 31, 2018 and the fiscal years ended September 30, 2018 and 2017 and management's assessment of the effectiveness of internal control over financial reporting as of December 31, 2018 incorporated in this proxy statement/prospectus by reference to Citizens Transition Report on Form 10-KT for the transition period ended December 31, 2018, have been audited by Baker Tilly Virchow Krause, LLP, an independent registered public accounting firm, as stated in their report, which is incorporated by reference herein. Such consolidated financial statements have been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

The consolidated financial statements of F&M and its subsidiaries as of and for the years ended December 31, 2018 and 2017 have been included herein in reliance upon the report of CliftonLarsonAllen LLP, independent auditor, and upon their authority as experts in accounting and auditing.

OTHER MATTERS

As of the date of this proxy statement/prospectus, the F&M board knows no other matters that will be presented for consideration at the special meeting other than as described in this proxy statement/prospectus. If any other matters properly come before the special meeting, or any adjournment or postponement thereof, and are voted upon, the enclosed proxy will be deemed to confer discretionary authority on the individuals that it names as proxies to vote the shares represented by the proxy as to any of these matters.

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WHERE YOU CAN FIND MORE INFORMATION

Citizens is filing with the SEC this registration statement under the Securities Act of 1933, as amended, to register the issuance of the shares of Citizens common stock to be issued in connection with the merger. This proxy statement/prospectus is a part of that registration statement and constitutes the prospectus of Citizens in addition to being a proxy statement for F&M shareholders. The registration statement, including this proxy statement/prospectus and the attached annexes and exhibits, contains additional relevant information about Citizens, including information about Citizens common stock.

The SEC also maintains an Internet website that contains reports, proxy statements and other information about issuers, such as Citizens, who file electronically with the SEC. The address of the site is <http://www.sec.gov>. The reports, proxy statements and other information filed by Citizens with the SEC are also available at Citizens website at www.ccf.us under the tab Investor Relations, and then under the heading Learn more about Citizens Community Bancorp Inc. The web addresses of the SEC and Citizens are included as inactive textual references only. Except as specifically incorporated by reference into this proxy statement/prospectus, information on those web sites is not part of this proxy statement/prospectus.

The SEC allows Citizens to incorporate by reference the information filed by Citizens with the SEC, which means that Citizens can disclose important information to you by referring you to those documents. The information incorporated by reference is deemed to be part of this document, except for any information that is superseded by information in this document. The documents that are incorporated by reference contain important information about the companies and you should read this document together with any other documents incorporated by reference in this document.

This document incorporates by reference the following documents that have previously been filed with the SEC by Citizens:

Transition Report on Form 10-K for the transition period ended December 31, 2018, filed with the SEC on March 8, 2019 (File No. 001-33003);

Definitive Proxy Statement on Schedule 14A filed with the SEC on April 15, 2019 (File No. 001-33003);
and

Current Reports on Form 8-K or 8-K/A filed with the SEC on January 3, 2019 and January 22, 2019 (File Nos. 001-33003).

In addition, Citizens is incorporating by reference any documents they may file under Section 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this document and prior to the date of the special meeting of the F&M shareholders, provided, however, that Citizens is not incorporating by reference any information furnished (but not filed), except as otherwise specified herein. Nothing in this prospectus shall be deemed to incorporate information furnished to but not filed with the SEC pursuant to Item 2.02 or Item 7.01 of Form 8-K (or corresponding information furnished under Item 9.01 or included as an exhibit).

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Documents incorporated by reference are available from Citizens without charge, excluding any exhibits to those documents unless the exhibit is specifically incorporated by reference as an exhibit in this proxy statement/prospectus. You can obtain documents incorporated by reference in this proxy statement/prospectus by requesting them in writing or by telephone from Citizens at the following address and phone number:

Citizens Community Bancorp, Inc.

2174 EastRidge Center

Eau Claire, WI 54701

(715) 836-9994

If you would like to request documents, please do so by [], 2019, in order to receive them before F&M's special meeting. See **Where You Can Find More Information** beginning on page i for more details on how you can contact Citizens and F&M.

Neither Citizens nor F&M has authorized anyone to give any information or make any representation about the merger or the respective companies that is different from, or in addition to, that contained in this document or in any of the materials that have been incorporated into this document. Therefore, if anyone does give you information of this sort, you should not rely on it. If you are in a jurisdiction where offers to exchange or sell, or solicitations of offers to exchange or purchase, the securities offered by this document or the solicitation of proxies is unlawful, or if you are a person to whom it is unlawful to direct these types of activities, then the offer presented in this document does not extend to you. The information contained in this document speaks only as of the date of this document unless the information specifically indicates that another date applies.

All information regarding Citizens in this proxy statement/prospectus has been provided by Citizens, and all information in this proxy statement/prospectus regarding F&M has been provided by F&M.

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F&M CONSOLIDATED FINANCIAL STATEMENTS

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INDEPENDENT AUDITORS REPORT

Board of Directors

F. & M. Bancorp of Tomah, Inc. and Subsidiary

Tomah, Wisconsin

We have audited the accompanying consolidated financial statements of F. & M. Bancorp of Tomah, Inc. and Subsidiary, which comprise the consolidated balance sheets as of December 31, 2018 and 2017, and the related consolidated statements of income, comprehensive income, changes in stockholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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Board of Directors

F. & M. Bancorp of Tomah, Inc. and Subsidiary

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of F. & M. Bancorp of Tomah, Inc. and Subsidiary as of December 31, 2018 and 2017, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

Minneapolis, Minnesota

March 13, 2019

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Table of Contents**F. & M. BANCORP OF TOMAH, INC. AND SUBSIDIARY****CONSOLIDATED BALANCE SHEETS****DECEMBER 31, 2018 AND 2017**

	2018	2017
ASSETS		
Cash and Due from Financial Institutions	\$ 4,721,770	\$ 4,674,658
Federal Funds Sold	12,595,000	2,156,000
Cash and Cash Equivalents	17,316,770	6,830,658
Interest-Bearing Deposits in Other Financial Institutions	1,487,919	1,487,893
Securities Available-for-Sale at Fair Value (Amortized Cost is \$41,194,744 in 2018 and \$45,350,414 in 2017)	40,860,030	45,552,749
Restricted Stock	946,999	1,124,499
Loans, Net of Allowance for Loan Losses (\$2,831,035 in 2018 and \$2,762,261 in 2017)	127,920,918	136,403,863
Foreclosed Assets		442,709
Premises and Equipment, Net	1,904,620	2,183,566
Accrued Interest Receivable	690,981	761,887
Cash Value of Life Insurance	4,664,505	4,500,636
Deferred Tax Asset, Net	1,004,219	984,392
Other Assets	499,465	428,492
Total Assets	\$ 197,296,426	\$ 200,701,344
LIABILITIES AND STOCKHOLDERS EQUITY		
LIABILITIES		
Deposits:		
Noninterest-Bearing	\$ 26,378,313	\$ 26,411,161
Interest-Bearing	128,023,190	126,659,985
Total Deposits	154,401,503	153,071,146
Repurchase Agreements	2,567	1,089,912
Other Borrowings	2,000,000	2,000,000
Federal Home Loan Bank Advances	18,500,000	23,000,000
Accrued Interest Payable	164,983	138,812
Other Liabilities	787,860	680,159
Total Liabilities	175,856,913	179,980,029
STOCKHOLDERS EQUITY		
Common Stock, \$.25 Par Value, 400,000 Shares Authorized; 380,182 Issued in 2018 and in 2017	95,046	95,046
Treasury Stock, at Cost: 163,636 Shares in 2018 and in 2017	(7,411,862)	(7,411,862)

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Additional Paid-In Capital	2,557,676	2,557,676
Retained Earnings	26,445,709	25,408,962
Accumulated Other Comprehensive Income (Loss)	(247,056)	71,493
Total Stockholders Equity	21,439,513	20,721,315
Total Liabilities and Stockholders Equity	\$ 197,296,426	\$ 200,701,344

See accompanying Notes to Consolidated Financial Statements.

