



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

December 14, 2009

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

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

**345 West Pine Street
Platteville, Wisconsin 53818**

**Comptroller of the Currency
Chicago North Field Office
1700 East Golf Road, Suite 800
Schaumburg, IL 60173**

NOTE: This document is an evaluation of this 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. 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.

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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 CRA performance of Clare Bank, N.A. prepared by The Office of the Comptroller of the Currency (OCC), the institution's supervisory agency, as of December 14, 2009. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.

This evaluation covers the period since December 2, 2002, the date of the last CRA examination when the bank was rated "Satisfactory Record of Meeting Community Credit Needs".

INSTITUTION'S CRA RATING

INSTITUTION'S OVERALL CRA RATING: This institution is rated: Satisfactory.
The major factors that support CBNA's overall rating include:

- The loan-to-deposit ratio is reasonable.
- A majority of the bank's loans were originated in the bank's assessment area.
- Lending to borrowers of different income levels and business of different sizes is satisfactory.

DESCRIPTION OF INSTITUTION

Clare Bank, N.A. (CBNA) is a \$231 million intrastate financial institution. Clare is headquartered in Platteville, Wisconsin. CBNA is a wholly owned subsidiary of Montfort Bancorporation (MB). There are no subsidiaries or affiliates. MB is a one-bank holding company headquartered in Platteville, Wisconsin with total assets of \$231 million.

CBNA operates eight full-service branches. The main office is located in Platteville with additional branches in Kieler, Montfort, Boscobel, Shullsburg, Fennimore, Bloomington, and Muscoda. In addition, CBNA operates three automated teller machines (ATMs) in gas stations and/or convenience stores. The ATMs are located in Montfort (two) and Shullsburg (one).

As of September 30, 2009, CBNA reported approximately \$126 million in outstanding loans and had a net loans and leases to assets ratio of 55 percent. Tier 1 capital was reported at \$18 million. CBNA is primarily a residential real estate lender. Table 1 shows that the loan portfolio consists of the following:

Table 1

Loan Category	\$(000)	Percent
Agricultural Loans	\$ 15,041	11.87%
Commercial Loans	\$ 21,579	17.03%
Residential Loans	\$ 76,381	60.28%
Individual Loans	\$ 8,908	7.03%
Other	\$ 4,802	3.79%
Total	\$126,711	100%

There are no financial circumstances, legal constraints, or other factors that would hinder CBNA's ability to meet the credit needs of the assessment area.

DESCRIPTION OF ASSESSMENT AREA

CBNA's assessment area (AA) is comprised of Grant County and portions of Iowa, Lafayette, Richland, and Crawford counties. There are seventeen Block Numbering Areas (BNAs) included in the AA. Sixteen BNAs are considered middle-income geographies and one BNA is considered moderate-income. The AA meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income geographies.

According to the 2000 Census data, the AA's population was 66,236. There are 17,044 families in the AA, of which 3,289 are low-income (19.30 percent), 3,708 are moderate-income (21.76 percent), 4,623 are middle-income (27.12 percent), and 5,424 are upper-income (31.82 percent). The Department of Housing and Urban Development calculates the weighted average median family income for this area to be \$43,758.

The 2000 US Census data shows that there are 29,486 housing units within the AA. Of these, 62

percent are owner-occupied units and 22 percent are rental-occupied units. The weighted average median housing value in the AA is \$80,274.

As of October 2009, the unemployment rates for the different BNAs range from 5.9 percent to 8.2 percent as compared to the State of Wisconsin unemployment rate of 7.6 percent. According to the Wisconsin Department of Workforce Development, the Southwest Workforce Development Area's (comprised of Rock, Green, Lafayette, Iowa, Richland, and Grant counties) unemployment rate as of December 2008 was 6.6%. The local economy is dependent on agriculture and services. The largest employers in the AA include: University of Wisconsin – Platteville, Wal-Mart, Dick's Supermarket, and Menards. The majority of the businesses in the AA are small businesses. Approximately 88 percent of the businesses have less than 50 employees and 76 percent of the businesses have only one-to-four employees.

Competition among financial institutions is strong. As of June 30, 2009, CNBA ranked fourth on the deposit market share report with a deposit market share of 9.07 percent. Competitors include People's State Bank with 12.08 percent of the market, Anchorbank FSB with 9.81 percent of the market, and Mound City Bank with 9.32 percent of the market.

