

# LARGE BANK

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## Public Disclosure

July 10, 2000

## Community Reinvestment Act Performance Evaluation

**Commerce Bank, N.A.  
Charter Number: 176  
416 Main Street  
Peoria, Illinois 61602**

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**NOTE: 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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## 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 **Commerce Bank, N. A., Peoria, Illinois** prepared by the Office of the Comptroller of the Currency (OCC), the institution's supervisory agency, as of July 10, 2000. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

## Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this Performance Evaluation. 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 by another company. A company is under common control with another company if both companies are directly or indirectly controlled by the same company. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**Block Numbering Area (BNA)** - Statistical subdivisions of counties in which census tracts have not been established. BNAs have been established by the United States Census Bureau in conjunction with state agencies.

**Census Tract (CT)** - Small, locally defined statistical areas within metropolitan statistical areas. These areas are determined by the United States Census Bureau in an attempt to group homogenous populations. A CT has defined boundaries per ten-year census and an average population of 4,000.

**Community Development (CD)** - Affordable 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 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, activities that revitalize or stabilize low- or moderate-income geographies.

**Community Reinvestment Act (CRA)** - The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, 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.

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

**Geography** - A census tract or a block numbering area 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 do 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, and the disposition of the application (e.g., approved, denied, withdrawn).

**Home Mortgage Loans** - Such loans include home purchase and home improvement loans, as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwellings loans, loans for the purchase of manufactured homes and refinancing of home improvement and home purchase loans.

**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, branch distribution).

**Low-Income** - Income levels that are less than 50% of the median family income.

**Median Family Income (MFI)** - The median income determined by the United States 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 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 Statistical Area (MSA)** - Area defined by the Director of the United States Office of Management and Budget. MSAs consist of one or more counties, including large population centers and nearby communities that have a high degree of interaction.

**Middle-Income** - Income levels that are at least 80% and less than 120% of the MFI.

**Moderate-Income** - Income levels that are at least 50% and less than 80% of the MFI.

**Small Business Loans** - Loans with original amounts of \$1 million or less that are: (1) secured by nonfarm nonresidential properties; or (2) commercial and industrial loans to U.S. addresses.

**Small Farm Loans** - Loans with original amounts of \$500 thousand or less that are: (1) secured by farmland; or (2) to finance agricultural production and other loans to farmers.

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

**Upper-Income** - Income levels that are 120% or more of the MFI.

## Overall CRA Rating

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

The following table indicates the performance level of **Commerce Bank, N.A. (Commerce), Peoria, Illinois** with respect to the Lending, Investment, and Service Tests:

<b>Performance Levels</b>	Commerce Bank, N.A. (Commerce) Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X	X	X
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

\* The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.

The major factors that support this rating include:

- The geographic distribution of Commerce’s lending is good.
- Lending to borrowers of different income levels is good.
- The distribution of Commerce’s small loans to businesses and small farm loans is excellent.
- Investments demonstrate good responsiveness by Commerce to the needs in the communities it serves.
- Commerce's delivery systems are reasonably accessible to geographies and individuals of different income levels in the institution's assessment areas.
- Commerce’s performance in providing community development services to its AAs is good.

## Description of Institution

Commerce is an intrastate institution located in central Illinois. The bank is headquartered in Peoria and operates 13 offices. Commerce services the entire Peoria-Pekin Illinois Metropolitan Statistical Area (MSA) and the entire Bloomington-Normal Illinois MSA. There are eight offices in the Peoria-Pekin MSA and five offices in the Bloomington-Normal MSA. All of the offices except two have an Automated Teller Machine (ATM) on the premises. Commerce also has three freestanding ATM's for a total of 14 ATM's. The distribution of the offices shows two are located in low-, two are located in moderate-, seven are located in middle-, and two are located in upper-income CT's.

Commerce is a wholly owned subsidiary of Commerce Bancshares, Inc. (CBI), which is headquartered in Kansas City, Missouri. CBI had total assets of \$11.4 billion on December 31, 1999. CBI is a bank holding company consisting of four national bank charters operating in Illinois, Missouri, Kansas and Nebraska. The Nebraska charter is a limited-purpose credit card bank. The company also owns, either directly or through its subsidiaries, various non-banking entities engaged in business activities directly supporting subsidiary banks such as real estate ownership and management for bank premises, insurance services, venture capital, and mortgage banking. Commerce Mortgage Company originates the majority of the residential real estate loans (purchase and refinance) for all CBI affiliates. CBI and its subsidiaries combine to provide a wide range of financial services targeted to commercial and agricultural businesses, consumers, and other entities, such as political subdivisions.

As of March 31, 2000, the bank had \$857 million in total assets, \$522 million in total loans, and \$84 million in Tier I capital. The majority of the loan portfolio is real estate secured. Twenty four percent of the portfolio is secured by commercial real estate, nineteen percent of the portfolio is 1-4 family residential loans, six percent is construction, five percent is secured by multifamily real estate, and four percent is secured by farmland. Another 24 percent are commercial loans, 11 percent are loans to individuals, and 5 percent are loans to farmers. Commerce's predecessor in the Peoria MSA (First Peoria Corporation) focused on small business and small farm lending. Commerce management indicated market acceptance of Commerce as a multi-purpose lender has been slow, thus hampering the bank's ability to make HMDA loans.

There are no financial, legal or other factors, which impede the bank's ability to meet its communities' credit needs.

## Scope of the Evaluation

### **Evaluation Period/Products Evaluated**

We reviewed home mortgage, small business, and small farm loans originated from January 1, 1998 to December 31, 1999. Although we conducted the prior evaluation in May 1998, the analysis was only based on Commerce's performance in 1996 and 1997. In this current evaluation, we included loans made by Commerce Mortgage Company within the Peoria-Pekin MSA and Bloomington-Normal MSA. We reviewed community development loans made from May 4, 1998 through July 10, 2000. Commerce's last CRA evaluation by the OCC dated May 4, 1998 rated the bank "Satisfactory."

Our review of investments included an analysis of the investment portfolio, donations and grants made between May 4, 1998 and July 10, 2000. Our evaluation of bank services included analyzing the bank's branch and ATM network for the availability and effectiveness of delivering retail-banking services. We analyzed the effect of changes in branch locations since our previous CRA examination. We also considered the extent and innovativeness of the bank's community development services in meeting the credit needs of its AAs.

