PUBLIC DISCLOSURE

March 2, 2026

COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION

Clear Lake Bank and Trust Company
RSSD# 865544

322 Main Avenue
Clear Lake, Iowa 50428

Federal Reserve Bank of Chicago

230 South LaSalle Street
Chicago, Illinois 60604-1413

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

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INSTITUTION'S CRA RATING

Clear Lake Bank and Trust Company is rated: Satisfactory
The Lending Test is rated: Satisfactory
The Community Development Test is rated: Satisfactory

Clear Lake Bank and Trust Company is meeting the credit needs of its assessment area based on an analysis of the bank's lending and community development activities. The loan-to-deposit ratio is reasonable given the bank's size, financial condition, and assessment area credit needs. A majority of loans were originated in the assessment area. The geographic distribution of loans reflects poor dispersion throughout the assessment area, and lending activity reflects reasonable penetration among borrowers of different income levels, and businesses of different sizes. There were no CRA-related complaints received by the institution or the Reserve Bank since the previous evaluation.

Clear Lake Bank and Trust Company's community development performance demonstrates adequate responsiveness to the needs of its assessment area through community development loans, qualified donations, and community development services. The bank's performance is appropriate considering the bank's capacity, as well as the need and availability of such opportunities, for community development in the bank's assessment area.

SCOPE OF EXAMINATION

Clear Lake Bank and Trust Company's performance was evaluated using the Federal Financial Institutions Examination Council's (FFIEC) Interagency CRA Examination Procedures for Intermediate Small Banks. Performance was evaluated in the context of information about the institution and its assessment area, including the bank's asset size, financial condition, competition, and economic and demographic characteristics.

A full-scope evaluation was performed on the bank's single non-metropolitan statistical area Iowa assessment area (Non-MSA IA). Clear Lake Bank and Trust Company delineates Cerro Gordo County, Iowa, and Hancock County, Iowa, in their entireties.

The level of performance within the assessment area was assessed based on a sample of home mortgage and small business loans originated during the period beginning January 1, 2024, to December 31, 2024. As the bank's loan portfolio is primarily focused on commercial lending, small business loans were weighted more heavily than residential real estate loans for this evaluation's lending test. In addition, the bank's community development activities, from November 8, 2022, through March 2, 2026, were evaluated to determine their responsiveness to the needs within the assessment area.

Performance within the designated assessment areas was evaluated using intermediate-small bank examination procedures based on the following performance criteria:

- ***Loan-to-Deposit Ratio*** – A 13-quarter average loan-to-deposit ratio, from December 31, 2022, to December 31, 2025, was calculated for the bank and compared to a sample of local competitors.

- ***Lending in the Assessment Area*** – A sample of the bank's residential real estate and small business loans originated from January 1, 2024, to December 31, 2024, were reviewed to determine the percentage of loans originated within the assessment area.

- ***Geographic Distribution of Lending in the Assessment Area*** – A sample of the bank's residential real estate and small business loans originated from January 1, 2024, to December 31, 2024, were analyzed to determine the extent to which the bank is making loans in geographies of different income levels, particularly those designated as moderate-income.

- ***Lending to Borrowers of Different Income and to Businesses of Different Sizes*** – A sample of the bank's residential real estate and small business loans originated from January 1, 2024, to December 31, 2024, were reviewed to determine the distribution among borrowers of different income levels, particularly those considered low- or moderate-income, and to businesses with different revenue sizes.

- ***Response to Substantiated Complaints*** – Complaints were reviewed to determine if any were related to the bank's record of helping to meet community credit needs and its responses to any received were evaluated for appropriateness.

- ***Community Development Activities*** – The bank's responsiveness to community development needs through community development loans, qualified investments, and community development services, from November 8, 2022, through March 2, 2026, were reviewed considering the capacity, need, and availability of such opportunities within the assessment area.

In addition, two community representatives were contacted in connection with this evaluation to provide information regarding local economic and socio-economic conditions in the assessment area. The following types of organizations were contacted: affordable housing and economic development.

DESCRIPTION OF INSTITUTION

Clear Lake Bank and Trust Company is a subsidiary of Arneson Bancshares, Inc., a one-bank holding company located in Clear Lake, Iowa. The bank operates in two non-metropolitan counties in North Central Iowa: Cerro Gordo County and Hancock County. The bank maintains its main office in Clear Lake, Iowa, as well as a limited service, drive-through facility located across the street. Further, the bank maintains two branches in Mason City, Iowa: the Mason City West Office and the Mason City Downtown Office. Lastly, the bank maintains a branch in Garner, Iowa. In addition to full-service ATMs at each office location, the bank also maintains a cash-only ATM in Mason City, Iowa, and another in Clear Lake, Iowa. Since the previous evaluation, the bank has closed a cash-only ATM in an upper-income census tract and opened a new cash-only ATM in a moderate-income census tract. Clear Lake Bank and Trust Company has not opened, closed, or relocated any branches since the previous evaluation.

As of December 31, 2025, the bank reported $636.1 million in total assets. Clear Lake Bank and Trust Company serves its assessment area primarily as a commercial lender and also as a residential real estate lender, comprising 57.6 percent and 24.5 percent of the bank's lending portfolio, respectively. Loan products include, but are not limited to, commercial, residential real estate, agricultural, and consumer loan products. Deposit products include checking, savings, certificates of deposit, and money market deposit accounts. The bank offers a website (https://www.clearlakebank.bank) which allows customers to open an account, view account statements, make loan payments, and apply for consumer and residential real estate loans. Details of the allocation of the bank's loan portfolio are provided in the following table:

Composition of Loan Portfolio as of December 31, 2025 (000's)		
Type	$	%
Commercial	278,009	57.6
Residential Real Estate	118,258	24.5
Agriculture	51,205	10.6
Consumer	27,101	5.6
Other	8,375	1.7
Total	482,948	100.0
Note: Percentages may not total 100.0 percent due to rounding.		