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Table of Contents**F. & M. BANCORP OF TOMAH, INC. AND SUBSIDIARY****CONSOLIDATED STATEMENTS OF INCOME****YEARS ENDED DECEMBER 31, 2018 AND 2017**

	2018	2017
INTEREST AND DIVIDEND INCOME		
Loans, Including Fees	\$ 6,650,780	\$ 6,081,352
Investment Securities	970,108	1,078,847
Federal Funds Sold and Other	241,219	127,258
Total Interest and Dividend Income	7,862,107	7,287,457
INTEREST EXPENSE		
Deposits	968,633	778,338
Federal Funds Purchased and Repurchase Agreements	1,065	48,282
Federal Home Loan Advances and Other Borrowings	491,704	542,654
Total Interest Expense	1,461,402	1,369,274
NET INTEREST INCOME	6,400,705	5,918,183
PROVISION FOR LOAN LOSSES		
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	6,400,705	5,918,183
NONINTEREST INCOME		
Service Charges and Fees	244,046	278,575
Net Gain on Sale of Available-For-Sale Securities	120,267	12,603
Net Gain (Loss) on Sale of Foreclosed Assets	50,415	(7,724)
Net Loss on Disposal of Premise and Equipment	(25,951)	(533)
Net Gain on Sale of Loans	37,787	52,088
Other	477,647	466,208
Total Noninterest Income	904,211	801,217
NONINTEREST EXPENSES		
Compensation and Employee Benefits	3,098,872	2,832,452
Occupancy and Equipment	502,392	511,935
Printing and Office Supplies	657,219	583,944
Advertising	217,591	212,792
Other	1,115,162	1,117,846
Total Noninterest Expenses	5,591,236	5,258,969
INCOME BEFORE INCOME TAXES	1,713,680	1,460,431
INCOME TAX EXPENSE	319,573	523,288

NET INCOME	\$ 1,394,107	\$ 937,143
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See accompanying Notes to Consolidated Financial Statements.

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Table of Contents**F. & M. BANCORP OF TOMAH, INC. AND SUBSIDIARY****CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME****YEARS ENDED DECEMBER 31, 2018 AND 2017**

	2018	2017
NET INCOME	\$ 1,394,107	\$ 937,143
Other Comprehensive Income (Loss):		
Unrealized Gains (Loss) on Available-for-Sale Securities	(215,039)	184,679
Reclassification Adjustment for Gain Realized in Income	(120,267)	(12,603)
Change in Fair Value of Derivative Instruments Designated as Cash Flow Hedges	45,621	66,861
Income Tax Benefit	(28,864)	(3,025)
Total Other Comprehensive Income (Loss)	(318,549)	235,912
TOTAL COMPREHENSIVE INCOME	\$ 1,075,558	\$ 1,173,055

See accompanying Notes to Consolidated Financial Statements.

Table of Contents**F. & M. BANCORP OF TOMAH, INC. AND SUBSIDIARY****CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS EQUITY****YEARS ENDED DECEMBER 31, 2018 AND 2017**

	Common Stock		Treasury Stock		Additional	Retained	Accumulated Other Comprehensive	Total
	Shares	Par Value	Shares	Par Value	Paid-In Capital	Earnings	Income (Loss)	
BALANCE DECEMBER 31, 2016	380,127	\$ 95,032	163,561	\$(7,405,337)	\$ 2,552,905	\$ 24,790,226	\$(164,419)	\$ 19,868,407
Net Income						937,143		937,143
Dividends Paid						(318,407)		(318,407)
Other Comprehensive Income							235,912	235,912
Stock Issued	55	14			4,771			4,785
Stock Repurchased			75	(6,525)				(6,525)
BALANCE DECEMBER 31, 2017	380,182	95,046	163,636	(7,411,862)	2,557,676	25,408,962	71,493	20,721,315
Net Income						1,394,107		1,394,107
Dividends Paid						(357,360)		(357,360)
Other Comprehensive Loss							(318,549)	(318,549)
Stock Issued								
Stock Repurchased								
BALANCE DECEMBER 31, 2018	380,182	\$ 95,046	163,636	\$(7,411,862)	\$ 2,557,676	\$ 26,445,709	\$(247,056)	\$ 21,439,513

See accompanying Notes to Consolidated Financial Statements.

Table of Contents**F. & M. BANCORP OF TOMAH, INC. AND SUBSIDIARY****CONSOLIDATED STATEMENTS OF CASH FLOWS****YEARS ENDED DECEMBER 31, 2018 AND 2017**

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	\$ 1,394,107	\$ 937,143
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Net Realized (Gain) Loss on Sales of Foreclosed Assets	(50,415)	7,724
Depreciation and Amortization	289,638	289,113
Net Amortization of Securities	295,668	286,322
Net Realized Gain on Sales of Available-for-Sale Securities	(120,267)	(12,603)
Net Loss on Sales of Premises and Equipment	25,951	533
Change in Cash Value of Life Insurance	(163,869)	(201,555)
Net Change in:		
Accrued Interest Receivable	70,906	54,434
Accrued Interest Payable	26,171	59,760
Other Assets	25,984	7,741
Deferred and Accrued Income Taxes	47,755	211,533
Other Liabilities	107,701	(122,416)
Net Cash Provided by Operating Activities	1,949,330	1,517,729
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of Restricted Stock	177,500	437,160
Net Change in Interest-Bearing Deposits in Other Financial Institutions	(26)	(25)
Proceeds from Maturities and Calls of Securities Available-for-Sale	5,333,994	5,071,878
Proceeds from Sales of Securities Available-for-Sale	2,031,493	3,334,876
Purchase of Securities Available-for-Sale	(3,331,257)	(2,138,261)
Net Decrease (Increase) in Loans	8,433,121	(8,658,018)
Purchases of Premises and Equipment	(36,643)	(152,377)
Proceeds from Sale of Premise and Equipment		891
Proceeds from Sales of Foreclosed Assets	542,948	50,332
Net Cash Provided (Used) by Investing Activities	13,151,130	(2,053,544)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Increase in Deposits	1,330,357	12,923,952
Federal Home Loan Bank Payments	(4,500,000)	(2,000,000)
Net Change in Repurchase Agreements	(1,087,345)	(10,154,574)
Common Stock Issued		4,785
Dividends Paid	(357,360)	(318,407)
Purchase of Treasury Stock		(6,525)
Net Cash Provided (Used) by Financing Activities	(4,614,348)	449,231

NET CHANGE IN CASH AND CASH EQUIVALENTS	10,486,112	(86,584)
Cash and Cash Equivalents at Beginning of Year	6,830,658	6,917,242

CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 17,316,770	\$ 6,830,658
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SUPPLEMENTAL DISCLOSURE OF CASH AND NONCASH FLOW INFORMATION

Interest Paid on Deposits and Borrowed Funds	\$ 1,435,231	\$ 1,309,514
Income Taxes Paid	\$ 365,553	\$ 227,386
Transfers of Loans to Foreclosed Assets	\$ 49,824	\$ 328,519

See accompanying Notes to Consolidated Financial Statements.

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F. & M. BANCORP OF TOMAH, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

F. & M. Bancorp of Tomah, Inc. and Subsidiary (the Company) is a bank holding company whose principal activity is the ownership and management of its wholly-owned subsidiary Farmers & Merchants Bank (the Bank). The Bank provides a variety of financial services to individuals and businesses including the origination of commercial, mortgage, and consumer loans and receipt of deposits from customers located primarily in Tomah, Wisconsin and the surrounding areas.

The Bank operates under a state charter and provides full banking services. As a state bank, the Bank is subject to regulation by the State, the Federal Reserve Bank, and the Federal Deposit Insurance Company. The Holding Company is subject to regulation by the Federal Reserve Bank.

Principles of Consolidation

The consolidated financial statements include the amounts of F. & M. Bancorp of Tomah, Inc. and its wholly-owned subsidiary, Farmers & Merchants Bank. The Bank is the sole shareholder of F. & M. Investment Corporation of Tomah and sole member of Bobs Holding LLC. The sole purpose of F. & M. Investment Corporation LLC is to hold investment securities. The sole purpose of Bobs Holding LLC is holding real estate and personal property for sale which is obtained through repossession. All significant intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Material estimates that are particularly susceptible to significant change in the near term include the valuation of available-for-sale securities, determination of the allowance for loan losses, and deferred tax assets.

Concentrations of Credit Risk

Most of the Company's activities are with customers located within the Tomah, Wisconsin area. Note 3 discusses the types of securities that the Company invests in. Note 4 discusses the types of lending that the Company engages in.