### **Data Integrity**

We performed a data integrity examination in June 2000. Examiners found that Commerce has adequate systems and controls to ensure the accuracy of reported data. To ensure data integrity, examiners sampled HMDA and small business loan information. We did not detect any material errors in the loan sample reviewed and we consider the data used in this evaluation as accurate.

### **Selection of Areas for Full-Scope Review**

Our analysis included full-scope examination procedures for both of Commerce's assessment areas. Since the level of deposits and loans from each AA was significant, we analyzed Commerce's performance in each market. Please refer to the table in Appendix A for additional information on the scope of our review.

### **Ratings**

Commerce's overall rating and ratings assigned to each test are the consolidation of conclusions reached for each AA. When consolidating AA conclusions into overall ratings, Commerce's performance in the Peoria-Pekin MSA was given slightly more weight than the Bloomington-Normal MSA since this market represents a slightly larger portion of Commerce's deposits and loans. Small business lending was given slightly more weight than performance in home mortgage or small farm lending due to current lending volume and the percentage of the bank's portfolio made up of commercial loans. Home improvement lending was given very little weight due to the volume of lending and the minimal need for this product.

**Other**

We conducted three community contacts during this examination. We also reviewed information gathered from two other organizations by OCC examiners during the first quarter of 2000. Three of these organizations worked with small businesses and economic development initiatives. The other two contacts were involved in affordable housing issues. Three of the contacts were in the Peoria-Pekin MSA with the other two contacts in the Bloomington-Normal MSA. Our contacts identified the continuing need for affordable housing in the central city and south side of Peoria and along the Illinois River in Pekin. Affordable housing was also identified as a significant need for LMI families in the Bloomington-Normal MSA. The cost of housing in the Bloomington-Normal area is very high with average housing prices for 1999 of \$140,000 (based on information from a local real estate contact). Our contacts indicated there is not enough affordable housing available in this MSA.

**Fair Lending Review**

We performed an analysis of recent HMDA, small business and small farm lending data, public comments, and consumer complaint information according to the OCC's risk based analysis approach. The analysis of the lending data revealed no significant differences for applicants by collected prohibited basis. In addition, an analysis of the consumer complaint data and public comments revealed no substantive fair lending issues that warranted a more detailed review. We performed a comprehensive fair lending review during our prior CRA examination in May 1998 and did not identify any violations of the anti-discrimination laws or regulations.

## Conclusions with Respect to Performance Tests

### LENDING TEST

The bank's performance under the Lending Test is rated "High Satisfactory." Based on full-scope reviews, the bank's performance is good in the Peoria-Pekin MSA and is excellent in the Bloomington-Normal MSA. We gave the Peoria-Pekin MSA slightly more weight than the Bloomington-Normal MSA since 57% of the deposits came from this MSA and 58% of the loans are made in this MSA. Small business lending was given slightly more weight than performance in home mortgage or small farm lending due to current lending volume and the percentage of the bank's portfolio made up of commercial loans.

### Lending Activity

Commerce demonstrated adequate responsiveness to the home mortgage, small business, small farm and community development credit needs of both the Peoria-Pekin MSA and the Bloomington-Normal MSA. Refer to Table 1 in Appendix C for the facts and data used to evaluate the bank's lending activity.

Loans originated reflect adequate responsiveness to identified credit needs in both the Peoria-Pekin and Bloomington-Normal MSAs. In each AA, approximately 40 percent were small business loans, 30 percent were small farm loans, and 30 percent were home mortgage loans. Less than one percent were community development loans. Among home mortgage loan originations and purchases, 30 percent were for home purchase, 10 percent were for home improvement, and 60 percent were for home mortgage refinance.

Commerce's deposit market share is 10 percent in the Peoria-Pekin MSA which ranks the bank third of the 37 deposit-taking institutions in this MSA. Based on 1998 aggregate data, Commerce has a market share of 84 percent for small farm loans, 17 percent for small business lending and two percent for all HMDA loans in this MSA. In the Bloomington-Normal MSA, Commerce's deposit market share is 18 percent which ranks the bank first of the 26 deposit-taking institutions in this MSA. Commerce has a market share of 26 percent for small business lending, 46 percent for small farm loans, and four percent for all HMDA loans.

### Distribution of Loans by Income Level of the Geography

Commerce's distribution of lending, including in low- and moderate-income geographies, is good. Lending in low- and moderate-income geographies was stronger for small business lending and home purchase than for home improvement or home refinance, which we considered adequate. We did not identify any unexplained conspicuous gaps in the bank's lending patterns in either the Peoria-Pekin MSA or Bloomington-Normal MSA. Refer to Tables 2 - 6 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's lending in its AAs.

### ***Home Mortgage Loans***

The overall geographic distribution of home mortgage loans is adequate in the Peoria-Pekin MSA and good in the Bloomington-Normal MSA.

The geographic distribution of home purchase loans is good in the Peoria-Pekin MSA and excellent in the Bloomington-Normal MSA. In the Peoria-Pekin MSA, the bank's performance in low-income geographies is near to, and in moderate-income geographies slightly exceeds, the distribution of owner-occupied units. In the Bloomington-Normal MSA, the portion of home purchase loans exceeds the level of owner-occupied units in both the LMI geographies. Market share in LMI CTs of both AAs exceeds the overall market share and the market share in middle-income CTs.

The geographic distribution of home improvement loans is good in the Peoria-Pekin MSA and poor in the Bloomington-Normal MSA. In the Peoria-Pekin MSA, Commerce's lending performance is near to the distribution of owner-occupied units in the low-income CTs and equals the percentage of owner-occupied units in the moderate-income CTs. Commerce has no market share in the low-income CTs. The market share in moderate-income CTs is near to the overall market share and the market share in middle-income CTs. In the Bloomington-Normal MSA, Commerce's lending performance lags behind the percentage of owner-occupied units in both the LMI CTs in the AA. Commerce has no market share in the low-income CTs and less than one percent in moderate-income CTs. The market share in LMI CTs is below the overall market share and the market share in both middle- and upper-income CTs.