As of the June 30, 2024, Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report, Clear Lake Bank and Trust Company ranks second out of 12 financial institutions operating in the assessment area. The bank held approximately $524.9 million in deposits, representing a market share of 23.6 percent. First Citizens Bank held the largest market share at 36.0 percent. The remaining institutions in the assessment area each hold less than seven percent of the market share. Clear Lake Bank and Trust Company has a total of five branch locations in the area, which is the highest number of branch locations of the 12 institutions in the assessment area, indicating that the Clear Lake Bank and Trust Company has a significant presence in the area. The bank's significant market presence and established footprint reflect a strong competitive position and demonstrate a higher capacity to identify and respond to the credit needs of the community.

There are no known legal, financial or other factors impeding the bank's ability to help meet the credit needs in its communities.

The bank was rated **satisfactory** under the CRA at its previous evaluation conducted on November 7, 2022.

DESCRIPTION OF ASSESSMENT AREA

Clear Lake Bank and Trust Company's Non-MSA Iowa assessment area is comprised of Cerro Gordo County and Hancock County, in their entireties. There are a total of 16 census tracts in the bank's assessment area, which has increased from 15 census tracts at the previous evaluation on November 7, 2022, as shown in the table below. The increase in the number of assessment area census tracts is attributed to the changes in the 2020 Decennial Census and the American Community Survey (ACS) for the period of 2016-2020. Further, the number of moderate-income census tracts increased from one to two. There are no low-income census tracts in the bank's assessment area and no distressed or underserved census tracts. The moderate-income census tracts are home to 2,240 families, representing 15.1 percent of all families in the assessment area. Clear Lake Bank and Trust's downtown Mason City, Iowa office is located in one of the two assessment area moderate-income census tracts, and the bank maintains a cash only ATM in the other moderate-income tract, which is also located in Mason City, Iowa. Overall, the assessment area is geographically unchanged from the previous performance evaluation.

Census Tract Designation Changes American Community Survey Data (ACS)			
Tract Income Designation	**2021 Designations (#)**	**2022 Designations (#)**	**Net Change (#)**
Low	0	0	0
Moderate	1	2	1
Middle	12	10	-2
Upper	2	4	2
Unknown	0	0	0
Total	15	16	1

The following table displays information about the assessment area by tract income categories, including details on total families, housing units, businesses, and farms for the year 2024.

2024 IA Non MSA AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	2,464	16.6
Moderate	2	12.5	2,240	15.1	272	12.1	3,081	20.8
Middle	10	62.5	9,129	61.5	525	5.8	3,282	22.1
Upper	4	25.0	3,475	23.4	128	3.7	6,017	40.5
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	**16**	**100.0**	**14,844**	**100.0**	**925**	**6.2**	**14,844**	**100.0**
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	4,483	2,193	12.6	48.9	1,811	40.4	479	10.7
Middle	16,512	11,171	64.4	67.7	3,663	22.2	1,678	10.2
Upper	6,711	3,976	22.9	59.2	1,425	21.2	1,310	19.5
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	**27,706**	**17,340**	**100.0**	**62.6**	**6,899**	**24.9**	**3,467**	**12.5**
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = $1 Million		Over $1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	567	21.2	490	20.1	70	35.2	7	16.3
Middle	1,442	53.8	1,313	53.9	103	51.8	26	60.5
Upper	671	25.0	635	26.0	26	13.1	10	23.3
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	**2,680**	**100.0**	**2,438**	**100.0**	**199**	**100.0**	**43**	**100.0**
Percentage of Total Businesses:				**91.0**		**7.4**		**1.6**
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = $1 Million		Over $1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	5	1.1	5	1.1	0	0.0	0	0.0
Middle	301	65.7	300	65.8	1	50.0	0	0.0
Upper	152	33.2	151	33.1	1	50.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	**458**	**100.0**	**456**	**100.0**	**2**	**100.0**	**0**	**0.0**
Percentage of Total Farms:				**99.6**		**0.4**		**0.0**

Source: 2024 FFIEC Census Data
2024 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

The following presentation of key demographics is used to help inform the evaluation of Clear Lake Bank and Trust Company's activity in its assessment area and is based on a comparison of two sets of ACS data: 2011-2015 and 2016-2020.

Population Characteristics

As presented in the following table, the bank's assessment area experienced a 1.2 percent decline in population from 2015, according to the 2011-2015 ACS and 2020 U.S. Census data. Both Cerro Gordo and Hancock counties experienced population declines at 0.8 and 2.7 percent, respectively, while the state of Iowa population increased 3.1 percent. Community representatives noted that population decline can be attributed to lower birth rates in the area and a growing elderly population. Additional factors contributing to population loss are poor quality housing stock and younger adults leaving rural portions of the assessment for more metropolitan areas. Another community representative noted the area has experienced a growing Micronesian population since 2020, particularly in Cerro Gordo County, which helps to contextualize the lower population loss percentage as compared to Hancock County.

2024 IA Non MSA Population Change			
Area	**2015 Population**	**2020 Population**	**Percent Change (%)**
Assessment Area	54,573	53,922	-1.2
Cerro Gordo County, IA	43,481	43,127	-0.8
Hancock County, IA	11,092	10,795	-2.7
State of Iowa	3,093,526	3,190,369	3.1
Source: 2011-2015 U.S. Census Bureau American Community Survey 2020 U.S. Census Bureau Decennial Census			

Income Characteristics

The following table compares the median family income for the Non-MSA Iowa assessment area, Cerro Gordo County, Hancock County, and the state of Iowa. In 2015, the median family income in the assessment area was $68,716. By 2020, the median family income increased by 7.2 percent to $73,631. Both Cerro Gordo and Hancock counties experienced an increase in median family income at 5.7 percent and 2.6 percent, respectively. The state of Iowa experienced the highest percentage increase at 7.4 percent. A community representative noted that Hancock County's concentration of manufacturing plants provides access to stable employment and higher wages. Another community representative mentioned that wages in Cerro Gordo County have increased, particularly in the manufacturing sector. Although wages have generally increased in the area, both community representatives are concerned about the cost-of-living outpacing income.