Cash and Cash Equivalents

For purposes of the consolidated balance sheets and consolidated statements of cash flows, cash and cash equivalents include cash and balances due from banks, federal funds sold, and securities purchased under agreements to resell, all of which have an original maturity within 90 days. Cash flows from loans and deposits are reported net.

Interest-Bearing Deposits in Banks

Interest-bearing deposits in banks are carried at cost and have maturities less than 3 years.

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F. & M. BANCORP OF TOMAH, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Securities

Debt securities are classified as available-for-sale and are carried at fair value with unrealized gains and losses reported in other comprehensive income (loss). Realized gains and losses on securities available-for-sale are included in noninterest income and, when applicable, are reported as a reclassification adjustment, net of tax, in other comprehensive income (loss). Gains and losses on sales of securities are determined using the specific identification method on the trade date. The amortization of premiums and accretion of discounts are recognized in interest income using methods approximating the interest method over the period to maturity.

Declines in the fair value of individual available-for-sale securities below their cost that are other than temporary result in write-downs of the individual securities to their fair value. The Company monitors the investment security portfolio for impairment on an individual security basis and has a process in place to identify securities that could potentially have a credit impairment that is other than temporary. This process involves analyzing the length of time and the extent to which the fair value has been less than the amortized cost basis, the market liquidity for the security, the financial condition and near-term prospects of the issuer, expected cash flows, and the Company's intent and ability to hold the investment for a period of time sufficient to recover the temporary loss. The ability to hold is determined whether it is more likely than not that the Company will be required to sell the security before its anticipated recovery. A decline in value due to a credit event that is considered other than temporary is recorded as a loss in noninterest income. The Company did have one security which was deemed to have a decline in fair value which was other than a temporary decline in 2018.

Restricted Stock, at Cost

The Bank is a member of the Federal Home Loan Bank of Chicago (FHLB) and the Bankers' Bank system. Members are required to own a certain amount of stock based on the level of borrowings and other factors, and may invest in additional amounts. Restricted stock is carried at cost and periodically evaluated for impairment. Because this stock is viewed as a long-term investment, impairment is based on ultimate recovery at par value. Both cash and stock dividends are reported as income.

Loans

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or pay-off generally are reported at their outstanding unpaid principal balances adjusted for charge-offs, and the allowance for loan losses.

Interest income is accrued on the unpaid principal balance. The Company has determined the application of guidance in the nonrefundable fees and other costs standard regarding the deferral of loan origination fees and direct loan origination costs, does not have a material effect on its consolidated financial statements. As such, these fees and costs have been recognized during the period they are collected and incurred, respectively.

The accrual of interest is discontinued at the time the loan is 90 days past due unless the credit is well secured and in process of collection. Past due status is based on contractual terms of the loan. In all cases, loans are placed on nonaccrual or charged-off at an earlier date if collection of principal or interest is considered doubtful.

All interest accrued but not collected for loans that are placed on nonaccrual or charged off is reversed against interest income. The interest on these loans is accounted for on the cash-basis or cost-recovery method, until

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F. & M. BANCORP OF TOMAH, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

qualifying for return to accrual. The cash-basis is used when a determination has been made that the principal and interest of the loan is collectible. If collectability of the principal and interest is in doubt, payments are applied to loan principal. The determination of ultimate collectability is supported by a current, well-documented credit evaluation of the borrower's financial condition and prospects for repayment, including consideration of the borrower's sustained historical repayment performance and other relevant factors. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current, the borrower has demonstrated a period of sustained performance, and future payments are reasonably assured. A sustained period of repayment performance generally would be a minimum of six months.

Allowance for Loan Losses

The allowance for loan losses (allowance) is an estimate of loan losses inherent in the Company's loan portfolio. The allowance is established through a provision for loan losses which is charged to expense. Additions to the allowance are expected to maintain the adequacy of the total allowance after loan losses and loan growth. Loan losses are charged off against the allowance when the Company determines the loan balance to be uncollectible. Cash received on previously charged off amounts is recorded as a recovery to the allowance.

The allowance consists of three primary components, general reserves, specific reserves related to impaired loans, and unallocated reserves. The general component covers nonimpaired loans and is based on historical losses adjusted for current factors. The historical loss experience is determined by portfolio segment and is based on the actual loss history experienced by the Company over the most recent two years. This actual loss experience is adjusted for economic factors based on the risks present for each portfolio segment. These economic factors include consideration of the following: change in lending policies and procedures; change in economic and industry conditions; change in the nature, volume, and terms of the portfolios; change in lending personnel; change in nature and volume of past due, nonaccrual, and/or classified loans; change in quality of loan review function; change in underlying collateral values; change in concentrations of credit; and change in legal and regulatory requirements. These factors are inherently subjective and are driven by the repayment risk associated with each portfolio segment.

A loan is considered impaired when, based on current information and events, it is probable that the Company will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. Loans determined to be impaired are individually evaluated for impairment. When a loan is impaired, the Company measures impairment based on the present value of expected future cash flows discounted at the original contractual interest rate, except that as a practical expedient, it may measure impairment based on an observable market price, or the fair value of the collateral if collateral dependent. A loan is collateral dependent if the repayment is expected to be provided solely by the underlying collateral.

Allowance allocations other than general and specific are included in the unallocated portion. While allocations are made for loans based upon historical loss analysis, the unallocated portion is designed to cover the uncertainty of how current economic conditions and other uncertainties may impact the existing loan portfolio. Factors to consider include national and state economic conditions such as increases in unemployment and the real estate lending crisis. The unallocated reserve addresses inherent probable losses not included elsewhere in the allowance for loan losses. While calculating allocated reserve, the unallocated reserve supports uncertainties within the loan portfolio.

Under certain circumstances, the Company will provide borrowers relief through loan restructurings. A restructuring of debt constitutes a troubled debt restructuring (TDR) if the Company for economic or legal

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F. & M. BANCORP OF TOMAH, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

reasons related to the borrower's financial difficulties grants a concession to the borrower that it would not otherwise consider. Restructured loans typically present an elevated level of credit risk as the borrowers are not able to perform according to the original contractual terms. Loans that are reported as TDRs are considered impaired and measured for impairment as described above in the calendar year of the restructuring. In subsequent years, a restructured loan may cease being classified as impaired if the loan was modified at a market rate and is performing according to the modified terms. TDR concessions can include reduction of interest rates, extension of maturity dates, forgiveness of principal or interest due, or acceptance of other assets in full or partial satisfaction of the debt. Restructured loans can involve loans remaining on nonaccrual, moving to nonaccrual, or continuing on accrual status, depending on the individual facts and circumstances of the borrower. Nonaccrual restructured loans are included and treated with other nonaccrual loans.

The Company assigns a risk rating to all loans and periodically performs detailed internal reviews of all such loans over a certain threshold to identify credit risks and to assess the overall collectability of the portfolio. These risk ratings are also subject to examination by the Company's regulators. During the internal reviews, management monitors and analyzes the financial condition of borrowers and guarantors, trends in the industries in which the borrowers operate and the fair values of collateral securing the loans. These credit quality indicators are used to assign a risk rating to each individual loan.

The risk ratings can be grouped into six major categories, defined as follows:

Pass: A pass loan is a credit with no existing or known potential weaknesses deserving of management's close attention.

Management Attention: Borrower has potential weaknesses resulting from performance trends or management concerns. The financial condition of the borrower has taken a negative turn and may be temporarily strained. Cash flow may be weak; cash reserves remain adequate to meet near-term debt service, but may not be adequate for long-term coverage. Collateral coverage may currently be adequate. Borrower's management weakness is evident. Loans rated management attention are not considered watch listed, criticized, or classified assets.

Special Mention: A Special Mention loan has potential weaknesses that deserve management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the asset or in the Company's credit position at some future date. Special mention assets are not adversely classified and do not expose an institution to sufficient risk to warrant adverse classification. Borrowers may be experiencing adverse operating trends or an ill-proportioned balance sheet. Adverse economic or market conditions, such as interest rate increases or the entry of a new competitor, may also support a special mention rating. Nonfinancial reasons for rating a credit exposure special mention include borrower's management problems, pending litigation, an ineffective loan agreement

or other material structural weakness, and any other significant deviation from prudent lending practices.