The geographic distribution of home mortgage refinance loans is poor in the Peoria-Pekin MSA and adequate in the Bloomington-Normal MSA. In the Peoria-Pekin MSA, the distribution of loans to low-income geographies falls below the percentage of owner-occupied units. Commerce's distribution of loans to moderate-income CTs falls significantly below the percentage of owner-occupied units in those CTs. The bank has no market share in the low-income CTs, and the market share in moderate-income CTs falls below Commerce's overall market share, as well as its market share obtained in the middle- and upper-income CTs. In the Bloomington-Normal MSA, the distribution of loans to both LMI geographies is below the percentage of owner-occupied units in these geographies. The bank's market share in the low-income CTs is below Commerce's overall market share, as well as below its market share obtained in the middle- and upper-income CTs. Commerce's market share in the moderate-income CTs is near to Commerce's overall market share, as well as its market share obtained in the middle-income CTs.

### ***Small Loans to Businesses***

The geographic distribution of small loans to businesses is good in the Peoria-Pekin MSA and excellent in the Bloomington-Normal MSA. In the Peoria-Pekin MSA, the percentage of small business loans made in low-income geographies is near to, and in moderate-income geographies mirrors, the level of small businesses in these CTs. The bank's market share in low-income geographies falls short of the bank's overall small business market share and the market share obtained in both middle- and upper-

income geographies. Commerce's market share in moderate-income geographies is near to its overall market share, as well as its market share obtained in upper-income geographies. In the Bloomington-Normal MSA, the percentage of small business loans made in low-income geographies mirrors, and in moderate-income geographies is very near to, the level of small businesses in these CTs. The bank's market share in low-income geographies exceeds the bank's overall small business market share and the market share obtained in middle-income CTs. The market share in low-income geographies is near to the market share in upper-income geographies. Commerce's market share in moderate-income geographies is near to its market share obtained in middle-income CTs.

### ***Small Loans to Farms***

The geographic distribution of small loans to farms is adequate in both the Peoria-Pekin MSA and Bloomington-Normal MSA. In the Peoria-Pekin MSA, Commerce extended less than one percent of its small farm loans in both the LMI geographies in the Peoria-Pekin MSA; however, there are only 1 and 54 farms, respectively, located in these income level CTs. Commerce has no market share for low-income CTs; however, there is only one farm in this area. The bank's market share in moderate-income CTs exceeds the overall market share and the market share in middle- and upper-income CTs. However, Commerce made only four small farm loans in moderate-income CTs in 1998. In the Bloomington-Normal MSA, Commerce extended one percent of its small farm loans in low-income geographies in the Bloomington-Normal MSA; however, less than one percent of the farms in the AA are located in low-income CTs. Commerce made two percent of its small farm loans in moderate-income geographies in this AA. Four percent of the farms in the AA are located in the moderate-income CTs. Commerce's market share in LMI CTs exceeds the overall market share and the market share in middle- and upper-income CTs. However, the market share information is based only on loans made in 1998 when Commerce made only three small farm loans in low-income CTs and four small farm loans in moderate-income CTs.

### ***Lending Gap Analysis***

We reviewed maps and reports detailing Commerce's HMDA, small business, and small farm lending activity to identify any gaps in the geographic distribution of these loans. We did not identify any conspicuous gaps in lending activity that could not be explained by the bank's performance context. Although there were some CTs in which Commerce did not make any loans, these CTs were scattered throughout the AAs and included CTs of various income levels.

### ***Inside/Outside Ratio***

A substantial majority of home mortgage loans and small loans to businesses and farms originated or purchased by Commerce were within the bank's AAs. Ninety-four percent of the home mortgages, 92 percent of the small loans to businesses, and 89 percent of the small loans to farms were extended within its AAs. This performance was positively factored into the overall analysis of the geographic distribution of lending by income level of geography. We performed this analysis based on loan data for Commerce and does not include any loans made by Commerce Mortgage Company. Additionally, we based this analysis on the bank's lending performance in both the Peoria-Pekin MSA and Bloomington-

Normal MSA as a percentage of the bank's overall lending.

## **Distribution of Loans by Income Level of the Borrower**

Commerce's distribution of lending to borrowers of different income levels is good. Lending to small businesses was stronger than the levels of lending to LMI individuals which was still considered good. Refer to Tables 7 - 11 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's lending in its AAs.

### ***Home Mortgage Loans***

The overall distribution of home mortgage loans by income level of the borrower is adequate in the Peoria-Pekin MSA and good in the Bloomington-Normal MSA. While the lending performance to low-income borrowers is below the level of low-income families in both MSA's, Commerce's lending performance is considered adequate in light of the affordability issues that make home ownership by these individuals difficult (See Market Profile in Appendix B for more details).

The distribution of home purchase loans by income level of the borrower is adequate in the Peoria-Pekin MSA and good in the Bloomington-Normal MSA. In the Peoria-Pekin MSA, the percentage of loans to low-income borrowers falls significantly below the AA demographics for low-income families. However, the bank's lending performance to moderate-income borrowers exceeds the distribution of moderate-income families in the AA. The bank's market share of loans to low-income borrowers exceeds its overall market share and its market share to middle-income borrowers. The market share to moderate-income borrowers is short of the overall market share, but is near to the market share to middle-income borrowers. In the Bloomington-Normal MSA, the percentage of lending to low-income borrowers falls below the AA demographics for low-income families. However, the bank's lending performance to moderate-income borrowers exceeds the portion of moderate-income families in the AA. The bank's market share of loans to low-income borrowers exceeds the overall market share and the market share to upper-income borrowers and is near to the market share to middle-income borrowers. The market share to moderate-income borrowers exceeds the overall market share and the market share to middle- and upper-income borrowers.