2024 IA Non MSA Median Family Income Change			
Area	2015 Median Family Income	2020 Median Family Income	Percent Change (%)
Assessment Area	$68,716	$73,631	7.2
Cerro Gordo County, IA	$69,278	$73,237	5.7
Hancock County, IA	$70,365	$72,182	2.6
State of Iowa	$73,712	$79,186	7.4

Source: 2011 - 2015 U.S. Census Bureau American Community Survey
2016 - 2020 U.S. Census Bureau American Community Survey
Median Family Incomes have been inflation-adjusted and are expressed in 2020 dollars.

Housing Characteristics

According to the 2024 FFIEC Census Data, there were a total of 27,706 housing units in the assessment area, of which 4,483 were located in moderate-income census tracts. The majority of housing units (62.6 percent) in the assessment area were owner-occupied, while 24.9 percent of housing units in the assessment area were rental units and 12.5 percent of housing units were vacant. The majority of the assessment area's total housing stock was located in middle-income census tracts (59.6 percent), with 24.2 percent in upper-income census tracts, and 16.2 percent in the two moderate-income census tracts. Further, the median age of housing stock in the assessment area was 61 years.

A household is considered cost burden when it spends more than 30 percent of its income on housing. A household is considered severely cost burden when it spends more than 50 percent of its income on housing. Low-income individuals are generally impacted at a higher rate than moderate-income individuals as both renters and homeowners. Low-income renters in Hancock County have the greatest cost burden at 73.0 percent, compared to 71.9 percent in the state of Iowa, and 65.7 percent in Cerro Gordo County. For moderate-income renters, the burden is highest in the state of Iowa at 21.4 percent, followed by Cerro Gordo County at 16.0 percent and Hancock County at 10.6 percent. As it pertains to homeowners, the state of Iowa has the highest overall burden, with 14.9 percent of all owners cost burdened, compared to Cerro Gordo and Hancock counties at 14.4 percent and 11.7 percent, respectively.

Community representatives indicated that the biggest challenge pertaining to housing in the assessment area is the lack of affordable housing and poor-quality housing stock. One community representative noted that in Cerro Gordo County, the best option to address the need for affordable housing is to repair the existing housing stock, particularly single-family homes. The representative stated the Housing Development Corporation and different private developers are working on home renovations to improve housing quality, but there continues to be a need for more grants and construction loans to incentivize renovations. Another representative mentioned that the current housing market and market rates further impact the possibility of finding a home that is considered affordable. Community representatives described rent prices as reasonable compared to other areas; however, rent affordability continues to be a challenge considering increases in rent prices overall.

While community representatives have observed new housing developments creating approximately 200 new rental and owner-occupied units in the Mason City area over the past two years, they note a shortage of developments that qualify as affordable housing. One representative noted the limited Section 8 housing in the assessment area. Both representatives see a need for downpayment assistance programs in both counties, though one representative noted that first-time homebuyer programs from the United States Department of Agriculture and the Iowa Finance Authority's (IFA) FirstHome Program have already begun supporting homeownership in Hancock County. Clear Lake Bank and Trust Company has supported the FirstHome Program through significant qualified community development lending activity. Refer to the Community Development Test conclusions below for additional detail.

The following table compares housing cost burden for renters and homeowners in the assessment area, Cerro Gordo and Hancock counties, and the state of Iowa.

2024 IA Non MSA Housing Cost Burden						
	Cost Burden – Renters (%)			Cost Burden – Owners (%)		
Area	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
Assessment Area	66.7	15.4	30.2	58.1	20.2	13.8
Cerro Gordo County, IA	65.7	16.0	29.8	57.5	21.4	14.4
Hancock County, IA	73.0	10.6	32.7	60.2	15.7	11.7
State of Iowa	71.9	21.4	37.9	58.7	23.5	14.9
Cost Burden is housing cost that equals 30 percent or more of household income						
Source: U.S. Department of Housing and Urban Development (HUD), 2017-2021 Comprehensive Housing Affordability Strategy						

Employment Characteristics

The following table presents the unemployment trends for the counties within the assessment area and the state of Iowa from 2020 to 2024. In 2020, the assessment area, Cerro Gordo and Hancock counties, and the state of Iowa experienced elevated unemployment rates due to the COVID-19 pandemic. By 2021, rates began declining across all areas. The unemployment rate in Cerro Gordo County dropped to 4.0 percent, while the rates in the state of Iowa and Hancock County declined to 3.9 percent and 3.4 percent, respectively. The downward trend in unemployment rates continued into 2022, but increased slightly again in 2023 across all areas. In 2024, the unemployment rates in the assessment area and both counties slightly decreased, with the lowest unemployment rate being in Hancock County at 2.3 percent. Conversely, the state of Iowa's unemployment rate slightly increased in 2024 (3.0 percent). Community representatives indicated that there are numerous employment opportunities available throughout the assessment area, particularly in the manufacturing and healthcare sectors.

The following table presents the unemployment trends for the counties within the assessment area and the state of Iowa from 2020 to 2024.

