
PUBLIC DISCLOSURE

October 18, 1996

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
Milwaukee Duty Station
615 East Michigan Ave. Suite 205
Milwaukee, Wisconsin 53202**

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**, the institution's supervisory agency, as of October 18, 1996. The bank's performance was rated *Needs to Improve* at the prior examination dated October 31, 1994. 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.*

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

Since the prior CRA examination Clare Bank N.A. has taken appropriate action to help meet the credit needs of its community. CBNA increased its loan portfolio \$8 million dollars (15%). A substantial majority of CBNA loans are made within and distributed throughout their assessment area. CNBA has also made loans to borrowers of different incomes within the community.

The following table indicates the performance level of Clare Bank N.A. with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>(NAME OF FINANCIAL INSTITUTION)</u> PERFORMANCE LEVELS		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does not meet Standards for Satisfactory Performance
Loan to Deposit Ratio		X	
Lending in Assessment Area	X		
Lending to Borrowers of Different Incomes and to businesses of Different sizes		X	
Geographic Distribution of Loans		X	
Response to Complaints		X	

DESCRIPTION OF INSTITUTION

CBNA had total assets of \$132 million as June 30, 1996. Loans represented \$62 million of the bank's total assets. The loan portfolio is comprised of: \$44 million (71%) in real estate loans; \$8 million (13%) in agricultural loan; \$7 million (11%) in consumer loans; \$2 million (4%) in commercial and industrial loans; and \$1 million (1%) other. It should be noted that, of the \$44 million in real estate loans, \$5.5 million is secured by farmland. Therefore, agricultural lending totals \$13 million, or 22% of total loans. CBNA has not opened or closed any branch offices since the last CRA examination (October 31, 1994).

Historically, CBNA had been an agricultural lender, however; in the last two years CBNA has focused on residential mortgage needs and opportunities. Loss of agricultural lenders and federal guarantee program certification has hindered CNBA's ability to address agricultural needs effectively. Other financial institutions in the bank's assessment area provide for agricultural lending needs, as well as Farm Credit Services and the Federal Land Bank.

CBNA is a subsidiary of Clare Bancorporation (CB). CB is a one bank holding company headquartered in Platteville, Wisconsin.

The scope of this evaluation included contact with area community organizations and agencies. The results of those contacts were considered in the bank's overall performance assessment.

DESCRIPTION OF GRANT COUNTY AND PORTIONS OF CRAWFORD, IOWA, LAFAYETTE AND RICHLAND COUNTIES:

CBNA is located in the southwestern portion of Wisconsin. CNBA's assessment area (AA) includes all of Grant County and portions of Crawford, Iowa, Lafayette and Richland Counties. Based on the 1990 Census data, the population of the bank's assessment area is 65,077. The population for the entire five county area is 118,951. The local economy is stable with unemployment at 2%. The University of Wisconsin - Platteville is the area's largest employer. The primary industry of the area is farming and is complimented by light manufacturing. Competition is strong in the five county area which includes twenty-eight financial institutions.

CBNA's AA is comprised of 17 Block Number Areas (BNA's). The BNA's included are: all twelve BNA's of Grant County (BNA's 9601- 9612); two in Lafayette County (BNA's 9703, 9704); one in Iowa County (BNA 9503); one in Richland County (BNA 9705) and one in Crawford County (BNA 9803). All of the BNA's in the CBNA AA are moderate income BNA's. CBNA's AA is a contiguous area that encompasses all 8 branches including the main branch location and does not arbitrarily exclude low or moderate income areas.

Based on 1990 census data, the median family income for CBNA's AA is \$30,290. The 1996 statewide non-metropolitan median income for Wisconsin is \$37,700.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA :

- ▶ CNBA’s average loan to deposit ratio was 48.45%.

CBNA’s average loan to deposit ratio is adequate based on the bank’s performance since the last CRA examination. Over the last 24 months CBNA has reversed its declining loan to deposit ratio by increasing loans \$8 million (15%). See the table below for a history of CBNA’s loan portfolio.

Table-1

Loan Growth History - in Thousands							
Date:	12-31-91	12-31-92	12-31-93	Since	12/31/94	12/31/95	6/30/96
Total Loan Portfolio	\$40,992	\$55,600 *-1.26%	\$53,967 -2.94%	prior CRA Exam	54,042 +0.14%	59,082 +9.32%	\$61,838 **+15.45 %
‡ Peer avg. Growth	Not Available	Not Available	+10.67%		+15.64%	+7.42%	+8.50%

* Loan growth is 35.64%; however, \$15 million of growth was the result of a merger of an affiliated saving and loan into the bank. Without the merger activity loan growth for the bank would have been - 1.26%.

**Reflects loan growth between 6-30-95 and 6-30-96. All other percentages reflect growth for a twelve month calendar year.

‡ The peer group consists of all state and nationally chartered banks within Grant, Lafayette, Iowa, Richland and Crawford Counties.

Although CBNA’s average loan to deposit ratio remains well below peer, the bank’s performance over the last 24 months has narrowed the gap. The average loan to deposit ratio for the peer group is 68.89% and ranges from 44.74% to 85.39%.

Other information that should be considered when evaluating CBNA loan to deposit ratio include:

- 1) CBNA has the third largest loan portfolio of the twenty-eight institutions in its AA.
- 2) CBNA continues to experience deposit growth that offsets some of the recent loan growth.

- ▶ The vast majority of CBNA's lending is done inside its assessment area. An analysis of the CBNA entire loan portfolio as of January 1996 identified 90.1% (3,175) of the loan volume and 89.82% (\$47 million) of the dollar volume were made within CBNA's assessment area.
- ▶ CBNA has an adequate distribution of loans to individuals of different incomes. The table below shows that the bank's lending results mirror the composition of the population within the AA.

Table-2

**CBNA Lending Patterns to Borrowers of Different Incomes					
Type:	*Population	1995 # of Residential Real Estate Purchase	1995 % of Residential Real Estate Purchase	6-30-96 # of Residential Real Estate Purchase	6-30-96 % of Residential Real Estate Purchase
Low	18%	12	13%	6	9%
Moderate	21%	26	29%	12	18%
Middle	26%	25	27%	14	21%
Upper	35%	28	31%	35	52%
Total Sample	100.00%	91	100%	67	100%
Total Loans Originated		120	76%	95	71%

* Population data indicates % of families within assessment area in income category.

** Table reflects only a sample of loans. Loans included in the sample included residential real estate loans made for the purpose of purchasing homes. 1995 sample include 91 loans totaling \$3.1 million or 5% of CBNA total loan portfolio. 1996 sample include 67 loans totaling \$3.1 million or 5% of CBNA total loan portfolio.

Using loan size as a proxy for borrowers/businesses of different sizes, CBNA makes small and large loans as demonstrated by the following table (portfolio as of October 17, 1996):

Table-3

Amount of Loan:	Dollar Volume of Loans by Category:	% of Portfolio:
0-\$99,000	\$44,343,364	74%
\$100,000-\$249,000	\$9,478,582	15%
\$250,000 +	\$6,460,099	11%
Total:	\$60,282,045	100%

- ▶ CBNA makes loans throughout its entire AA. All seventeen BNA's in CBNA's AA are moderate income; therefore, an indepth analysis was not performed.
- ▶ CBNA has taken appropriate action in response to CRA complaints. Two complaints were filed since the last CRA examination. CBNA responded in writing to both complaints. Responses were timely and appropriate. For specific details, see the CRA public file located at 345 W. Pine Street, Platteville, Wisconsin.
- ▶ No violations of substantive provisions of the antidiscrimination laws and regulations were identified.