The geographic distribution of home improvement loans is excellent in the Peoria-Pekin MSA and good in the Bloomington-Normal MSA. In the Peoria-Pekin MSA, the bank's percent of loans to low-income borrowers meets the percent of families in the AA. The percent of loans to moderate-income borrowers exceeds the percent of families in the AA. The bank's market share of loans to low-income borrowers is stronger than the overall market share and the market share to middle- or upper-income borrowers. The market share of loans to moderate-income borrowers mirrors the market share to upper-income borrowers, but is just slightly under the overall market share and the market share to middle-income borrowers. In the Bloomington-Normal MSA, the percent of loans made by the bank to low-income borrowers exceeds the level of low-income families in the AA. The percent of loans made by the bank to moderate-income borrowers is significantly below the overall percent of moderate-income families in the AA. The bank's market share of loans to low-income borrowers is

stronger than the overall market share and the market share to middle-income or upper-income borrowers. The market share of loans to moderate-income borrowers falls short of the overall market share and the market share to middle- and upper-income borrowers.

The distribution of home mortgage refinance loans by income level of the borrower is adequate in the Peoria-Pekin MSA and good in the Bloomington-Normal MSA. In the Peoria-Pekin MSA, the bank's lending to low-income borrowers is significantly below the AA demographics for low-income families. Lending to moderate-income borrowers is slightly above the level of moderate-income families in this AA. Commerce's market share to low-income borrowers exceeds the overall market share and the market share to middle- and upper-income borrowers. The bank's market share to moderate-income borrowers exceeds the overall market share and the market share to middle-income borrowers, but falls short of the market share to upper-income borrowers. In the Bloomington-Normal MSA, the bank's home mortgage refinance loans to low-income borrowers fall below the AA demographics for low-income families. The bank's home mortgage refinance loans to moderate-income borrowers mirror the level of moderate-income families in the AA. Although the bank's level of lending to low-income borrowers appears low, Commerce's performance is considered adequate in light of the affordability issues that make home ownership by these individuals difficult. Based on 1990 census information, there are only 1,677 low-income families in the Peoria-Pekin MSA whom own their residence and 193 low-income families in the Bloomington-Normal MSA whom own their residence. The bank's market share to low-income borrowers exceeds the overall market share and the market share to middle- and upper-income borrowers. The bank's market share to moderate-income borrowers exceeds the overall market share, but falls short of the market share to middle- and upper-income borrowers.

### ***Small Loans to Businesses***

The distribution of Commerce's small loans to businesses is excellent in both full-scope AAs. In the Peoria-Pekin MSA, the portion of Commerce's loans to businesses with revenues of \$1 million or less compares similarly to the overall market and to the number of businesses in the AA with revenues less than \$1 million. The bank's market share of small loans to businesses with revenues of less than \$1 million exceeds its overall small business market share. Commerce's small business loan distribution shows that a significant amount of loans were extended in small dollar amounts. In the Bloomington-Normal MSA, the portion of Commerce's loans to businesses with revenues of \$1 million or less exceeds the overall market and the number of businesses in the AA with revenues of this amount. The bank's market share of small business loans to businesses with revenues of less than \$1 million exceeds its overall small business market share. Commerce's small business loan distribution shows that a significant amount of loans were extended in small dollar amounts.

### ***Small Loans to Farms***

Commerce's distribution of small farm loans is excellent in both the Peoria-Pekin MSA and Bloomington-Normal MSA. In the Peoria-Pekin MSA, Commerce's extension of loans to farms with annual revenues of less than \$1 million is similar to the overall market and the percentage of farms in the AA having revenues less than \$1 million. Commerce's market share of small loans to farms with revenues less than \$1 million slightly exceeds its overall small farm market share. Commerce's small farm loan distribution shows that a significant percentage of small farm loans were extended in small amounts. In the Bloomington-Normal MSA, Commerce's extension of loans to farms with annual revenues of less than \$1 million exceeds the overall market and the percentage of farms in the AA having revenues less than \$1 million. Commerce's market share of small loans to farms with revenues less than \$1 million exceeds its overall small farm market share. Commerce's small farm loan distribution shows that a significant percentage of small farm loans were extended in small amounts.

### **Community Development Lending**

Refer to Table 1 in Appendix C for the facts and data used to evaluate the bank's level of community development lending.

Community development lending had a neutral impact on the Lending Test conclusions for the Peoria-Pekin MSA and Bloomington-Normal MSA. Although Commerce made an adequate level of this type of loan, the overall Lending Test rating was not changed because of community development lending performance.

Commerce extended 15 community development loans totaling \$350,000 in the Peoria-Pekin MSA. The majority of these loans promoted affordable housing and allowed for the purchasing and rehabilitating of single-family residences for resale to LMI families. One other loan provided funding to a community development service organization which provides closing cost assistance to LMI families purchasing a home.

Commerce extended four community development loans totaling \$1,050,000 that promote affordable housing in the Bloomington-Normal MSA. Commerce extended all of these loans for the purpose of purchasing or improving multi-family residences for LMI families.

Additionally, Commerce extended various loans with community development characteristics, such as mortgage loans providing affordable housing to LMI individuals and loans that provided economic development by financing small businesses. These loans have already been considered in the home mortgage or small business categories of the lending test.

## Product Innovation and Flexibility

Product innovation and flexibility had a neutral impact on the Lending Test conclusions for both the Peoria-Pekin MSA and Bloomington-Normal MSA.

Commerce offers a number of flexible lending products to serve its community's credit needs. We do not consider any of the products innovative, as the products are standard in the industry. Commerce offers some products, which allow for reduced down payments, higher debt ratios, or more flexible sources of down payment funds. Commerce designed these programs to meet the needs of LMI families by requiring minimal down payments of 5 percent and 3 percent. Additionally, Commerce has an in-house grant program, which offers borrowers assistance with closing costs. A brief description of each loan program follows; however, the volume (number and dollars) of activity for each program during this evaluation period is unavailable.

### Commerce Closing Grant Program

Under this program, Commerce provides LMI borrowers with funds to assist with closing costs. Commerce made six grants for \$5,914 under this program which we considered under the Investment Test.

### Flex 97

Commerce uses this program for loans with loan-to-value ratios of 90 percent to 97 percent. Up to 3 percent of the funds can come from the seller or other interested party. The Commerce Closing Grant Program may be available in conjunction with these loans. This product offers the borrower underwriting flexibility related to the required level of reserves (funds available for future loan principal and interest after required funds for downpayment and closing costs) and maximum qualifying debt-to-income ratios.

### Flex 97 with Community Seconds

This program is the same as the Flex 97 program, but also allows for flexibility in the source of the downpayment. Forgivable or low-interest rate second mortgages are often provided by a third party (see Community Seconds description below).

