



PUBLIC DISCLOSURE

November 1, 2021

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Clare National Bank
Charter Number 15649

345 West Pine
Platteville, WI 53818

Office of the Comptroller of the Currency

Downers Grove Field Office
2001 Butterfield Rd
Suite 400
Downers Grove, IL 60515

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, and should not 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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Overall CRA Rating

Institution's CRA Rating: This institution is rated **Satisfactory**.

The lending test is rated: Satisfactory.

The major factors that support this rating include:

- A majority of the bank's lending is originated within the assessment area (AA).
- The quarterly average loan-to-deposit (LTD) ratio is reasonable.
- The bank's record of lending reflects poor distribution to borrowers of different incomes, but excellent distribution to farms of different sizes.
- The distribution of lending among small farms with gross revenues less than \$1 million is reasonable.

Loan-to-Deposit Ratio

Clare Bank, National Association's ("Clare" or "the bank") LTD ratio is reasonable based on its size, financial condition, AA credit needs, and local competition. The LTD ratio averaged 61.07 percent over the past 10 quarters. The timeframe used for this calculation represents the first quarter-end after the start of the last CRA evaluation through December 31, 2020.

Over the past 10 quarters, the bank's highest LTD ratio was 65.48 percent and the lowest was 51.55 percent. Seven similarly situated banks in Grant, Lafayette, and Richland Counties with total assets between \$72 and \$912 million had average LTD ratios ranging from 52.28 to 97.14 percent.

Lending in Assessment Area

A majority of the bank's loans are inside its AA. Our conclusions are based on a sample of home mortgage and small farm loans selected from the three-year evaluation period, as the bank is not a Home Mortgage Disclosure Act (HMDA) reporter and does not file a Loan Application Register (LAR).

The bank originated a majority of their primary product loans inside the AA during the evaluation period. Our sample showed 67.5 percent of the total number of loans were originated within the AA. This analysis is performed at the bank, rather than the AA, level.

Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Clare AA Home Mortgage 2018- 2020	27	67.50%	13	32.50%	40	\$3,230	66.23%	\$1,647	33.77%	\$4,877
Clare AA Small Farm 2018- 2020	29	72.50%	11	27.50%	40	\$2,596	73.30%	\$945	26.70%	\$3,541
Total	56	70.00%	24	30.00%	80	\$5,826	69.21%	\$2,592	30.79%	\$8,418

*Source: Evaluation Period: 1/1/2018 - 12/31/2020
Due to rounding, totals may not equal 100.0%*

Description of Institution

Clare Bank, National Association is a nationally chartered intrastate financial institution headquartered in Platteville, WI. Clare is a wholly owned subsidiary of Montfort Bancorporation, Inc., a one-bank holding company also headquartered in Platteville, WI. The bank has no subsidiaries or affiliates. Clare operates eight bank branches as well as two ATMs. One ATM is located at the branch in Shullsburg, Wisconsin, and the other at Mill's Market in Montfort, Wisconsin. The bank has one AA which consists of 16 geographies in a non-MSA area within Wisconsin.

As of June 30, 2021, Clare reported total assets of \$343 million. The loan portfolio as of June 30, 2021 was \$140 million, or 41 percent of total assets and consisted of \$56 million (40 percent) in residential mortgages, \$46 million (33 percent) in agriculture loans, \$29 million (21 percent) in commercial loans, \$7 million in loans to states or other political subdivisions (5 percent), and \$2 million (1 percent) in consumer and other loans. Total deposits as of June 30, 2021 were \$300 million, and tier 1 capital was \$35 million.

The bank's strategic focus is to meet the deposit and credit needs of its customers and the communities it serves. The bank offers home mortgages that are retained in its portfolio, and the bank is active in the USDA Farm Services Agency (FSA) Guaranteed Farm Loan Program. Clare also offers small business loans, including SBA loans. Per the June 30, 2021 Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report, the bank ranked third of 19 financial institutions taking deposits in the bank's AA. Primary bank competitors are other community and larger banks including People's State Bank, Community First Bank, Mound City Bank, Royal Bank, and FNB at Darlington.