2024 IA Non MSA Unemployment Rates (%)					
Area	**2020**	**2021**	**2022**	**2023**	**2024**
Assessment Area	5.0	3.9	2.8	3.0	2.8
Cerro Gordo County, IA	5.2	4.0	2.9	3.1	2.9
Hancock County, IA	4.5	3.4	2.3	2.7	2.3
State of Iowa	5.2	3.9	2.8	2.9	3.0
Source: Bureau of Labor Statistics (BLS), Local Area Unemployment Statistics					

Industry Characteristics

According to the U.S. Bureau of Labor Statistics, the assessment area contains a diverse employment base and is most heavily impacted by the industries of manufacturing, healthcare, retail trade, and professional and technical services. One community representative noted that the manufacturing sector in Hancock County employs approximately 2,663 workers, the largest sector in the county. Another representative stated that job availability remains high in Cerro Gordo County, as manufacturing companies and healthcare organizations have plenty of employment opportunities and are willing to hire. Both community representatives stated there have not been any significant openings, closings, or relocations of employers in the area and that overall employment needs are generally being met.

Community Representatives

Two community representatives were contacted during the evaluation to provide information regarding local economic conditions and demographics. The representatives provided information on housing, employment, and economic development needs within the assessment area. The primary challenges identified by community representatives include affordable housing, quality of housing stock, access to affordable childcare, and attracting and retaining residents. Community representatives also indicated there is a need for financial literacy programs, increased availability of downpayment assistance programs, and additional small business lending. Further, one representative located in Cerro Gordo County indicated financial institutions in the area are not meeting small business credit needs to the same extent as agricultural credit needs because most financial institutions in the area are primarily agricultural lenders. However, representatives noted that, overall, financial institutions in the area are generally meeting the credit needs of the community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

LENDING TEST

Clear Lake Bank and Trust Company's performance relative to the lending test is **Satisfactory.** The loan-to-deposit ratio is reasonable given the bank's size, financial condition, and assessment area credit needs. The majority of residential real estate loans and small business loans were originated in the assessment area. The geographic distribution of loans reflects poor dispersion throughout the assessment area, and lending activity reflects reasonable penetration among individuals of different income levels and businesses of different revenue sizes. As the bank's loan composition is primarily focused on commercial lending, commercial loans were more heavily weighted than residential real estate loans during this evaluation.

Loan-to-Deposit Ratio

Clear Lake Bank and Trust Company had a reasonable loan-to-deposit (LTD) ratio (considering seasonal variations) given the bank's size, financial condition, the credit needs of its assessment area, and considering, as appropriate, other lending-related activities such as loan originations for sale to the secondary market and community development loans and qualified investments.

As of December 31, 2025, the bank's LTD ratio averaged 80.4 percent over a 13-quarter period, approximating the level of its local competitors and indicating that deposits are being reinvested in loans within the bank's assessment area. The LTD ratio has increased since the previous evaluation, which was 76.3 over a 12-quarter period average ending June 30, 2022. Clear Lake Bank and Trust Company has the third highest LTD ratio of similarly situated banks in the area. The following table compares the bank's LTD ratio to its local competitors.

Comparative Loan-to-Deposit Ratios as of December 31, 2025	
Comparative Data	**13-Quarter Average (%)**
Clear Lake Bank and Trust Company	80.4
Peer Avg – Local	82.4
Competitors	
Farmers Trust and Savings Bank, Buffalo Center, Iowa	103.9
Manufacturers Bank & Trust Company, Forest City, Iowa	80.7
First Citizens Bank, Mason City, Iowa	80.1
Iowa State Bank, Algona, Iowa	79.3
NSB Bank, Mason City, Iowa	79.0
First Security Bank and Trust Company, Charles City, Iowa	71.6

Assessment Area Concentration

Clear Lake Bank and Trust Company made a majority of its loans, and as appropriate, other lending-related activities, in the bank's assessment area.

During the evaluation period, the bank originated 79.7 percent of combined lending, by number, and 78.3 percent, by dollar amount, within the assessment area. The bank's overall assessment area concentration is comparable, by number, to total combined loans originated during the previous evaluation (80.4 percent). Further, the bank originated 76.4 percent, by number, of total residential real estate loans within the assessment area and 85.7 percent, by number, of small business loans within the assessment area. Overall, the percentage of residential real estate and small business loans originated within the assessment area indicates the bank is actively responding to the credit needs of individuals and businesses in the communities it serves.

The following table summarizes Clear Lake Bank and Trust Company's lending inside and outside its assessment area for residential loans and small business loans from January 1, 2024, to December 31, 2024.

Assessment Area Concentration								
Loan Type	**Inside**				**Outside**			
	#	%	**$(000s)**	%	#	%	**$(000s)**	%
Residential Real Estate Loans	97	76.4	$10,664	72.5	30	23.6	$4,050	27.5
Small Business	60	85.7	$8,053	87.6	10	14.3	$1,141	12.4
Total Loans	157	79.7	$18,716	78.3	40	20.3	$5,191	21.7

Geographic Distribution of Loans

Clear Lake Bank and Trust Company demonstrated a poor geographic distribution of loans within the bank's assessment area. An analysis of the geographic distribution of a sample of residential real estate loans and small business loans, originated from January 1, 2024, to December 31, 2024, was conducted to determine the dispersion of loans within the assessment area, particularly in moderate-income census tracts. The analysis took into consideration the demographics, economic conditions, and branching network of the bank. In 2024, the bank originated small business loans in 13 out of 16 census tracts and originated residential real estate loans in all 16 census tracts. The bank reached one of two moderate-income census tracts for its small business lending and both moderate-income census tracts for its residential real estate lending. Examiners determined there were no conspicuous or unexplained gaps in the assessment area.

Given the bank's sizable market share within the assessment area, the prevalence of small businesses located in moderate-income census tracts, and demand for small business lending as described by community representatives, there are opportunities for the bank to lend to small businesses located in the moderate-income census tracts within the assessment area.

Residential Real Estate Loans

The geographic distribution of residential real estate lending reflects reasonable dispersion throughout the assessment area. In 2024, the bank originated 12.4 percent of total residential real estate loans in moderate-income census tracts, which approximates the percentage of owner-occupied units located within those geographies at 12.6 percent. The majority of the bank's residential real estate loans (54.6 percent) were originated in middle-income census tracts, which is below the percentage of owner-occupied units located within those geographies at 64.4 percent. Finally, the bank originated 33.0 percent of residential real estate loans in upper-income census tracts, which is above the percentage of owner-occupied units in those geographies at 22.9 percent. The following table summarizes the Clear Lake Bank and Trust Company's 2024 geographic distribution of residential real estate loans in the assessment area.