### Community Homebuyers

This program allows for a 5 percent downpayment, which must be from the borrower's own funds. If the downpayment is 10 percent or more, there is also flexibility in the debt to income ratios. The program requires the borrower to complete a homebuyer education session. The Commerce Closing Grant Program is available to assist the borrower with closing costs.

### Community Homebuyers - 3/2 option

This program allows for a 5 percent downpayment, which can be supplemented by the seller. The borrowers must provide at least 3 percent from their own funds. If the downpayment is 10 percent or more, there is also flexibility in the debt-to-income ratios. The Commerce Closing Grant Program is available to assist the borrower with closing costs.

### Community Seconds

In the Peoria-Pekin MSA, Commerce offers this program in conjunction with the East Bluff Neighborhood Housing Services (NHS) Down Payment and Closing Cost Assistance program. The program allows for a 5 percent downpayment. East Bluff NHS will loan the buyer 2 percent of the sales price at 3 percent interest if the home is in the East Bluff area, or 6 percent interest for homes outside the East Bluff neighborhood.

In the Bloomington-Normal MSA, Commerce offers this program in cooperation with McLean County Coalition for Affordable Housing. The program allows for a 5 percent downpayment. McLean County Coalition for Affordable Housing provides loans up to \$2,500 for moderate-income borrowers and up to \$5,000 for low-income borrowers for downpayment and closing costs. These loans are forgivable after five years.

## INVESTMENT TEST

The bank's performance under the Investment Test is rated "High Satisfactory." Based on full-scope reviews, the bank's performance is good in both the Peoria-Pekin MSA and Bloomington-Normal MSA. Including prior period investments, the total dollar volume of qualified investments is \$2.7 million.

Based on the moderate level of opportunities available in these MSA's, Commerce's dollar volume of qualified investments in the Peoria-Pekin and the Bloomington-Normal AAs is good. There were limited community development projects and investment securities available for Commerce to support during this evaluation period. Refer to Table 12 in Appendix C for the facts and data used to evaluate the bank's level of qualified investments.

Although the bank's investments were not particularly innovative or complex, they were responsive to the more pressing needs identified in its AAs. For example, the bank purchased \$1.2 million in revenue bonds issued by the Illinois Housing Development Authority. This is the bank's largest single qualified investment, representing 57 percent of total dollar volume of investments made during this evaluation period. The bond proceeds purchased mortgage loans made to LMI first-time homebuyers in targeted areas within the state of Illinois including the Peoria-Pekin and Bloomington-Normal MSAs. Another example is the HUD Partnership Certificates, which represent 30 percent of the dollar volume for current period investments. The agency sponsors Community Development Block Grant programs for local government agencies including those in the Peoria-Pekin and Bloomington-Normal MSAs.

The examples above illustrate that Commerce targeted a substantial majority (87 percent) of the bank's investment dollars at providing affordable housing for LMI families. Also, community contacts identified affordable housing for LMI families as a primary need in both AAs. We gave these facts positive consideration in reaching the overall conclusions regarding the bank's performance under the Investment Test.

Commerce also has eight prior period investments totaling \$579,000 still outstanding. Two investments in each Peoria-Pekin and Bloomington-Normal for \$46,000 and \$33,000, respectively were made to the Illinois Equity Fund. This organization provides housing for low-income individuals and families in Illinois. Commerce also has two investments in each Peoria-Pekin and Bloomington-Normal for \$291,000 and \$209,000, respectively to Capital for Business. These funds were invested in a Small Business Investment Corporation (SBIC).

The Illinois Housing Authority Revenue Bonds, HUD Partnership Certificates, Illinois Equity Fund, and Capital for Business programs are statewide community development programs. Consequently, Commerce allocated these investments between the AAs, based on the percentage distribution of total bank deposits in Illinois from each AA.

## SERVICE TEST

The bank's performance under the Service Test is rated “High Satisfactory.” Based on full-scope reviews, the bank’s performance in the Peoria-Pekin MSA and Bloomington-Normal MSA is good. Commerce’s delivery systems provide reasonable accessibility to its products and services and Commerce provides a relatively high level of community development services in its AAs. Refer to Table 13 in Appendix C for the facts and data used to evaluate the distribution of the bank's branch and ATM delivery system.

### Retail Services

Commerce's delivery systems are reasonably accessible to geographies and individuals of different income levels in the Peoria-Pekin and Bloomington-Normal AAs. In Peoria-Pekin, Commerce operates eight full-service branch facilities and seven ATMs. Two branches and two ATMs are located in moderate-income CTs. This exceeds the percentage of the population located in those CTs. Although the bank has no branches or ATMs in low-income geographies, facilities in nearby geographies provide reasonable accessibility. The bank's only branch in an upper-income tract is located in downtown Peoria, which resides between four low-income CTs to the west and three low-income CTs to the east. The branch is approximately three miles from the low-income CTs.

Commerce operates five full-service branch facilities and seven ATMs in the Bloomington-Normal AA. The bank has two branches (40 percent of its branches) and two ATMs in low-income CTs compared to 2 percent of the population living in these CTs. Commerce has no branches or ATMs in moderate-income CTs compared to 17 percent of the AA's population. However, based on the proximity of the moderate-income CTs to branches in low-income CTs, the distribution of the branch locations is reasonable. Branches in low-income areas are adjacent to and/or within four miles of all moderate-income CTs

Commerce closed one branch in the Peoria-Pekin MSA and did not open any new branches during this evaluation period. The closing did not significantly affect the availability of products or services to LMI individuals or CTs. The closed branch was located in a middle-income tract in Benson, Illinois, which is in Woodford County. There are two other branches in this county, one of which is in a CT adjacent to the tract in which the branch was closed. All the CTs in Woodford County are middle-income CTs. There are only 170 low- and 183 moderate-income families in the CT where the branch was closed. The bank did not close or open any branches in the Bloomington-Normal AA during this evaluation period.