During our examination, we conducted one community contact interview relating to this AA. We contacted a local businessperson. The contact indicated the major credit need was extensions of credit for business expansion. The contact indicated the performance of the local financial institutions has been excellent. The local financial institutions play an active role in the community.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

The bank's average loan-to-deposit ratio is satisfactory given the bank's size, financial condition, and AA credit needs. CBNA's quarterly average loan-to-deposit ratio for the period from December 31, 2002 to September 30, 2009 was 62.98 percent. The most recent loan-to-deposit ratio (September 2009) is 60.55 percent. Banks of similar size in the AA range from 86.01 percent to 91.98 percent. CBNA ranks last when compared to the banks of similar size in the AA. The loan-to-deposit ratio is lower than peers due to the bank's emphasis on residential real estate loans which are smaller dollar totals than commercial loans. The bank's competition focuses more on commercial and agricultural loans which lends itself to a higher number of total loan. Clare Bank's loan portfolio is comprised of 60% residential loans. In addition, since our last review, the bank has sold \$8.5 million in loans in the secondary market which also negatively impacts their loan-to-deposit ratio.

Lending in Assessment Area

CBNA's lending within the AA is satisfactory. We sampled 40 loans originated between 2007 and 2009. Twenty loans from each major product line, residential and commercial were randomly sampled. Based on the review, a substantial majority, 90 percent of the number of loans and 80 percent of the dollar amount of CBNA's loans are inside the AA. Please refer to

Table 2.

Table 2

Lending in Grant County and portions of Iowa, Lafayette, Richland, and Crawford Counties										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$ (000)	%	\$	%	
Residential	17	85%	3	15%	20	1,817	77%	528	23%	1,743
Commercial	19	95%	1	5%	20	1,123	86%	186	20%	2,245
Total	36	90%	4	10%	40	2,940	80%	714	20%	3,654

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

The bank’s overall lending to borrowers of different income levels and businesses of different sizes is reasonable.

Lending to businesses of different sizes is satisfactory. During our examination, we sampled 20 commercial loans in the bank’s AA that were originated between 2001 and 2009. 80 percent of commercial loans were made to businesses with revenues of less than \$1 million. The 2009 Business Geodemographic Data shows 80.63 percent of businesses in the AA are defined as small business. Please see the Table 3.

Table 3

Commercial Loan Originations						
Revenue Ranges	Lending to Businesses of Different Sizes				Businesses within AA	
	#	Percent	\$ (000s)	Percent	#	Percent
\$1 Million or less	16	80.00%	984	78.78%	5,848	80.63%
Greater than \$1 Million	0	0.00%	0	0%	192	2.65%
Revenue not Reported	4	20.00%	265	21.22%	1,213	16.72%

Residential real estate lending to borrowers of different income levels is reasonable. Table 4 below reflects our sample of residential mortgage loans originated between 2007 and 2009. The table illustrates that 15 percent of the number and 6 percent of the dollar amount of loans were made to low-income borrowers as compared to 19.30% of low-income families. The percentage of the bank’s loans to low-income borrowers is less than the overall percentage of low-income families in the AA. However, we gave consideration to the high poverty level (10.23 percent) within the AA and the impact this has on the ability to afford a home. Lending to moderate-income borrowers is reasonable. Table 4 below illustrates that 25 percent of the number and 15.56 percent of the dollar amount of loans were made to moderate-income borrowers. 21.76 percent of families in the AA are moderate-income.

Table 4

Borrower Distribution of Residential Real Estate Loans in Lafayette County					
Borrower Characteristics by Income	Number of Loans	Percent of Total	\$ (000) of Loans	Percent of Total	Percent of Families by Income
Low-Income	3	15%	\$127	6.02%	19.30%
Moderate-Income	5	25%	\$328	15.56%	21.76%
Middle-Income	4	20%	\$208	9.87%	27.12%
Upper-Income	8	40%	\$1,445	68.55%	31.82%
TOTAL	20	100%	\$2,108	100%	100%

Geographic Distribution of Loans

There are no low-income and only one moderate-income census tracts in CBNA's AA. Therefore, an analysis of the geographic distribution of loans was not performed, as it would not be meaningful.

Responses to Complaints

Clare Bank, N.A. has not received any written complaints regarding its performance in helping to meet the credit needs within its assessment area during the evaluation period.

Fair Lending Review

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.