Substandard: Loans classified as substandard are not adequately protected by the current net worth and paying capacity of the borrower or of the collateral pledged, if any. Loans classified as substandard have a well-defined weakness or weaknesses that jeopardize the repayment of the debt. Well-defined weaknesses include a borrower's lack of marketability, inadequate cash flow, or collateral support, failure to complete construction on time, or the failure to fulfill economic expectations. These loans are characterized by the distinct possibility that the Company will sustain some loss if the deficiencies are not corrected.

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F. & M. BANCORP OF TOMAH, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Doubtful: Loans classified as doubtful have all the weaknesses inherent in those classified as substandard, with the added characteristic that the weaknesses make collection or repayment in full, on the basis of currently existing facts, conditions, and values, highly questionable and improbable.

Loss: Loans classified as loss are considered uncollectible and are charged off immediately.

The Company maintains a separate general valuation allowance for each portfolio segment. These portfolio segments include construction and land development, 1-4 family and multi-family residential real estate, nonfarm nonresidential real estate, agricultural, commercial loans, consumer and other, and SBA guaranteed purchased loans with risk characteristics described as follows:

Construction and Land Development: Construction and land development loans generally possess a higher inherent risk of loss than other real estate portfolio segments. A major risk arises from the necessity to complete projects within a specified cost and time line. Trends in the construction industry significantly impact the credit quality of these loans, as demand drives construction activity. In addition, trends in real estate values significantly impact the credit quality of these loans, as property values determine the economic viability of construction projects.

1-4 Family and Multi-Family Residential Real Estate: The degree of risk in residential mortgage lending depends primarily on the loan amount in relation to collateral value, the interest rate, and the borrower's ability to repay in an orderly fashion. These loans generally possess a lower inherent risk of loss than other real estate portfolio segments. Economic trends determined by unemployment rates and other key economic indicators are closely correlated to the credit quality of these loans.

Nonfarm Nonresidential Real Estate: The nonfarm nonresidential real estate portfolio is comprised of commercial real estate loans which generally possess a higher inherent risk of loss than other real estate portfolio segments, except construction and land development loans. Adverse economic developments or an overbuilt market impact commercial real estate projects and may result in troubled loans. Trends in vacancy rates of commercial properties impact the credit quality of these loans. High vacancy rates reduce operating revenues and the ability for the properties to produce sufficient cash flow to service debt obligations.

Agricultural: Loans to individuals secured by farmland or farm equipment generally possesses a higher risk compared to other portfolios as the repayment of the credit is dependent upon an existing farming operation. Trends in the agriculture industry have a significant impact on the credit quality of these loans as input and output costs factor heavily in the success of farming operations.

Commercial Loans: Commercial loans generally possess a lower inherent risk of loss than real estate portfolio segments because these loans are generally underwritten to existing cash flows of operating businesses. Debt coverage is provided by business cash flows and economic trends influenced by unemployment rates and other key economic indicators are closely correlated to the credit quality of these loans.

Consumer and Other: The consumer and other loan portfolios are usually comprised of a large number of small loans. Most loans are made directly for consumer purchases and student loans. Economic trends determined by unemployment rates and other key economic indicators are closely correlated to the credit quality of these loans.

SBA Guaranteed Purchase: Commercial SBA loans generally possess a lower inherent risk of loss than other commercial and real estate portfolio segments because these loans are generally underwritten to existing cash

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

flows of operating businesses and are guaranteed by the Small Business Administration (SBA). The SBA guarantees that these loans will be repaid, thus eliminating some of the risk to the lending partners. Economic trends influenced by unemployment rates and other key economic indicators are closely related to the credit quality of these loans.

Although management believes the allowance to be adequate, ultimate losses may vary from its estimates. At least quarterly, the board of directors reviews the adequacy of the allowance, including consideration of the relevant risks in the portfolio, current economic conditions, and other factors. If the board of directors and management determine changes are warranted based on those reviews, the allowance is adjusted. In addition, the Company's primary regulator reviews the adequacy of the allowance. The regulatory agencies may require additions to the allowance based on their judgment about information available at the time of their examinations.

Foreclosed Assets

Assets acquired through, or in lieu of, loan foreclosure are held for sale and are initially recorded at fair value less estimated selling cost at the date of foreclosure, establishing a new cost basis. Any write-downs based on the asset's fair value at the date of acquisition are charged to the allowance for loan losses. Subsequent to foreclosure, valuations are periodically performed by management and the assets held for sale are carried at the lower of the new cost basis or fair value less cost to sell. This evaluation is inherently subjective and requires estimates that are susceptible to significant revisions as more information becomes available.

Impairment losses on assets to be held and used are measured at the amount by which the carrying amount of a property exceeds its fair value. Costs of significant asset improvements are capitalized, whereas costs relating to holding assets are expensed. Revenue and expenses from operations and changes in the valuation allowance are included in net expenses from foreclosed assets.

Premises and Equipment

Land is carried at cost. Other premises and equipment are carried at cost net of accumulated depreciation. Depreciation is computed on the straight-line method based principally on the estimated useful lives of the assets. Maintenance and repairs are expensed as incurred while major additions and improvements are capitalized. Gains and losses on dispositions are included in noninterest income.

Impairment of Long-Lived Assets

The Company tests long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a

comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or fair value less estimated costs to sell.

Transfers of Financial Assets and Participating Interests

Transfers of an entire financial asset or a participating interest in an entire financial asset are accounted for as sales when control over the assets has been surrendered. Control over transferred assets is deemed to be

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F. & M. BANCORP OF TOMAH, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

surrendered when (1) the assets have been isolated from the Company, (2) the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and (3) the Company does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity.

The transfer of a participating interest in an entire financial asset must also meet the definition of a participating interest. A participating interest in a financial asset has all of the following characteristics: (1) from the date of transfer, it must represent a proportionate (pro rata) ownership interest in the financial asset, (2) from the date of transfer, all cash flows received, except any cash flows allocated as any compensation for servicing or other services performed, must be divided proportionately among participating interest holders in the amount equal to their share ownership, (3) the rights of each participating interest holder must have the same priority, (4) no party has the right to pledge or exchange the entire financial asset unless all participating interest holders agree to do so.

Bank Owned Life Insurance

The Company has purchased life insurance policies on certain key executives. Bank owned life insurance is recorded at its cash surrender value, or the amount that can be realized, if lower.

Advertising Costs

Advertising costs are expensed as incurred.

Securities Sold Under Agreements to Repurchase

Securities sold under agreements to repurchase generally mature within one to four days from the transaction date. Securities sold under agreements to repurchase are reflected at the amount of cash received in connection with the transaction. The Company may be required to provide additional collateral based on the fair value of the underlying securities.

Income Taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the consolidated financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

These calculations are based on many complex factors including estimates of the timing of reversals of temporary differences, the interpretation of federal and state income tax laws, and a determination of the differences between the tax and the financial reporting basis of assets and liabilities. Actual results could differ significantly from the estimates and interpretations used in determining the current and deferred income tax liabilities.

Under accounting principles generally accepted in the United States of America, a valuation allowance is required to be recognized if it is more likely than not that the deferred tax asset will not be realized. The

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F. & M. BANCORP OF TOMAH, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

determination of the ability to realize the deferred tax assets is highly subjective and dependent upon judgment concerning management's evaluation of both positive and negative evidence, the forecasts of future income, applicable tax planning strategies, and assessments of the current and future economic and business conditions.

The Company follows the provision of accounting for uncertainty in income taxes. The Company can recognize in the consolidated financial statements the impact of a tax position taken, or expected to be taken, if it is more likely than not that the tax position taken will be sustained on audit based on the technical merit of the position. The Company has evaluated its tax position and determined that it has no uncertain tax positions at December 31, 2018 and 2017.

The Company files consolidated federal and state income tax returns and it is not subject to federal or state income tax examinations for taxable years prior to 2015.

Interest Rate Swap Agreements

Interest rate swap agreements are recognized as either assets or liabilities and are measured at fair value. The Company utilizes interest rate swap agreements to manage its interest rate risk on fixed rate municipal securities and variable rate debt. They are not used for speculative purposes. Terms of the instruments are structured with the intent of achieving a high degree of hedge effectiveness.

The changes in fair value of the interest rate swap agreements are recognized in earnings or in other comprehensive income, depending on the use of the swap and whether it qualifies for hedge accounting. A derivative that does not qualify, or is not designated, as a hedge will be reflected at fair value, with changes in value recognized in income.