Commerce offers access to its products and services by phone and through the Internet. The bank offers 24-hour telebanking to its customers, which allows them to check balances, transfer funds, make loan payments, and apply for loans, via the telephone. The bank also offers on-line banking, a computer-based banking service that can be accessed via computer terminals in individual homes and businesses. Commerce did not have any information to show how LMI individuals or geographies benefited from the telephone or on-line banking services. Therefore, we did not place significant weight on these alternative systems when drawing our CRA performance conclusions.

The reasonableness of business hours and services is adequate in the Peoria-Pekin and Bloomington-Normal AAs. A consumer loan officer is available at each branch. In addition, all other loan products are available to the entire community via referrals from each respective branch to the relevant loan department. Hours of operation for the branches located LMI CTs are comparable to, and sometimes expand beyond, those found in middle- and upper-income CTs. In Peoria-Pekin, one of the branches in a moderate-income CT has expanded lobby hours during the week. The drive-ups at both branches in moderate-income CTs also have expanded hours during the week and on weekends. Three other branches offer the extended lobby hours and two other branches offer the expanded drive-up hours. In the Bloomington-Normal AA, one branch located in a low-income tract of downtown is closed Saturdays due to a lack of commercial and retail trade. This branch drive-up, however, remains open to serve the area's needs.

### **Community Development Services**

Commerce's performance in providing community development services to its AAs is good. The bank's performance is good in the Peoria-Pekin MSA and adequate in the Bloomington-Normal MSA. Commerce is active with a large number of organizations in the Peoria-Pekin MSA and takes a leadership role in community development services in the MSA. Commerce has a more limited role in the community development services in the Bloomington-Normal MSA. We base these conclusions on the level of participation in relation to the number of community development organizations in each MSA.

The bank demonstrated a good level of responsiveness to identified needs by providing services to 26 organizations in the Peoria-Pekin MSA. In most instances, bank employees held leadership positions with these organizations offering financial expertise as executive officers, board members, and loan committee members. Services include financial counseling, homebuyer education, day care services, job training, and economic development for LMI individuals and neighborhoods. For example, a bank employee is a board member and chairs the finance committee of the South Side Mission. This organization operates a homeless shelter and provides day care for LMI persons. In another instance, a bank employee managed the "Welfare to Work" job fair sponsored by the Peoria Housing Authority.

Commerce employees provided an adequate level of responsiveness to identified needs, providing services to ten organizations in the Bloomington-Normal MSA. One employee serves as a board member for the Community Action Focus. This group helps LMI individuals pay utility bills and find housing. Another employee conducts financial training programs through the Mid Central Community Action Inc., that teaches LMI individuals to acquire and utilize bank services.

## Appendix A: Scope of The Evaluation

The following table identifies the time period covered in this evaluation, affiliate activities that we reviewed, and loan products we considered. The table also reflects the metropolitan and nonmetropolitan areas that received comprehensive examination review (designated by the term “Full-Scope”) and those that received a less comprehensive review (designated by the term “Limited-

<b>Time Period Reviewed</b>	Lending Test (excludes CD Loans): 01/01/98 to 12/31/99 Investment and Service Tests and CD Loans: 05/04/98 to 07/10/00	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
Commerce Bank, N.A. Peoria, Illinois	Home mortgage loans, small loans to businesses and farms, and CD loans.	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
Commerce Mortgage Company	Owned by same holding company	Home purchase and home refinance loans.
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Peoria-Pekin MSA #6120	Full-Scope	
Bloomington-Normal MSA #1040	Full-Scope	

## Appendix B: Market Profiles for Full-Scope Areas

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#### Market Profiles for Areas Receiving Full-Scope Reviews

Peoria-Pekin MSA .....	B-2
Bloomington-Normal MSA .....	B-5

## **Peoria-Pekin Illinois MSA**

One of the bank's AAs is all of the Peoria-Pekin Illinois MSA that includes Peoria, Tazewell and Woodford Counties. The MSA includes 96 CTs and is comprised of 7 (7 percent) low-income, 17 (18 percent) moderate-income, 51 (53 percent) middle-income, and 17 (18 percent) upper-income CTs. Four of the CTs have no income level designation. Commerce operates eight offices within this AA.

The total population of the MSA is 339,172 people. Based on the 1999 HUD adjusted Median Family Income for the MSA of \$50,000, there are 20 percent low-income, 18 percent moderate-income, 24 percent middle-income, and 38 percent upper-income families in the Peoria-Pekin Illinois MSA. A low-income family has a maximum income of only \$25,000. In addition, over 11 percent of the households in the AA are living below the poverty level. These factors could make it difficult for low-income individuals to qualify for a home purchase loan.

There are a total of 136,458 housing units in the AA. Sixty-four percent or 87,992 of the homes are owner-occupied. Only 2 percent of the owner-occupied units are in the low-income CTs. Thirteen percent of the owner-occupied units are in the moderate-income CTs, 66 percent are located in middle-income CTs, and the remaining 19 percent are in upper-income CTs. Thirty percent or 41,371 of the housing units are rental occupied while the remaining 7,095 units or 5 percent are vacant. The median housing price for the Peoria-Pekin MSA is \$51,493, and the average age of homes is approximately 42 years old.

Business demographic data from Dun & Bradstreet indicate there are 11,962 businesses in the MSA. Seventy percent or 8,402 of these businesses have gross revenues of less than \$1 million. Only 9 percent have revenues over \$1 million, with the revenues of the remaining 21 percent of the businesses unknown. Of the total businesses, 5 percent are located in the low-income CTs, 16 percent are located in the moderate-income CTs, 58 percent are in the middle-income CTs, and 21 percent are in the upper-income CTs of the MSA.

Business demographic data from Dun & Bradstreet indicate there are 1,516 farms in the MSA. Ninety-four percent or 1,425 of these farms have gross revenues of less than \$1 million. Less than one percent have revenues over \$1 million, with the revenues of the remaining five percent of the farms unknown. Of the total farms, less than one percent are located in a low-income tract, 4 percent are located in the moderate-income CTs, 86 percent are in the middle-income CTs and 10 percent are in the upper-income CTs of the MSA.