Distribution of 2024 Residential Lending By Income Level of Geography Assessment Area: IA Non MSA					
Geographic Income Level	Bank Loans				Owner Occupied Units %
	#	#%	$(000)	$%	
Low	0	0.0	0	0.0	0.0
Moderate	12	12.4	777	7.3	12.6
Middle	53	54.6	5,208	48.8	64.4
Upper	32	33.0	4,679	43.9	22.9
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	
Total	97	100.0	10,664	100.0	100.0

Source: 2024 FFIEC Census Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Small Business Lending

The geographic distribution of small business loans reflects poor dispersion throughout the assessment area. In 2024, Clear Lake Bank and Trust Company originated 6.7 percent of small business loans in the two moderate-income census tracts, which is significantly below the percentage of total businesses located in moderate-income census tracts at 21.2 percent. As previously mentioned, Clear Lake Bank and Trust Company has a presence in one of the two moderate-income census tracts, as its Mason City downtown branch is located in a moderate-income census tract. However, despite the demand for small business credit in the assessment area and the number of small businesses located in the moderate-income census tracts, the bank's lending activity in moderate-income geographies is poor.

Clear Lake and Bank Trust Company originated 45.0 percent of small business loans in middle-income census tracts, which is below the percentage of total businesses located in those geographies at 53.8 percent. Lastly, 48.3 percent of the bank's small business loans were originated in upper-income census tracts, which is significantly above the total businesses located in the assessment area at 25.0 percent.

Distribution of 2024 Small Business Lending By Income Level of Geography Assessment Area: IA Non MSA					
Geographic Income Level	Bank Loans				Total Businesses %
	#	#%	$(000)	$%	
Low	0	0.0	0	0.0	0.0
Moderate	4	6.7	231	2.9	21.2
Middle	27	45.0	5,042	62.6	53.8
Upper	29	48.3	2,780	34.5	25.0
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	
Total	60	100.0	8,053	100.0	100.0

Source: 2024 FFIEC Census Data
2024 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Lending to Borrowers of Different Income Levels and to Businesses of Different Sizes

Clear Lake Bank and Trust Company's distribution of loans to and, as appropriate, other lending-related activities for individuals of different income levels (including low- and moderate-income individuals) and businesses of different sizes is reasonable given the demographics of the bank's assessment area. A sample of residential real estate and small business loans originated from January 1, 2024, to December 31, 2024, was reviewed to determine the dispersion of loans among borrowers of different income levels, particularly those designated as low- and moderate-income, and to businesses with gross annual revenues of $1 million or less. A breakdown of the bank's residential real estate and small business lending is detailed below.

Residential Real Estate Loans

The borrower distribution of residential real estate loans reflects reasonable penetration among individuals of different income levels. In 2024, Clear Lake Bank and Trust Company originated 12.4 percent of its residential real estate loans to low-income borrowers, which is below the percentage of low-income families in the assessment area at 16.6 percent. However, the bank originated 26.8 percent of its residential real estate loans to moderate-income borrowers, which is above the 20.8 percentage of moderate-income families that make up the assessment area's demographic. Additionally, the bank originated 23.7 percent of its residential real estate loans to middle-income borrowers, which is slightly above the percentage of middle-income families within the assessment area at 22.1 percent. The bank originated 36.1 percent of its residential real estate loans to upper-income borrowers, which is slightly lower than the percentage of upper-income families in the assessment area at 40.5 percent. Overall, these figures indicate Clear Lake Bank and Trust Company is appropriately serving the credit needs of low- and moderate-income borrowers within the assessment area.

Distribution of 2024 Residential Lending By Borrower Income Level Assessment Area: IA Non MSA					
Borrower Income Level	Bank Loans				Families by Family Income %
	#	#%	$(000)	$%	
Low	12	12.4	761	7.1	16.6
Moderate	26	26.8	1,871	17.5	20.8
Middle	23	23.7	1,901	17.8	22.1
Upper	35	36.1	5,942	55.7	40.5
Unknown	1	1.0	189	1.8	0.0
Total	97	100.0	10,664	100.0	100.0

Source: 2024 FFIEC Census Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Small Business Loans

The distribution of small business loans reflects reasonable penetration among businesses of different revenue sizes. In 2024, Clear Lake Bank and Trust Company originated 78.3 percent of its small business loans to businesses with gross revenues equal to or less than $1 million. The bank's performance was below the percentage of total small businesses operating in the assessment area at 91.0 percent. However, 70.0 percent of the bank's loans originated to businesses with annual revenues of $1 million or less, were in the amounts of $100,000 or less. These loans are considered most beneficial to small businesses and demonstrate the bank's willingness to meet the credit needs of small businesses in the assessment area.

Distribution of 2024 Small Business Lending By Revenue Size of Businesses Assessment Area: IA Non MSA					
	Bank Loans				Total Businesses %
	#	#%	$(000)	$%	
By Revenue					
$1 Million or Less	47	78.3	5,606	69.6	91.0
Over $1 Million	13	21.7	2,446	30.4	7.4
Revenue Unknown	0	0.0	0	0.0	1.6
Total	60	100.0	8,053	100.0	100.0
By Loan Size					
$100,000 or Less	42	70.0	1,595	19.8	
$100,001 - $250,000	9	15.0	1,357	16.9	
$250,001 - $1 Million	9	15.0	5,101	63.3	
Total	60	100.0	8,053	100.0	
By Loan Size and Revenues $1 Million or Less					
$100,000 or Less	33	70.2	1,099	19.6	
$100,001 - $250,000	7	14.9	1,056	18.8	
$250,001 - $1 Million	7	14.9	3,451	61.6	
Total	47	100.0	5,606	100.0	

Source: 2024 FFIEC Census Data
2024 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Response to Complaints

Neither the bank nor this Reserve Bank has received any CRA-related complaints since the previous evaluation.