There are no known impediments limiting the bank's ability to help meet the credit needs of its local community, including those of low- and moderate-income families. The bank received a Satisfactory rating at the last CRA Examination, which was dated August 20, 2018.

Scope of the Evaluation

Evaluation Period/Products Evaluated

Clare was evaluated under the Small Bank examination procedures, which includes a Lending Test to assess compliance with the CRA. The Lending Test evaluates the bank's record of meeting the credit needs of its AAs through its lending activities. With an evaluation period end date of December 31, 2020, qualifying activities performed in response to the significant impact the coronavirus pandemic has had on economies across the United States are not addressed in this evaluation. Bank qualifying activities will be appropriately considered in the subsequent evaluation.

The evaluation period for this assessment is January 1, 2018, to December 31, 2020. This evaluation period covers the time since the bank's prior CRA examination, which was completed on August 20, 2018 and used lending data from 2015, 2016, and 2017. The evaluation under the Lending Test analyzed the bank's primary loan products, consisting of home mortgage products, agricultural loans, and small farm loans.

The bank provided a list of loans originated in 2018, 2019, and 2020, with home mortgage, agricultural, and small farm loans overwhelmingly the most originated loan type. We reviewed a sample of 40 home mortgage and 40 small farm loans originated during the evaluation period. As the bank is not a HMDA nor a CRA reporter, examiners collected the data used in this analysis based off of the sample above.

Selection of Areas for Full-Scope Review

There is only one AA for which we performed a full-scope review. The bank's delineated AA consists of 16 contiguous census tracts (CTs), forming Grant County (12) Lafayette County (2), Richland County (1), and Crawford County (1) in Wisconsin. The entirety of the AA is made up of 15 middle-income census tracts, 1 upper census tract, and no low- to moderate- income census tracts and is not part of a larger Metropolitan Division (MD) or Metropolitan Statistical Area (MSA). Given the bank's size, operational strategy, and office location, the delineated AA meets the requirement of the CRA. The CTs are contiguous and do not arbitrarily exclude any low- or moderate-income CTs and does not reflect any discrimination. Because there are no low- or moderate-income census tracts in the AA, when developing conclusions, we gave greater weight to the borrower distribution and distribution of loans among farms of different revenues.

Table A – Demographic Information of the Assessment Area						
Assessment Area: Clare Bank AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	16	0.0	0.0	93.8	6.3	0.0
Population by Geography	65,570	0.0	0.0	88.0	12.0	0.0
Housing Units by Geography	28,426	0.0	0.0	92.3	7.7	0.0
Owner-Occupied Units by Geography	18,148	0.0	0.0	92.9	7.1	0.0
Occupied Rental Units by Geography	6,914	0.0	0.0	88.4	11.6	0.0
Vacant Units by Geography	3,364	0.0	0.0	97.1	2.9	0.0
Businesses by Geography	3,724	0.0	0.0	94.1	5.9	0.0
Farms by Geography	722	0.0	0.0	98.6	1.4	0.0
Family Distribution by Income Level	16,012	17.4	18.2	25.6	38.8	0.0
Household Distribution by Income Level	25,062	22.2	16.9	20.0	40.8	0.0
Median Family Income Non-MSAs - WI		\$60,742	Median Housing Value			\$130,244
			Median Gross Rent			\$667
			Families Below Poverty Level			7.9%

Source: 2015 ACS and 2020 D&B Data
 Due to rounding, totals may not equal 100.0%
 (*) The NA category consists of geographies that have not been assigned an income classification.

We obtained community contact information from Clare Bank Senior management; however, we were unable to speak with anyone directly as the community contacts were not responsive. We relied on community contacts within our database for Grant County, which consists of the majority of the bank's lending in the AA. The community contact noted that the area's primary industries are heavy in agriculture and food production, which has not slowed due to the pandemic. He noted there is ample

competition/opportunities in the area for agriculture and residential lending. The contact was not aware of any discriminatory practices by area financial institutions. He discussed that the area banks are conservative in their underwriting/credit policies and believes they are serving the communities well and are actively engaged. He also mentioned the area is fortunate to have numerous banks to work with and they are needed to serve the community.