The major employer in this MSA is Caterpillar, Inc. providing 16,553 jobs. Other major employers in the MSA include the three local hospitals (St. Francis Medical Center with 4,250 employees, Methodist Medical Center with 2,400 employees, and Proctor Community Hospital with 1,050 employees), the school system (Peoria Public Schools, Illinois Central College, and Bradley University with a combined 5,857 employees), Keystone Steel and Wire (1,675 employees), and Central Illinois Light Company (1,200 employees). The local economy has continued to grow with both commercial (retail especially) and residential development. Unemployment in the Peoria-Pekin Illinois MSA is very low as reflected in the rate of only 3.4 percent as of May 2000.



There is a high level of competition in the financial services market in the Peoria-Pekin Illinois MSA. Based on FDIC branch information as of June 30, 1999, there are 32 commercial banks and 5 savings institutions with 136 offices in the Peoria-Pekin Illinois MSA. This includes a large number of both independent local financial institutions and branches of larger regional financial organizations. Bank management indicated their major competitors in this AA include the Citizen's Equity Federal Credit Union, Associated Bank, National City Bank, South Side Trust & Savings, Morton Community Bank and Bank One Illinois. Commerce has a 10.44 percent share of the deposits in this MSA resulting in a market rank of third of 37 financial institutions.

We performed two community contacts in this area during this examination. We also relied on another contact made during first quarter 2000 by an OCC examiner. These contacts were involved in economic development and low-income housing. The contacts indicated there is a continuing need for affordable housing in the central city and southern portion of Peoria. There is also a need for affordable housing along the Illinois River in Pekin.

**Market Profile**

Demographic Information for the Area: Peoria-Pekin IL MSA											
Evaluation Period: 01/01/1998 TO 12/31/1999											
Demographic Characteristic	Total	Low Income Tracts		Mod Income Tracts		Middle Income Tracts		Upper Income Tracts		NA Income Tracts	
	#	%	#	%	#	%	#	%	#	%	#
Geographies (Census Tracts/BNAs)	96	7.29	7	17.71	17	53.13	51	17.71	17	4.17	4
Population by Geography	339,172	4.08	13,828	15.16	51,406	62.06	210,486	18.71	63,448	0.00	4
Owner-Occupied Housing by Geography	87,992	1.91	1,677	13.20	11,616	66.11	58,173	18.78	16,526	0.00	0
Business by Geography	11,962	4.95	592	16.27	1,946	57.62	6,892	21.17	2,532	0.00	0
Farms by Geography	1,516	0.07	1	3.56	54	86.21	1,307	10.16	154	0.00	0
Family Distribution by Income Level	92,250	20.30	18,729	17.67	16,302	24.00	22,140	38.03	35,079	0.00	0
Distribution of Low and Moderate Income Families throughout AA Geographies	35,031	7.73	2,708	22.48	7,876	61.09	21,402	8.69	3,045	0.00	0
Median Family Income	36,406	Median Housing Value		51,493							
HUD Adjusted Median Family Income for 1999	50,000	Unemployment Rate		3.40% (May 2000)							
Households Below Poverty Level	11.83%										

Source: 1990 US Census and HUD update MFI

## **Bloomington-Normal Illinois MSA**

The other AA is the Bloomington-Normal Illinois MSA that includes all of McLean County. This MSA includes thirty-one CTs and is comprised of two (6 percent) low-income CTs, six (19 percent) moderate-income, eighteen (58 percent) middle-income, and five (16 percent) upper-income CTs. Commerce operates five offices within this AA.

The total population of this MSA is 129,180 people. Based on the 1999 HUD adjusted Median Family Income for the MSA of \$62,200, there are 17 percent low-income, 19 percent moderate-income, 27 percent middle-income, and 37 percent upper-income families in the Bloomington-Normal MSA. A low-income family has a maximum income of only \$31,100. In addition, over 11 percent of the households in the AA are living below the poverty level. These factors could make it difficult for low-income individuals to qualify for a home purchase loan.

There are a total of 49,164 housing units in the AA. Sixty percent or 29,694 of the homes are owner-occupied. Only 1 percent of the owner-occupied units are in the low-income CTs, 18 percent are located in moderate-income CTs, 62 percent are located in middle-income CTs, and the remaining 20 percent of the owner-occupied units are in upper-income CTs. Thirty-five percent or 17,102 of the housing units are rental occupied while the remaining 2,368 units or 5 percent are vacant. The median housing value for this MSA is \$65,135 and the average age of homes is approximately 39 years old.

Business demographic data from Dun & Bradstreet indicate there are 5,158 businesses in this MSA. Seventy percent or 3,597 of these businesses have gross revenues of less than \$1 million. Seven percent have revenues over \$1 million, with the revenues of the remaining 23 percent of the businesses unknown. Of the total businesses, 10 percent are located in the low-income CTs, 16 percent are located in the moderate-income CTs, 51 percent are in the middle-income CTs, and 23 percent are in the upper-income CTs of the AA.

Business demographic data from Dun & Bradstreet indicate there are 1,021 farms in this MSA. Ninety-one (91) percent or 930 of these farms have gross revenues of less than \$1 million. Only 1 percent have revenues over \$1 million, with the revenues of the remaining 8 percent of the farms unknown. Of the total farms, less than one percent are located in the low-income CTs, four percent are located in the moderate-income CTs, eighty-eight percent are in the middle-income CTs, and seven percent are in the upper-income CTs of the MSA.

The major employer in this MSA is State Farm Insurance Companies with 13,225 employees. Other major employers in this MSA include Mitsubishi Motor Manufacturing of America, Inc. with 3,300 employees, and Illinois State University with 3,150 employees. The local economy has continued to grow and has one of the highest income levels in the State. Unemployment in the Bloomington-Normal Illinois MSA is very low as reflected in the rate of only 2.3 percent as of May 2000.

There is a very high level of competition in the financial services market in the Bloomington-Normal Illinois MSA. Based on FDIC branch information as of June 30, 1999, there are 22



commercial banks and four savings institutions with 58 offices in McLean County. This includes a large number of both independent local financial institutions and branches of larger regional financial organizations. Bank management indicated their major competitors in this assessment area include National City Bank, First Federal Savings and Loan, Citizen's Savings Bank, Heartland Bank and Trust Company, Bank One, and Union Planters Bank. Commerce has an 18.19 percent share of the deposits in this MSA which is the highest of all 26 financial institutions.