The effective portion of the changes in fair values of derivatives that qualify as cash flow hedges are recorded in other comprehensive income. Amounts receivable or payable under the swap agreements are reclassified from other comprehensive income to net income as an adjustment to the expense of the related transaction. These amounts are included in the consolidated statements of income as interest expense.

Comprehensive income (loss) and its components are required to be presented for each year a statement of income is presented. The only components included in other comprehensive income (loss) for the Company are the net unrealized gain (loss) on available-for-sale securities and its interest rate swap agreements.

Comprehensive Income (Loss)

Recognized revenue, expenses, gains, and losses are included in net income. Certain changes in assets and liabilities, such as unrealized gains and losses on securities available for sale, are reported as a separate component of the equity

section of the consolidated balance sheet and such items, along with net income, are components of comprehensive income (loss).

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Table of Contents**F. & M. BANCORP OF TOMAH, INC. AND SUBSIDIARY****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****DECEMBER 31, 2018 AND 2017****NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The pre-tax amounts of gain (loss) on sale of available-for-sale securities and other-than-temporary impairment reclassified from accumulated other comprehensive income (loss) are included in noninterest income.

	Gains and Losses on Cash Flow Hedges	Unrealized Gains and Losses on Available-for- Sale Securities	Total
December 31, 2016	\$ (20,067)	\$ (144,352)	\$ (164,419)
Other comprehensive income	(55,639)	291,551	235,912
December 31, 2017	\$ (75,706)	\$ 147,199	\$ 71,493
Other comprehensive income	71,745	(390,294)	(318,549)
December 31, 2018	\$ (3,961)	\$ (243,095)	\$ (247,056)

Fair Value

The Company categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement.

Assets and liabilities valued at fair value are categorized based on the inputs to the valuation techniques as follows:

Level 1 Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity has the ability to access.

Level 2 Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial

instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

Subsequent to initial recognition, the Company may remeasure the carrying value of assets and liabilities measured on a nonrecurring basis to fair value. Adjustments to fair value usually result when certain assets are impaired. Such assets are written down from their carrying amounts to their fair value.

Professional standards allow entities the irrevocable option to elect to measure certain financial instruments and other items at fair value for the initial and subsequent measurement on an instrument-by-instrument basis. The Company has not elected to measure any existing financial instruments at fair value under the fair value option; however, it may elect to measure newly acquired financial instruments at fair value in the future.

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F. & M. BANCORP OF TOMAH, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassification

Certain amounts in the 2017 consolidated financial statements have been reclassified to conform to the 2018 presentation.

New Accounting Standards

In June 2016, the FASB approved ASU 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. The main objective of the ASU is to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. To achieve this objective, the amendments in the ASU replace the incurred loss impairment methodology in current GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The ASU is effective for the Bank for the fiscal year beginning after December 15, 2021, and interim periods within that fiscal year. Early adoption is permitted for the fiscal year beginning after December 15, 2018, including interim periods within this fiscal year. The Company is currently evaluating the impact of ASU 2016-13 on the consolidated financial statements.

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606), which does not apply to financial instruments. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The amendments can be applied retrospectively to each prior reporting period or retrospectively with the cumulative effect of initially applying this ASU recognized at the date of initial application. Early application is not permitted. The Company does not expect the impact of ASU 2014-09 to have a material impact on its consolidated financial statements when implemented in 2019.

In January 2016, FASB issued ASU No. 2016-01, Financial Instruments: Recognition and Measurement of Financial Assets and Financial Liabilities, to address certain aspects of recognition, measurement, presentation, and disclosure of financial instruments. This amendment supersedes the guidance to classify equity securities with readily determinable fair values into different categories, requires equity securities to be measured at fair value with changes in the fair value recognized through net income, and simplifies the impairment assessment of equity investments without readily determinable fair values. The amendment requires public business entities that are required to disclose the fair value of financial instruments measured at amortized cost on the balance sheet to measure that fair value using the exit price notion. The amendment requires an entity to present separately in other comprehensive income the portion of the total change in the fair value of a liability resulting from a change in the instrument-specific credit risk when the entity has elected to measure the liability at fair value in accordance with the fair value option. The

amendment requires separate presentation of financial assets and financial liabilities by measurement category and form of financial asset on the balance sheet or in the accompanying notes to the financial statements. The amendment reduces diversity in current practice by clarifying that an entity should evaluate the need for a valuation allowance on a deferred tax asset related to available for sale securities in combination with the entity's other deferred tax assets. This amendment is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Entities should apply the amendment by means of a cumulative-effect adjustment as of the beginning of the fiscal year of adoption, with the exception of the amendment related to equity securities without readily determinable fair values, which should be applied prospectively to equity investments that exist as of the date of adoption. The Company is currently evaluating the effects this ASU has on its consolidated financial statements.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In February 2018, the FASB issued ASU 2018-02, Income Statement Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income, which requires companies to reclassify the stranded effects in other comprehensive income to retained earnings as a result of the change in the tax rates under the Tax Cuts and Jobs Act, Public Law 115-97 (the 2017 Tax Act). The amendment is effective for fiscal years beginning after December 15, 2018, with early adoption permitted, including adoption in an interim period. The Company early adopted this amendment as of January 1, 2018 and included the impact of the reclassification from other comprehensive income to retained earnings in the consolidated statements of shareholders equity. The Company has evaluated the impact of this ASU on its consolidated financial statements and it did not have a material impact.

Subsequent Events

In preparing these consolidated financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through March 13, 2019, the date the consolidated financial statements were available to be issued.

On January 21, 2019, F. & M. Bancorp of Tomah, Inc. entered into an Agreement and Plan of Merger with Citizens Community Bancorp, Inc., pursuant to which F. & M. Bancorp of Tomah, Inc. will merge into Citizens Community Bancorp, Inc., with Citizens Community Bancorp, Inc. as the surviving corporation. At the time of the bank merger, the Bank's banking offices will become branches of Citizens Community Bancorp, Inc. The Merger is anticipated to be completed in mid-2019, and is subject to the satisfaction of customary closing conditions contained in the Agreement and Plan of Merger, including the approval of the appropriate regulatory authorities and the stockholders of F. & M. Bancorp of Tomah, Inc.

NOTE 2 INTEREST-BEARING DEPOSITS IN OTHER FINANCIAL INSTITUTIONS

Interest-bearing deposits in other financial institutions for the years ended December 31, 2018 and 2017 was \$1,487,919 and \$1,487,893, respectively, and mature between zero and three years.

Table of Contents**F. & M. BANCORP OF TOMAH, INC. AND SUBSIDIARY****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****DECEMBER 31, 2018 AND 2017****NOTE 3 SECURITIES**

The amortized cost of securities and their approximate fair values as of December 31 are as follows:

		2018		
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
December 31, 2018				
<u>Securities Available-for-Sale</u>				
U.S. Government and Federal Agency Agency Collateralized Mortgage	\$ 6,215,856	\$ 16,381	\$ (81,918)	\$ 6,150,319
Obligations (CMO)	4,119,751	5,877	(32,360)	4,093,268
Agency Mortgage-Backed Securities	3,002,424	1,902	(106,749)	2,897,577
Municipal Bonds	26,392,125	89,587	(154,780)	26,326,932
Corporate Bonds	500,000		(48,020)	451,980
Trust Preferred Securities	964,588		(24,634)	939,954
Total Securities Available-for-Sale	\$ 41,194,744	\$ 113,747	\$ (448,461)	\$ 40,860,030

		2017		
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
December 31, 2017				
<u>Securities Available-for-Sale</u>				
U.S. Government and Federal Agency Agency Collateralized Mortgage	\$ 7,555,827	\$ 33,145	\$ (71,651)	\$ 7,517,321
Obligations (CMO)	1,748,522	479	(37,504)	1,711,497
Agency Mortgage-Backed Securities	3,875,063	4,228	(68,154)	3,811,137
Corporate Mortgage-Backed Securities	1,891,950	114,187	(31,953)	1,974,184
Municipal Bonds	28,779,052	338,351	(82,592)	29,034,811
Corporate Bonds	500,000	3,799		503,799

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Trust Preferred Securities	1,000,000			1,000,000
Total Securities Available-for-Sale	\$ 45,350,414	\$ 494,189	\$ (291,854)	\$ 45,552,749

The amortized cost and approximate fair value of securities as of December 31, 2018, by contractual maturity, are as follows:

	Amortized Cost	Fair Value
<u>Available-for-Sale Securities Maturing in:</u>		
One Year or Less	\$ 3,796,733	\$ 3,795,098
After One Year Through Five Years	17,176,977	17,095,909
After Five Years Through Ten Years	4,756,117	4,726,813
After Ten Years	2,126,886	2,101,046
	27,856,713	27,718,866
Mortgage-Backed Securities and CMOs	7,122,175	6,990,845
SBA Bonds	6,215,856	6,150,319
	\$ 41,194,744	\$ 40,860,030

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Table of Contents**F. & M. BANCORP OF TOMAH, INC. AND SUBSIDIARY****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****DECEMBER 31, 2018 AND 2017****NOTE 3 SECURITIES (CONTINUED)**

Expected maturities will differ from contractual maturities because issuers may have the right to call or prepay obligations with or without call or prepayment penalties. Maturities of mortgage-backed securities and CMOs, and SBA Bonds are not readily determinable since they may be prepaid without penalty.