Ratings

Given the bank's size and complexity, the overall rating is based solely on the Lending Test performance within the state of Wisconsin. As previously explained, weight was primarily given to home mortgage loans, agricultural products, and lending to small farms.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 CFR 25.28(c) or 195.28(c), respectively, in determining a national bank's or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any AA by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Bureau of Consumer Financial Protection, as applicable.

The OCC has not identified that this institution (or any affiliate whose loans have been considered as part of the institution's lending performance) has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

State Rating

State of Wisconsin

CRA rating for the State of Wisconsin: Satisfactory

The Lending Test is rated: Satisfactory

The major factors that support this rating include:

- A majority of the bank's primary product is originated within the assessment area (AA).
- The average loan-to-deposit (LTD) ratio is reasonable.
- The bank's record of lending reflects poor distribution to borrowers of different incomes, but excellent distribution to farms of different sizes.
- The distribution of lending among small farms with gross revenues less than \$1 million is reasonable.

LENDING TEST

The bank's performance under the Lending Test in Wisconsin is rated Satisfactory.

Conclusions for Area Receiving a Full-Scope Review

Based on a full-scope review, the bank's performance in the AA is satisfactory.

Distribution of Loans by Income Level of the Geography

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

Distribution of Loans by Income Level of the Borrower

The bank exhibits a poor distribution of loans to individuals of different income levels and excellent distribution of loans to farms of different sizes, given the product lines offered by the bank.

Home Mortgage Loans

Clare Bank's performance in originating one-to-four family mortgages during 2018-2020 was poor. Clare Bank did not reach AA demographics regarding lending to low-income and moderate-income families. Per the 2015 ACS census, families in the low-income and moderate-income category had maximum incomes of \$31,300 and \$54,400, respectively. The median home value of \$130,244 was four and 2.5 times this amount, making home ownership very difficult within the assessment area. In addition, 7.9 percent of the families living in the AA (based on 2015 ACS census and 2020 D&B data respectively) are living below the poverty level, which also contributes to the affordability of home ownership.

Small Loans to Farms

The bank's performance in lending to small farms in 2018-2020 in the AA was Outstanding. The bank originated 96.55 percent of its small farm loans to small farms, which is in line with the AA demographic. The percentage of bank lending to small farms within the AA significantly exceeded the aggregate peer group's lending performance.

Responses to Complaints

The bank has not received any complaints regarding efforts to meet the credit needs of the community. The OCC has also not received any complaints concerning the bank and its efforts to comply with CRA requirements.

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the MSAs and non-MSAs that received comprehensive examination review, designated by the term “full-scope,” and those that received a less comprehensive review, designated by the term “limited-scope”.

Time Period Reviewed:	(6/30/2018 to 12/31/2020)	
Bank Products Reviewed:	Home mortgage and Small Farm	
Affiliate(s)	Affiliate Relationship	Products Reviewed
N/A	N/A	N/A
List of Assessment Areas and Type of Examination		
Rating and Assessment Areas	Type of Exam	Other Information
States		
Wisconsin Non-MSA	Full Scope	CBNA operates within one defined AA which is located in a non-MSA area within the state of Wisconsin. The AA is made up of 16 census tracts, primarily within Grant County (12 CT), but also in Lafayette County (2 CT), Richland County, and Crawford County (1 CT each)

Appendix B: Summary of State Ratings

RATINGS	Clare Bank, National Association
Overall Bank:	Lending Test Rating
Clare Bank, National Association	Satisfactory

Appendix C: Definitions and Common Abbreviations

The following terms and abbreviations are used in this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

Affiliate: Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. For example, a bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Aggregate Lending (Aggt.): The number of loans originated and purchased by all reporting lenders (HMDA or CRA) in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

Census Tract (CT): A small, relatively permanent statistical subdivision of a county delineated by a local committee of census data users for the purpose of presenting data. Census tracts nest within counties, and their boundaries normally follow visible features, but may follow legal geography boundaries and other non-visible features in some instances, Census tracts ideally contain about 4,000 people and 1,600 housing units.