COMMUNITY DEVELOPMENT TEST

The bank's performance relative to the community development test is Satisfactory.

Lending, Investment, and Services Activities

Clear Lake Bank and Trust Company demonstrates adequate responsiveness to the community development needs of its assessment area through community development loans, contributions, and community development services. The bank's performance is appropriate considering the bank's capacity, needs of the communities it serves, and availability of such opportunities within the assessment area during the evaluation period from November 8, 2022, through March 2, 2026.

Lending

Clear Lake Bank and Trust originated 74 qualified loans totaling approximately $11.3 million within the assessment area during the evaluation period. Of these loans, 70, by number, and $7.9 million, by dollar amount, went towards providing affordable housing in the assessment area, namely through programs such as IFA FirstHome and Federal Home Loan Bank Home$tart. Community representatives indicated there is high demand for affordable housing in the assessment area, and the bank's participation in various affordable housing programs reflects its commitment to meeting the area's affordable housing needs. In addition, the bank originated three qualified economic development loans, totaling approximately $3.2 million, to small businesses as part of the Small Business Administration (SBA) 504 program.

To further illustrate the bank's commitment to community development, 24 qualified loans totaling $2.6 million were made to affordable housing causes outside of the assessment area. Additionally, one qualified loan in the amount of $72,659 was made to revitalize and stabilize an underserved income census tract outside of the assessment area.

Overall, the bank significantly increased the total community development lending, by number, since the previous evaluation period, during which time the bank originated a total of 34 qualified loans totaling $27.9 million.

Investments

Clear Lake Bank and Trust Company did not make any new investments or have any outstanding prior-period investments, which is consistent with the previous evaluation. The bank's community development investments are comprised of 149 qualified contributions totaling $255,300 to community organizations within the assessment area, which represents an increase since the previous evaluation period, during which time the bank made 92 qualified contributions for $192,854. Further, three qualified contributions were granted outside of the assessment area, totaling $816. The majority of the bank's community development contributions were awarded to community services that primarily benefit low- and moderate-income individuals, followed by organizations that promote economic development, revitalize and stabilize distressed or underserved geographies, and organizations that provide affordable housing to low- and moderate-income residents. Significant contributions include donations to schools serving low- and moderate-income children and organizations supporting economic development in the area. The overall increase in contributions since the previous evaluation indicates that the bank is actively involved in the community and is meeting community needs.

Services

Clear Lake Bank and Trust Company staff provided 1,342.5 community development service hours to the assessment area. The hours represent a 72 percent increase in the total number of qualified hours since the previous evaluation, where the bank provided a total of 779.5 community development service hours. A majority of the bank's community development hours (1,190.5) were dedicated to organizations that have a primary focus on community service. The bank also dedicated 152 hours to organizations that promote economic development by supporting small businesses and creating permanent job creations for low- and moderate-income individuals. The service hours dedicated to economic development are responsive to the needs of small businesses as identified by community representatives. Further, a total of 504 qualified service hours were dedicated to organizations outside of the assessment area.

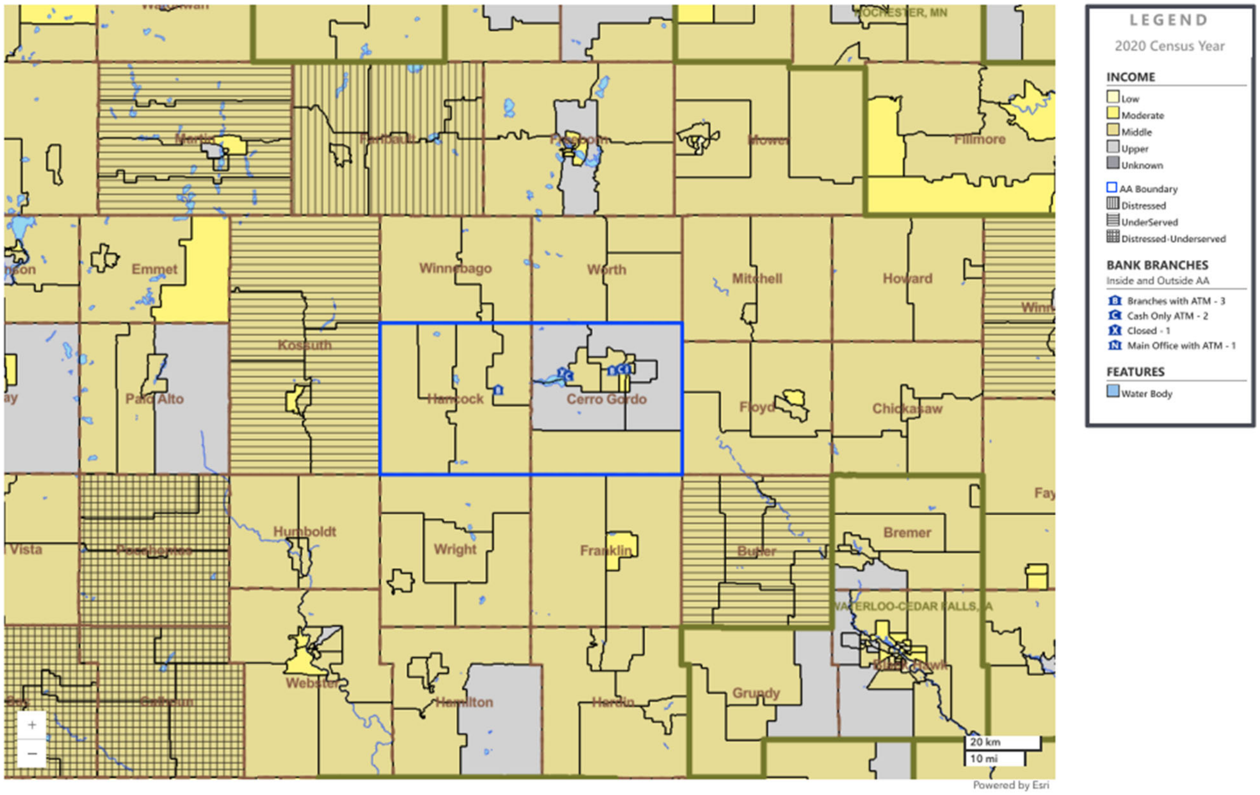
Community Development Activities November 8, 2022, to March 2, 2026										
Type of Activity	Affordable Housing		Economic Development		Community Service		Revitalize and Stabilize		Totals	
	#	$/Hours	#	$/Hours	#	$/Hours	#	$/Hours	#	$/Hours
Lending	70	7,914,882	3	3,259,516	0	0	1	135,800	74	11,310,198
Investments	0	0	0	0	0	0	0	0	0	0
Contributions	3	7,100	10	86,275	121	143,256	15	18,669	149	$255,300
Services	0	0	10	152	112	1,190.5	0	0	122	1,342.5