Available-for-sale securities with market values of approximately \$8,771,711 and \$19,848,930 at December 31, 2018 and 2017, respectively, were pledged to secure public deposits, borrowings, and for other purposes as required or permitted by law.

Sales of securities available-for-sale were as follows for the years ended December 31:

	2018	2017
Proceeds from Sale	\$ 2,031,493	\$ 3,334,876
Gross Realized Gains	199,526	14,406
Gross Realized Losses	(79,259)	(1,803)

Information pertaining to securities with gross unrealized losses at December 31, 2018 and 2017 aggregated by investment category and length of time that individual securities have been in a continuous loss position, follows:

	Less than 12 Months		Over 12 months		Total Gross Unrealized Losses
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	
December 31, 2018					
<u>Securities Available-for-Sale</u>					
U.S. Government and Federal Agency	\$	\$	\$ 4,528,544	\$ (81,918)	\$ (81,918)
Agency CMO	1,863,917	(3,574)	1,272,203	(28,786)	(32,360)
Agency Mortgage-Backed Securities			2,830,488	(106,749)	(106,749)
Municipal Bonds	3,008,594	(19,311)	10,356,629	(135,469)	(154,780)
Corporate Bonds	451,980	(48,020)			(48,020)
Trust Preferred Securities	939,954	(24,634)			(24,634)
Total Securities Available-for-Sale	\$ 6,264,445	\$ (95,539)	\$ 18,987,864	\$ (352,922)	\$ (448,461)

	Less than 12 Months		Over 12 months		Total Gross Unrealized Losses
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	
December 31, 2017					
<u>Securities Available-for-Sale</u>					
U.S. Government and Federal Agency	\$ 1,531,555	\$ (9,551)	\$ 3,283,092	\$ (62,100)	\$ (71,651)
Agency CMO			1,632,710	(37,504)	(37,504)
Agency Mortgage-Backed Securities			3,652,335	(68,154)	(68,154)
Corporate Mortgage-Backed Securities			609,305	(31,953)	(31,953)
Municipal Bonds	9,784,179	(46,599)	1,903,172	(35,993)	(82,592)
Corporate Bonds					
Trust Preferred Securities					
Total Securities Available-for-Sale	\$ 11,315,734	\$ (56,150)	\$ 11,080,614	\$ (235,704)	\$ (291,854)

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F. & M. BANCORP OF TOMAH, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

NOTE 3 SECURITIES (CONTINUED)

U.S. Government, Federal Agency, and Corporate Bonds

These unrealized losses are a result of expected fluctuations in the bond market. In analyzing an issuer's financial condition, management considers whether the securities are issued by the federal government or its agencies, whether downgrades by bond rating agencies have occurred, and industry analysts' reports. The decline in value of these securities is deemed to be temporary.

Collateralized Mortgage Obligations and Mortgage-Backed Securities

The unrealized losses associated with collateralized mortgage obligations and mortgage-backed securities were caused by interest rate increases. The Company purchased those investments at a discount relative to their face amount, and the contractual cash flows of those investments are guaranteed by an agency of the U.S. government. Accordingly, it is expected that the securities would not be settled at a price less than the amortized cost bases of the Company's investments. The decline in market value is attributable to changes in interest rates and not credit quality. The Company does not intend to sell the investments, and it is not more likely than not that the Company will be required to sell the investments before recovery of their amortized cost bases, which may be maturity.

Municipal Bonds

The unrealized losses on investments in municipal bonds relate to investments in municipalities within the United States. The Company currently does not believe it is probable that it will be unable to collect all amounts due according to the contractual terms of the investments. The Company does not intend to sell the investments and it is not likely that the Company will be required to sell the investments before recovery of par value, which may be maturity. The decline in value of these securities is deemed to be temporary.

Trust Preferred Security

The unrealized losses on investments in trust preferred securities relate to investments in trust preferred securities within the United States. The Company currently does not believe it is probable that it will be unable to collect all amounts due according to the contractual terms of the investments. The company has agreed to market these securities for sale pursuant to the proposed merger with Citizens Community Federal.

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F. & M. BANCORP OF TOMAH, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 4 LOANS

Loans as of December 31 are summarized as follows:

	2018	2017
Construction and Land Development	\$ 6,768,628	\$ 3,115,311
Secured by 1-4 Family	20,374,952	19,525,057
Secured by Multi-Family	7,945,027	15,371,384
Secured by Nonfarm Nonresidential	63,996,750	72,513,237
Agricultural	2,094,550	2,281,859
Commercial Loans	23,195,308	18,743,771
Consumer and Other	431,251	1,129,440
SBA Guarantee Purchase	5,945,487	6,486,065
	130,751,953	139,166,124
Allowance for Loan Losses	(2,831,035)	(2,762,261)
Loans, Net	\$ 127,920,918	\$ 136,403,863

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F. & M. BANCORP OF TOMAH, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

NOTE 4 LOANS (CONTINUED)

The allowance for loan losses and recorded investment in loans for the years ended December 31 approximated the following:

Construction Land Dev	Secured by 1-4 Family	Secured by Multi-Family	Nonfarm Nonresidential	Agricultural and Farmland	Commercial Loans	Consumer and Other	SBA Guarantee Purchase	Unallocated
\$ 34,000	\$ 516,000	\$ 184,000	\$ 1,172,000	\$ 167,000	\$ 502,000	\$ 10,000	\$	\$ 177,000
26,000	(222,000)	176,000	69,000	16,000	(121,000)	1,000		55,000
	(39,000)				(9,000)	(4,000)		
14,000					107,000			
\$ 74,000	\$ 255,000	\$ 360,000	\$ 1,241,000	\$ 183,000	\$ 479,000	\$ 7,000	\$	\$ 232,000
\$	\$ 165,000	\$ 265,000	\$ 445,000	\$ 157,000	\$ 84,000	\$	\$	\$
\$ 74,000	\$ 90,000	\$ 95,000	\$ 796,000	\$ 26,000	\$ 395,000	\$ 7,000	\$	\$ 232,000

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The following tables show the loans allocated by management's internal risk ratings:

	Loan Portfolio by Risk Rating				Total
	Pass	Management Attention	Special Mention	Substandard	
December 31, 2018					
Construction and Land					
Development	\$ 6,768,628	\$	\$	\$	\$ 6,768,628
Secured by 1-4 Family	17,564,948	300,141	1,922,747	587,116	20,374,952
Secured by Multi-Family	6,453,947			1,491,080	7,945,027
Secured by Nonfarm					
Nonresidential	60,509,787	1,037,870	1,068,504	1,380,589	63,996,750
Agricultural	545,576	1,103,305		445,669	2,094,550
Commercial Loans	19,520,947	3,487,148	26,686	160,527	23,195,308
Consumer and Other	403,134	28,117			431,251
SBA Guarantee Loans	5,945,487				5,945,487
Total	\$ 117,712,454	\$ 5,956,581	\$ 3,017,937	\$ 4,064,981	\$ 130,751,953

