



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

February 4, 1998

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Clare Bank N.A.
Charter Number 15649**

**345 W. Pine Street
Platteville, Wisconsin 53818**

**Office of the Comptroller of the Currency
85 West Algonquin Road, Suite 340
Arlington Heights, IL 60005**

NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

GENERAL INFORMATION

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

*This document is an evaluation of the Community Reinvestment Act (CRA) performance of **Clare Bank N.A. (CBNA)** prepared by the **Office of the Comptroller of the Currency (OCC)**, the institution's supervisory agency, as of February 4, 1998. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 C.F.R. Part 25.*

This Evaluation covers the period since October 18, 1996, the date of the last CRA examination when the bank was rated "Satisfactory Record of Meeting Community Credit Needs".

INSTITUTION'S CRA RATING: This institution is rated: **Satisfactory Record of Meeting Community Credit Needs.**

CBNA has a reasonable loan-to-deposit ratio and the majority of loans are made to borrowers within their assessment area. CBNA originates loans to individuals of various income levels and businesses of different sizes.

DESCRIPTION OF INSTITUTION

Clare Bank N.A., is a subsidiary of Clare Bancorporation (CB), a one bank holding company headquartered in Platteville, Wisconsin. CBNA operates seven full-service branches located in Boscobel, Fennimore, Bloomington, Montfort, Muscodia, Shullsburg, and Kieler. The main office is located in Platteville. On December 31, 1997, CBNA had approximately \$77 million in outstanding loans and a loan-to-deposit ratio of 63%. The loan portfolio consists of residential mortgage loans (63%), agricultural loans (15%), commercial and commercial real estate loans (13%), and consumer loans (9%). There are no legal or financial impediments which impact the bank's ability in helping to meet community credit needs.

DESCRIPTION OF ASSESSMENT AREA

CBNA's assessment area (AA) includes all of Grant county and portions of Crawford, Iowa, Lafayette and Richland counties and includes 17 Block Numbering Areas (BNAs). The AA represents the area where CBNA originates the majority of their loans and receives a majority of their deposits. The total population of the AA is 65,077 and includes 16,626 families based on 1990 census data. The 1997 non-MSA statewide median family income for Wisconsin is \$39,600. The 17 BNAs in CBNA AA are defined "middle-income". The AA contains: 2,991 (18%) low-income families; 3,553 (21%) moderate-income families; 4,390 (27%) middle-income families; and 5,692 (34%) upper-income families.

The local economy is good with a December 31, 1997 unemployment rate ranging from 3% to 4% which is above the State of Wisconsin unemployment rate of 3%. The vast majority of businesses in the AA are small businesses. Approximately 97% of businesses have less than 50 employees. Three percent of the businesses have 50 to 499 employees and less than 1% have 500 or more employees. The local economy is dependent on agriculture, manufacturing, and the University of Wisconsin located in Platteville. The largest employers in the area include: the University of Wisconsin-Platteville, Southwest Technical College and Rayovac. Local housing is 65% owner-occupied units, 27% rental occupied units, and 8% vacant housing units. The median home value is \$41,463.

CBNA's primary competitors consist of surrounding national and state-chartered financial institutions, savings and loans, and credit unions. Contacts conducted during the examination with local community leaders in economic development, housing, and business development organizations identified residential mortgage, agricultural, and small business loans as the community's most pressing credit needs.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

Loan to Deposit Ratio

CBNA's loan-to-deposit ratio is reasonable. On September 30, 1997, the loan-to-deposit ratio was 64% and below the average of other financial institutions (75%) located in the AA. CBNA's loan-to-deposit ratio averaged 60% since the last CRA examination when the ratio was 52%. CBNA's loan-to-deposit ratio is lower than local financial institutions of a similar asset size due to the strong competition for loans in the area. The loan-to-deposit ratio for December 31, 1997 was 63%.

Lending in Assessment Area

CBNA's lending within the AA is reasonable. CBNA tracked all residential mortgage loans originated in 1997. Approximately 86% of residential mortgage loans originated by CBNA were within their AA. This represents 82% of the total dollar amount of residential mortgages.

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

The level of residential mortgage loans to low- and moderate-income individuals is reasonable. Table 1 reflects the residential mortgage loans originated in 1997. Table 1 illustrates that 34% of the number and 21% of the dollar amount of loans were made to low- and moderate-income individuals. This table reveals a distribution of loans to borrowers of different income levels that is fairly consistent with demographic information as 39% of the families in the AA are low- and moderate-income.

Borrower Characteristics by Income	# of Loans	Percent of Total		\$ (000) of Loans	Percent of Total		Percent of Families by Income	
Low-Income	23	9%	34%	\$548	5%	21%	18%	39%
Moderate-Income	66	25%		\$1,811	16%		21%	
Middle-Income	81	31%		\$3,375	30%		27%	
Upper-Income	93	35%		\$5,599	49%		34%	
Total	263	100%		\$11,333	100%		100%	

CBNA's business and agriculture loans are primarily to small businesses and small farms. Small

business is defined as a business with annual revenues of less than \$1,000,000. Small farm is defined as a farm with annual revenues of less than \$500,000. During our examination, we reviewed a sample of 20 commercial and agricultural loans originated in 1997. Our sample revealed that 90% of the loans were made to small businesses and small farms.

Geographic Distribution of Loans

All 17 BNAs in the AA are middle-income areas. An assessment of geographic distribution is, therefore, not meaningful.

Compliance with Fair Lending Laws and Regulations

We also conducted a fair lending examination using a sample of home purchase, refinance, and home improvement loans originated in 1997. There was no evidence of illegal discrimination or disparate treatment.