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified.

APPENDIX A – Map of Assessment Area

Clear Lake Bank and Trust Company 865544
IA Non MSA



APPENDIX B – Scope of Examination

SCOPE OF EXAMINATION			
TIME PERIOD REVIEWED	**Lending Test:** Residential Real Estate loans (sample): January 1, 2024, to December 31, 2024 Small Business loans (sample): January 1, 2024, to December 31, 2024 **Community Development Test:** November 7, 2022, to March 2, 2026		
FINANCIAL INSTITUTION Clear Lake Bank and Trust Company			**PRODUCTS REVIEWED** Residential Real Estate Loans Small Business Loans
AFFILIATE(S)	**AFFILIATE RELATIONSHIP**		**PRODUCTS REVIEWED**
None	N/A		N/A
LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
ASSESSMENT AREA	**TYPE OF EXAMINATION**	**BRANCHES VISITED**	**OTHER INFORMATION**
Non-MSA Iowa	**Full scope review**	**N/A**	**N/A**

APPENDIX C – Glossary

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. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Affordability ratio: To determine housing affordability, the affordability ratio is calculated by dividing median household income by median housing value. This ratio allows the comparison of housing affordability across assessment areas and/or communities. An area with a high ratio generally has more affordable housing than an area with a low ratio.

Aggregate lending: The number of loans originated and purchased by all lenders subject to reporting requirements as a percentage of the aggregate number of loans originated and purchased by all lenders in the MSA/assessment area.

American Community Survey Data (ACS): The American Community Survey (ACS) data is based on a nationwide survey designed to provide local communities with reliable and timely demographic, social, economic, and housing data each year. The Census Bureau first released data for geographies of all sizes in 2010. This data is known as the "five-year estimate data." The five-year estimate data is used by the FFIEC as the base file for data used in conjunction with consumer compliance and CRA examinations.[1]

Area Median Income (AMI): AMI means –

1. The median family income for the MSA, if a person or geography is located in an MSA, or for the metropolitan division, if a person or geography is located in an MSA that has been subdivided into metropolitan divisions; or
2. The statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

Assessment area: Assessment area means a geographic area delineated in accordance with section 228.41

Automated teller machine (ATM): An automated teller machine means an automated, unstaffed banking facility owned or operated by, or operated exclusively for, the bank at which deposits are received, cash dispersed or money lent.

Bank: Bank means a state member as that term is defined in section 3(d)(2) of the Federal Deposit Insurance Act (12 USC 1813(d)(2)), except as provided in section 228.11(c)(3), and includes an

[1] *Source: FFIEC press release dated October 19, 2011.*

uninsured state branch (other than a limited branch) of a foreign bank described in section 228.11(c)(2).

Branch: Branch refers to a staffed banking facility approved as a branch, whether shared or unshared, including, for example, a mini-branch in a grocery store or a branch operated in conjunction with any other local business or nonprofit organization.

Census tract: Small subdivisions of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. They usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Combined Statistical Area (CSAs): Adjacent metropolitan statistical areas/metropolitan divisions (MSA/MDs) and micropolitan statistical areas may be combined into larger Combined Statistical Areas based on social and economic ties as well as commuting patterns. The ties used as the basis for CSAs are not as strong as the ties used to support MSA/MD and micropolitan statistical area designations; however, they do bind the larger area together and may be particularly useful for regional planning authorities and the private sector. Under Regulation BB, assessment areas may be presented under a Combined Statistical Area heading; however, all analysis is conducted on the basis of median income figures for MSA/MDs and the applicable state-wide non metropolitan median income figure.

Community Development: The financial supervisory agencies have adopted the following definition for community development:

1. Affordable housing, including for multi-family housing, for low- and moderate-income households;
2. Community services tailored to meet the needs of low- and moderate-income individuals;
3. Activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of $1 million or less; or
4. Activities that revitalize or stabilize low- or moderate-income geographies.

   Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definitions of community development. Activities that revitalize or stabilize:

   1) Low- or moderate-income geographies;
   2) Designated disaster areas; or
   3) Distressed or underserved nonmetropolitan middle-income geographies

designated by the Board, Federal Deposit Insurance Corporation and Office of the Comptroller of the Currency based on:

a. Rates of poverty, unemployment or population loss; or
b. Population size, density and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density and dispersion if they help to meet essential community services including the needs of low- and moderate-income individuals.