	Loan Portfolio by Risk Rating				Total
	Pass	Management Attention	Special Mention	Substandard	
December 31, 2017					
Construction and Land					
Development	\$ 3,115,311	\$	\$	\$	\$ 3,115,311
Secured by 1-4 Family	16,745,579	446,832	1,322,093	1,010,553	19,525,057
Secured by Multi-Family	13,071,894		2,299,490		15,371,384
Secured by Nonfarm					
Nonresidential	65,995,154	4,288,782	908,548	1,320,753	72,513,237
Agricultural	642,049	1,191,444		448,366	2,281,859
Commercial Loans	18,174,218	229,780		339,773	18,743,771
Consumer and Other	1,088,941	19,293	21,206		1,129,440
SBA Guarantee Loans	6,486,065				6,486,065

Total	\$ 125,319,211	\$ 6,176,131	\$ 4,551,337	\$ 3,119,445	\$ 139,166,124
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Table of Contents**F. & M. BANCORP OF TOMAH, INC. AND SUBSIDIARY****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****DECEMBER 31, 2018 AND 2017****NOTE 4 LOANS (CONTINUED)**

The following tables show the aging analysis of the loan portfolio by time past due:

	Accruing Interest			Total Nonaccrual	Total Loans
	Current	30-89 Days Past Due	More Than 90 Days Past Due		
December 31, 2018					
Construction and Land Development	\$ 6,649,500	\$ 119,128	\$	\$	\$ 6,768,628
Secured by 1-4 Family	20,026,484	12,744		335,724	20,374,952
Secured by Multi-Family	6,453,947	1,491,080			7,945,027
Secured by Nonfarm Nonresidential	63,964,536	32,214			63,996,750
Agricultural	2,094,550				2,094,550
Commercial Loans	23,086,545			108,763	23,195,308
Consumer and Other	430,331	920			431,251
SBA Guarantee Loans	5,945,487				5,945,487
Total	\$ 128,651,380	\$ 1,656,086	\$	\$ 444,487	\$ 130,751,953

	Accruing Interest			Total Nonaccrual	Total Loans
	Current	30-89 Days Past Due	More Than 90 Days Past Due		
December 31, 2017					
Construction and Land Development	\$ 3,115,311	\$	\$	\$	\$ 3,115,311
Secured by 1-4 Family	19,094,259			430,798	19,525,057
Secured by Multi-Family	15,371,384				15,371,384
Secured by Nonfarm Nonresidential	72,513,237				72,513,237
Agricultural	2,281,859				2,281,859
Commercial Loans	18,553,710			190,061	18,743,771
Consumer and Other	1,129,440				1,129,440
SBA Guarantee Loans	6,486,065				6,486,065

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Total	\$ 138,545,265	\$	\$	\$ 620,859	\$ 139,166,124
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Interest income foregone on nonaccrual loans was \$30,637 and \$29,637 for the years ended December 31, 2018 and 2017, respectively.

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Table of Contents**F. & M. BANCORP OF TOMAH, INC. AND SUBSIDIARY****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****DECEMBER 31, 2018 AND 2017****NOTE 4 LOANS (CONTINUED)**

The following tables present information related to impaired loans:

	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
December 31, 2018					
Loans With No Related Allowance					
Recorded:					
Secured by Nonfarm Nonresidential	\$ 907,407	\$ 907,407	\$	\$ 919,202	\$ 36,347
Total	907,407	907,407		919,202	36,347
Loans With an Allowance Recorded:					
Secured by 1-4 Family	\$ 552,081	\$ 587,116	\$ 165,201	\$ 604,825	\$ 12,499
Secured by Nonfarm Nonresidential	468,762	473,182	445,042	485,958	29,445
Secured by Multi-Family	1,491,080	1,491,080	264,901	1,583,419	80,270
Agricultural	445,669	445,669	156,438	446,964	18,127
Commercial Loans	108,763	160,527	84,197	175,790	
Total	3,066,355	3,157,574	1,115,779	3,296,956	140,341
Total Impaired Loans:					
Secured by 1-4 Family	\$ 552,081	\$ 587,116	\$ 165,201	\$ 604,825	\$ 12,499
Secured by Nonfarm Nonresidential	1,376,169	1,380,589	445,042	1,405,160	65,792
Secured by Multi-Family	1,491,080	1,491,080	264,901	1,583,419	80,270
Agricultural	445,669	445,669	156,438	446,964	18,127
Commercial Loans	108,763	160,527	84,197	175,790	
Total	\$ 3,973,762	\$ 4,064,981	\$ 1,115,779	\$ 4,216,158	\$ 176,688
	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
December 31, 2017					

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Loans With No Related Allowance

Recorded:

Nonresidential	\$ 931,941	\$ 936,176	\$ 1,472,818	\$ 54,185
Commercial Loans	33,901	37,083	37,443	2,657
Total	965,842	973,259	1,510,261	56,842

Loans With an Allowance Recorded:

Secured by 1-4 Family	\$ 1,009,840	\$ 1,010,553	\$ 301,395	\$ 1,018,861	\$ 36,134
Secured by Nonfarm Nonresidential	380,157	384,577	356,192	388,267	12,358
Agricultural	448,366	448,366	118,731	449,477	14,289
Commercial Loans	267,125	302,690	170,741	473,920	28,711
Total	2,105,488	2,146,186	947,059	2,330,525	91,492

Total Impaired Loans:

Secured by 1-4 Family	\$ 1,009,840	\$ 1,010,553	\$ 301,395	\$ 1,018,861	\$ 36,134
Secured by Nonfarm Nonresidential	1,312,098	1,320,753	356,192	1,861,085	66,543
Agricultural	448,366	448,366	118,731	449,477	14,289
Commercial Loans	301,026	339,773	170,741	511,363	31,368
Total	\$ 3,071,330	\$ 3,119,445	\$ 947,059	\$ 3,840,786	\$ 148,334

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Table of Contents**F. & M. BANCORP OF TOMAH, INC. AND SUBSIDIARY****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****DECEMBER 31, 2018 AND 2017****NOTE 4 LOANS (CONTINUED)**

The Company does not have material commitments to lend additional funds to borrowers with loans whose terms have been modified in TDRs or whose loans are on nonaccrual.

A summary of loans that were modified in troubled debt restructurings and those restructurings for which there was a payment default during the years ended December 31, 2018 and 2017 are as follows:

	Troubled Debt Restructurings			Troubled Debt Restructurings That Subsequently Defaulted		
	Number of Loans	Post-Modification Outstanding Balance	Specific Reserve	Number of Loans	Post-Modification Outstanding Balance	Specific Reserve
December 31, 2018						
Non-Farm Non-Residential	3	\$ 365,802	\$		\$	\$
Agricultural	1	445,669	439,694			
	4	\$ 811,471	\$ 439,694		\$	\$
December 31, 2017						
Non-Farm Non-Residential	5	\$ 388,811	\$		\$	\$
Residential Real Estate	1	115,394	114,681			
Agricultural	1	448,366	474,923			
	7	\$ 952,571	\$ 589,604		\$	\$

The post-modification outstanding balances approximate pre-modification balances. The aggregate amount of charge-offs as a result of a restructuring are not significant.

NOTE 5 PREMISES AND EQUIPMENT

Components of premises and equipment as of December 31, 2018 and 2017 are as follows:

	2018	2017
Land	\$ 419,256	\$ 419,256
Buildings	3,766,624	3,824,821
Equipment	2,848,506	2,912,727
	7,034,386	7,156,804
Less: Accumulated Depreciation	(5,129,766)	(4,973,238)
Total	\$ 1,904,620	\$ 2,183,566

Depreciation expense for the years ended December 31, 2018 and 2017 amounted to \$289,638 and \$289,113, respectively.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 6 DEPOSITS

Deposits at December 31, 2018 and 2017 are summarized as follows:

	2018	2017
Noninterest Bearing Demand Deposits	\$ 26,378,313	\$ 26,411,161
Interest Bearing Demand Deposits	76,353,386	73,930,413
Savings Deposits	16,025,815	16,209,822
Certificates of Deposit Less than or Equal to \$250,000	17,439,087	17,711,668
Certificates of Deposit Greater than \$250,000	18,204,902	18,808,082
	\$ 154,401,503	\$ 153,071,146

At December 31, 2018, the scheduled maturities of certificates of deposit are as follows:

Year Ending December 31,	Amount
2019	\$ 15,535,468
2020	12,719,948
2021	6,795,530
2022	429,612
2023	163,431
Total	\$ 35,643,989

NOTE 7 BORROWINGS

The Company has an outstanding note with a third-party bank in the amount of \$2,000,000. The note bears interest on the unpaid principal at a fixed rate of 3.5%. The note matures on November 8, 2019. The note has an outstanding balance of \$2,000,000 at December 31, 2018 and 2017, respectively.