Combined Statistical Area (CSA): A geographic entity consisting of two or more adjacent Core Based Statistical Areas with employment interchange measures of at least 15. An employment interchange measure is a measure of ties between two adjacent entities. The employment interchange measure is the sum of the percentage of workers living in the smaller entity who work in the larger entity and the percentage of employment in the smaller entity that is accounted for by workers who reside in the larger entity.

Community Development (CD): Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; or activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas.

Community Reinvestment Act (CRA): The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its entire community, including LMI areas, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

Consumer Loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, other secured consumer loans, and other unsecured consumer loans.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into ‘male householder’ (a family with a male householder and no wife present) or ‘female householder’ (a family with a female householder and no husband present).

Full-Scope Review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that conduct business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn), the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

Home Mortgage Loans: A closed-end mortgage loan or an open-end line of credit as these terms are defined under 12 CFR 1003.2, and that is not an excluded transaction under 12 CFR 1003.3(c)(1) through (c)(10) and (c)(13).

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Limited-Scope Review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

Low-Income Individual: Individual income that is less than 50 percent of the area median income.

Low Income Geography: A census tract with a median family income that is less than 50 percent.

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. The median is the point at which half of the families have income above, and half below, a range of incomes. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above, and half below, a range of incomes.

Metropolitan Division: As defined by Office of Management and Budget, a county or group of counties within a Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area: An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified Investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rating Area: A rated area is a state or multi-state metropolitan statistical area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state metropolitan statistical area, the institution will receive a rating for the multi-state metropolitan statistical area.

Small Loan(s) to Business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

Small Loan(s) to Farm(s): A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

Tier 1 Capital: The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

Upper-Income: Individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent, in the case of a geography.

Appendix D: Tables of Performance Data

Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan statistical areas, if applicable, are presented in one set of tables. References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the Lending Test tables, the following are applicable: (1) purchased are treated as originations; and (2) “aggregate” is the percentage of the aggregate number of reportable loans originated and purchased by all HMDA or CRA-reporting lenders in the MMSA/assessment area. Deposit data are compiled by the FDIC and are available as of June 30th of each year. Tables without data are not included in this PE.

The following is a listing and brief description of the tables included in each set:

. The table also presents aggregate peer data for the years the data is available.

Table P. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MMSA/assessment area. The table also presents aggregate peer data for the years the data is available.

Table T. Assessment Area Distribution of Loans to Farms by Gross Annual Revenues - Compares the percentage distribution of the number of small loans (loans less than or equal to \$500 thousand) originated and purchased by the bank to farms with revenues of \$1 million or less to: 1) the percentage distribution of farms with revenues of greater than \$1 million; and, 2) the percentage distribution of farms for which revenues are not available. The table also presents aggregate peer small farm data for the years the data is available.

Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																			2018-20		
Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers				
	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate		
Clare Bank AA	27	4,877	67.5	2,269	17.4	0	4.3	18.2	0	19.0	25.6	92.59	25.3	38.8	7.41	41.2	0.0	0	10.3		
Total	27	4,877	67.5	2,269	17.4	0	4.3	18.2	0	19.0	25.6	92.59	25.3	38.8	7.41	41.2	0.0	0	10.3		

*Source: 2015 ACS Census ; 01/01/2018 - 12/31/2020 Bank Data, 2020 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%*

Table T: Assessment Area Distribution of Loans to Farms by Gross Annual Revenues												2018-20	
Assessment Area:	Total Loans to Farms				Farms with Revenues <= 1MM			Farms with Revenues > 1MM		Farms with Revenues Not Available			
	#	\$	% of Total	Overall Market	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	% Farms	% Bank Loans		
Clare Bank AA	29	2,596	100	228	97.8	96.55	46.1	1.7	0	0.6	3.45		
Total	29	2,596	100	228	97.8	96.55	46.1	1.7	0	0.6	3.45		

*Source: 2020 D&B Data; 01/01/2018 - 12/31/2020 Bank Data; 2019 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%*