Community Development Loan: A community development loan means a loan that:

1) Has as its primary purpose community development; and
2) Except in the case of a wholesale or limited purpose bank –
    a. Has not been reported or collected by the bank or an affiliate for consideration in the bank's assessment as a home mortgage, small business, small farm, or consumer loan, unless it is a multi-family housing loan (as described in the regulation implementing the Home Mortgage Disclosure Act); and
    b. Benefits the bank's assessment area(s) or a broader statewide or regional area that includes the bank's assessment area(s).

Community Development Service: A community development service means a service that:

1) Has as its primary purpose community development; and
2) Is related to the provision of financial services.

Consumer loan: 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 of loans: motor vehicle, credit card, other consumer secured loan, includes loans for home improvement purposes not secured by a dwelling, and other consumer unsecured loan, includes loans for home improvement purposes not secured.

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 household and no wife present) or "female householder" (a family with a female householder and no husband present).

Fair market rent: Fair market rents (FMRs) are gross rent estimates. They include the shelter rent plus the cost of all tenant-paid utilities, except telephones, cable or satellite television service, and internet service. HUD sets FMRs to assure that a sufficient supply of rental housing is available to their program participants. To accomplish this objective, FMRs must be both high enough to permit a selection of units and neighborhoods and low enough to serve as many low-income families as possible. The level at which FMRs are set is expressed as a percentile point within the rent distribution of standard-quality rental housing units. The current definition used is the 40th percentile rent, the dollar amount below which 40 percent of the standard-quality rental housing units are rented. The 40th percentile rent is drawn from the distribution of rents of all units occupied by recent movers (renter households who moved to their present residence within the past 15 months). HUD is required to ensure that FMRs exclude non-market rental housing in their computation. Therefore, HUD excludes all units falling below a specified rent level determined from public housing rents in HUD's program databases as likely to be either assisted housing or otherwise at a below-market rent, and units less than two years old.

Full review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and amount of qualified investments) and qualitative factors (for example, innovativeness, complexity and responsiveness).

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

Home Mortgage Disclosure Act: The statute that requires certain mortgage lenders that do business or have banking offices in metropolitan statistical areas to file annual summary reports of their mortgage lending activity. The reports include data such as the race, gender and income of the applicant(s) and the disposition of the application(s) (for example, approved, denied, and withdrawn).

Home mortgage loans: Are defined in conformance with the definitions of home mortgage activity under the Home Mortgage Disclosure Act and include closed end mortgage loans secured by a dwelling and open-end lines of credit secured by a dwelling. This includes loans for home purchase, refinancing and loans for multi-family housing. It does not include loans for home improvement purposes that are not secured by a dwelling.

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.

Income Level: Income level means:

1) Low-income – an individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a census tract;
2) Moderate-income – an 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 census tract;

3) Middle-income – an 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 census tract; and
4) Upper-income – an 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 census tract.

Additional Guidance: .12(m) Income Level: The median family income levels (MFI) for census tracts are calculated using the income data from the United States Census Bureau's American Community Survey and geographic definitions from the Office of Management and Budget (OMB) and are updated approximately every five years (.12(m) Income Level).

Limited-purpose bank: This term refers to a bank that offers only a narrow product line such as credit card or motor vehicle loans to a regional or broader market and for which a designation as a limited-purpose bank is in effect, in accordance with section 228.25(b).

Limited review: Performance under the Lending, Investment, and Services test is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, amount of investments and branch office distribution).

Loan location: Under this definition, a loan is located as follows:

1) Consumer loan is located in the census tract where the borrower resides;
2) Home mortgage loan is located in the census tract where the property to which the loan relates is located;
3) Small business and small farm loan is located in the census tract where the main business facility or farm is located or where the loan proceeds have been applied as indicated by the borrower.

Loan production office: This term refers to a staffed facility, other than a branch, that is open to the public and that provides lending-related services, such as loan information and applications.

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 MA/assessment area.

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development (HUD) 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 it and half below it.

Metropolitan Area: A metropolitan statistical area (**MSA**) or a metropolitan division (**MD**) as defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a single core population of at least 2.5 million may be divided into MDs. A metropolitan statistical area that crosses into two or more bordering states is called a multistate metropolitan statistical area.

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

Nonmetropolitan area: This term refers to any area that is not located in a metropolitan statistical area or metropolitan division. Micropolitan statistical areas are included in the definition of a nonmetropolitan area; a micropolitan statistical area has an urban core population of at least 10,000 but less than 50,000.

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: This term refers to any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated area: This term refers to a state or multistate metropolitan area. For institutions with domestic branch offices in one state only, the institution's CRA rating is the state's rating. If the institution maintains domestic branch offices in more than one state, the institution will receive a rating for each state in which those branch offices are located. If the institution maintains domestic branch offices in at least two states in a multistate metropolitan statistical area, the institution will receive a rating for the multistate metropolitan area.

Small Bank: This term refers to a bank that as of December 31 of either of the prior two calendar years, had assets of less than $1.252 billion. Intermediate small bank means a small bank with assets of at least $313 million as of December 31 of both of the prior two calendar years and less than $1.252 billion as of December 31 of either of the prior two calendar years.

Annual Adjustment: The dollar figures in paragraph (u)(1) of this section shall be adjusted annually and published by the Board, based on the year-to-year change in the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers, not seasonally adjusted, for each 12-month period ending in November, with rounding to the nearest million.

Small Business Loan: This term refers to a loan that is included in "loans to small businesses" as defined in the instructions for preparation of the Consolidated Report of Condition and Income. The loans have original amounts of $1 million or less and are either secured nonfarm, nonresidential properties or are classified as commercial and industrial loans.

Small Farm Loan: This term refers to a loan that is included in "loans to small farms" as defined in the instructions for preparation of the Consolidated Report of Condition and Income. These loans have original amounts of $500 thousand or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

Wholesale Bank: This term refers to a bank that is not in the business of extending home mortgage, small business, small farm or consumer loans to retail customers, and for which a designation as a wholesale bank is in effect, in accordance with section 228.25(b).