The Bank is required to maintain certain reporting and financial covenants. As of December 31, 2018, the Bank was in compliance with all required covenants.

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The Company has entered into an Advances, Pledge, and Security Agreements with the FHLB. Loans, with an advance equivalent of \$51,821,134 and \$56,994,044 as of December 31, 2018 and 2017, respectively, were pledged to the FHLB as collateral in the event the Company requests any advances on the line. The interest rate is determined by the FHLB when funds are borrowed and interest on these advances is paid monthly.

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As of December 31, the following advances were outstanding:

Maturity Date	Interest Rate	2018	2017
February 28, 2018	1.31%	\$	\$ 500,000
October 29, 2018	1.62%		3,000,000
November 19, 2018	1.74%		1,000,000
March 11, 2019	1.60%	1,000,000	1,000,000
October 28, 2019	2.86%	4,000,000	4,000,000
March 10, 2020	1.90%	1,500,000	1,500,000
May 28, 2020	1.76%	1,000,000	1,000,000
June 1, 2020	2.05%	2,000,000	2,000,000
November 30, 2020	1.76%	1,000,000	1,000,000
June 1, 2021	2.16%	2,000,000	2,000,000
November 29, 2021	2.06%	2,000,000	2,000,000
March 10, 2022	2.34%	4,000,000	4,000,000
		\$ 18,500,000	\$ 23,000,000

NOTE 8 INTEREST RATE SWAPS

The Company entered into several interest rate swap agreements executed for risk management purposes.

The following table summarizes the derivative financial instruments as of December 31, 2018 and December 31, 2017:

December 31, 2018	Balance Sheet Location	Notional Amount	Estimated
			Fair Value
Fair Value Hedges	Other Assets	\$ 2,985,000	\$ 83,926
Cash Flow Hedges	Other Assets	4,000,000	45,621
		\$ 6,985,000	\$ 129,547

December 31, 2017	Balance Sheet Location	Notional Amount	Estimated Fair Value
Fair Value Hedges	Other Liabilities	\$ 2,985,000	\$ (16,046)
Cash Flow Hedges	Other Assets	7,000,000	66,861
		\$ 9,985,000	\$ 50,815

To qualify for hedge accounting, a derivative must be highly effective at reducing the risk associated with the exposure being hedged. In addition, for a derivative to be designated as a hedge, the risk management objective and strategy must be documented. Hedge documentation must identify the derivative hedging instrument, the asset or liability or forecasted transaction and type of risk to be hedged, and how the effectiveness of the derivative is assessed prospectively and retrospectively. To assess effectiveness, the Company uses statistical methods such as regression analysis, as well as nonstatistical methods including dollar-value comparisons of the change in the fair value of the derivative to the change in the fair value or cash flows of the hedged item. The extent to which a derivative has been, and is expected to continue to be, effective at offsetting changes in the fair

Table of Contents**F. & M. BANCORP OF TOMAH, INC. AND SUBSIDIARY****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****DECEMBER 31, 2018 AND 2017****NOTE 8 INTEREST RATE SWAPS (CONTINUED)**

value or cash flows of the hedged item must be assessed and documented at least quarterly. Any hedge ineffectiveness (i.e., the amount by which the gain or loss on the designated derivative instrument does not exactly offset the change in the hedged item attributable to the hedged risk) must be reported in current-period earnings. If it is determined that a derivative is not highly effective at hedging the designated exposure, hedge accounting is discontinued.

Fair Value Hedges

The Company uses fair value hedges to hedge fixed-rate long-term available-for-sale securities. For qualifying fair value hedges, the changes in the fair value of the derivative, and in the value of the hedged item for the risk being hedged, are recognized in other comprehensive income. If the hedge relationship is terminated, then the adjustment to the hedged item continues to be reported as part of the basis of the hedged item, and for benchmark interest rate hedges is amortized to earnings as a yield adjustment. Derivative amounts affecting earnings are recognized consistent with the classification of the hedged item primarily net interest income and principal transactions revenue.

The following table provides gains (losses) on fair value hedges for the periods ending December 31, 2018 and 2017:

December 31, 2018

	Location of Gain or (Loss)	Amount of Gain or (Loss) Recognized in Income on Investment	Amount of Gain or (Loss) Recognized in Income on Derivative
Fair Value Hedging Relationships	Recognized in Income on Derivative		
Interest Rate Swaps	Interest Income (Expense)	\$ 83,926	\$ (81,576)

December 31, 2017

	Location of Gain or (Loss)	Amount of Gain or (Loss) Recognized in Income on Investments	Amount of Gain or (Loss) Recognized in Income on Derivative
Fair Value Hedging Relationships	Recognized in Income on Derivative		
Interest Rate Swaps	Interest Income (Expense)	\$ 21,038	\$ (19,527)

Cash Flow Hedges

The Company uses cash flow hedges to hedge the exposure to variability in forecasted cash flows from floating-rate liabilities. For qualifying cash flow hedges, the effective portion of the change in the fair value of the derivative is recorded in other comprehensive income (OCI) and recognized in the consolidated statements of income when the hedged cash flows affect earnings. Derivative amounts affecting earnings are recognized consistent with the classification of the hedged item primarily interest income, interest expense, noninterest revenue and compensation expense. The ineffective portions of cash flow hedges are immediately recognized in earnings. If the hedge relationship is terminated, then the value of the derivative recorded in accumulated other comprehensive income (loss) is recognized in earnings when the cash flows that were hedged affect earnings.

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The following table provides gains (losses) on cash flow hedges for the periods ending December 31, 2018 and 2017:

December 31, 2018

	Amount of Gain or (Loss)		
	Recognized in OCI on Derivative (Effective Portion)	Amount Reclassified from OCI to Income (Effective Portion)	Amount of Gain or (Loss) Recognized in Income on Derivative (Ineffective Portion)
Cash Flow Hedging Relationships			
Interest Rate Swaps	\$ 45,621	\$	\$

December 31, 2017

	Amount of Gain or (Loss) Recognized in OCI on Derivative (Effective Portion)	Amount Reclassified from OCI to Income (Effective Portion)	Amount of Gain or (Loss) Recognized in Income on Derivative (Ineffective Portion)
Cash Flow Hedging Relationships			
Interest Rate Swaps	\$ 66,861	\$	\$

NOTE 9 RELATED PARTY TRANSACTIONS

In the ordinary course of business, the Bank has granted loans to executive officers, directors, and their affiliates (related parties). Activity associated with loans made to related parties for the years ended December 31, 2018 and 2017 are as follows:

	2018	2017
Balance Beginning of Year	\$ 393,244	\$ 422,511
New Loans and Advances	12,700	200
Repayments including Loans Sold	(42,173)	(29,467)

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Balance End of Year	\$ 363,771	\$ 393,244
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Deposits from related parties held by the Bank at December 31, 2018 and 2017 amounted to \$5,264,708 and \$4,757,901, respectively.

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F. & M. BANCORP OF TOMAH, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 10 INCOME TAXES

The components of income tax expense for the years ended December 31, 2018 and 2017 are as follows:

	2018	2017
Current:		
Federal	\$	\$ 177,499
State	158,726	116,849
	158,726	294,348
Deferred:		
Federal	184,279	(35,060)
Deferred Tax Rate Adjustment		264,000
State	(23,432)	
	160,847	228,940
Total Income Tax Expense	\$ 319,573	\$ 523,288

The reasons for the differences between the statutory federal income tax rate and the effective tax rates are summarized as follows:

	2018	2017
Federal Tax Based at Statutory Rate	\$ 359,873	\$ 496,547
State Income Taxes (Net of Federal Income Tax Benefit)	101,962	79,815
Deferred Taxes Rate Adjustment		264,000
Tax Exempt Interest	(123,369)	(235,420)
Bank Owned Life Insurance	(17,630)	(27,941)
Other Permanent Differences	(1,263)	(53,713)
Total Tax Expense	\$ 319,573	\$ 523,288