We performed one community contact in this area during this examination. We also relied on information obtained in a contact made by another OCC examiner in first quarter 2000. These contacts were from organizations involved in providing housing in the MSA. The contacts indicated the major credit needs of the community include affordable housing for the LMI families. They indicated there is a shortage of affordable housing in this MSA.

**Market Profile**

Demographic Information for the Area: Bloomington-Normal IL MSA											Evaluation Period: 01/01/1998 TO 12/31/1999	
Demographic Characteristic	Total	Low Income Tracts		Mod Income Tracts		Middle Income Tracts		Upper Income Tracts		NA Income Tracts		
	#	%	#	%	#	%	#	%	#	%	#	
Geographies (Census Tracts/BNAs)	31	6.45	2	19.35	6	58.06	18	16.13	5	0.00	0	
Population by Geography	129,180	1.91	2,473	17.46	22,561	64.68	83,557	15.94	20,589	0.00	0	
Owner-Occupied Housing by Geography	29,694	0.65	193	17.61	5,229	62.16	18,459	19.58	5,813	0.00	0	
Business by Geography	5,158	10.12	522	15.80	815	51.24	2,643	22.84	1,178	0.00	0	
Farms by Geography	1,021	0.29	3	4.31	44	88.25	901	7.15	73	0.00	0	
Family Distribution by Income Level	30,653	16.99	5,207	19.28	5,910	27.13	8,317	36.60	11,219	0.00	0	
Distribution of Low and Moderate Income Families throughout AA Geographies	11,117	3.07	341	29.04	3,228	58.61	6,516	9.28	1,032	0.00	0	
Median Family Income	39,761	Median Housing Value		65,444135								
HUD Adjusted Median Family Income for 1999	62,200	Unemployment Rate		2.80% (May 2000)								
Households Below Poverty Level	11.82%											

Source: 1990 US Census and HUD update MFI

## Appendix C: Tables of Performance Data

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### Content of Standardized 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: purchased loans are treated as originations/purchases; market rank is based on the number of loans originated and purchased by the bank as compared to all other lenders in the MSA/assessment area; and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MSA/assessment area.

The following is a listing and brief description of the tables:

**Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MSA/assessment area.

**Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle- and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market rank and market share information based on the most recent aggregate market data available.

**Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.

**Table 4. Geographic Distribution of Refinance Loans** - See Table 2.

**Table 5. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle- and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market rank and market share information based on the most recent aggregate market data available.

**Table 6. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle- and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market rank and market share information based on the most recent aggregate market data available.

**Table 7. Borrower Distribution of Home Purchase Loans** - 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 MSA/assessment area. The table also presents market rank and market share information based on the most recent aggregate market data available.

**Table 8. Borrower Distribution of Home Improvement Loans** - See Table 7.

**Table 9. Borrower Distribution of Refinance Loans** - See Table 7.

**Table 10. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.

**Table 11. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500 thousand) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.

**Table 12. Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MSA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system

**Table 13. Distribution of Branch Delivery System and Branch Openings/Closings -** Compares the percentage distribution of the number of the bank's branches in low-, moderate-, middle- and upper-income geographies to the percentage of the population within each geography in each MSA/AA. The table also presents data on branch openings and closings in each MSA/AA.

**Table 14. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL) -** For geographic distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle- and upper-income geographies to the percentage distribution of the population within each geography. For borrower distribution, the table 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 of households by income level in each MSA/assessment area.

**Table 1. Lending Volume**

LENDING VOLUME													Evaluation Period: 01/01/1998 TO 12/31/1999	
MSA/Assessment Area	% of Rating Area Deposits in AA*	Home Mortgage		Small Business		Small Farm		Community Development		Total Reported Loans		% of Rating Area Loans in AA (% of #)		
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)			
<b>Full Scope</b>														
Bloomington-Normal IL MSA	42.92	671	76,358	708	81,261	461	34,167	04	1,050	1,844	192,836	41.85		
Peoria-Pekin IL MSA	57.08	690	66,376	1,060	134,428	807	44,038	015	350	2,572	245,192	58.15		

**Table2. Geographic Distribution of Home Purchase Loans**

Geographic Distribution: HOME PURCHASE																	Evaluation Period: 01/01/1998 TO 12/31/1999	
MSA/Assessment Area	Low Income Geographies		Moderate Income Geographies		Middle Income Geographies		Upper Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Home Purchase Loans			
	% Owner Occ Units	% Bank Loans	% Owner Occ Units	% Bank Loans	% Owner Occ Units	% Bank Loans	% Owner Occ Units	% Bank Loans		Overall	Low	Mod	Mid	Upp	#	% of Total**		
<b>Full Scope</b>																		
Bloomington-Normal IL MSA	1	2	18	23	62	56	20	19	18	1.2	1.4	1.5	1.2	0.7	110	33		
Peoria-Pekin IL MSA	2	1	13	14	66	53	19	32	11	1.8	2.2	2.1	1.3	2.7	223	67		

\* Deposit Data as of June 30, 1999

\* Based on 1998 Aggregate HMDA Data Only. Market rank is for all income categories combined.

\*\* Home purchase loans within an MSA/AA as a % of all home purchase loans in the rating area.

**Table 3. Geographic Distribution of Home Improvement Loans**

Geographic Distribution: HOME IMPROVEMENT										Evaluation Period: 01/01/1998 TO 12/31/1999						
MSA/Assessment Area	Low Income Geographies		Moderate Income Geographies		Middle Income Geographies		Upper Income Geographies		Overall Market Rank*	Market Share by Geography					Total Home Improvement Loans	
	% Owner Occ Units	% Bank Loans	% Owner Occ Units	% Bank Loans	% Owner Occ Units	% Bank Loans	% Owner Occ Units	% Bank Loans		Overall	Low	Mod	Mid	Upp	#	% of Total**
<b>Full Scope</b>																
Bloomington-Normal IL MSA	1	0	18	11	62	61	20	29	10	2.5	0.0	0.0	2.3	4.9	28	34
Peoria-Pekin IL MSA	2	0	13	13	66	69	19	18	10	2.1	0.0	1.9	2.0	3.1	55	66

**Table 4. Geographic Distribution of Home Mortgage Refinance Loans**

Geographic Distribution: HOME MORTGAGE REFINANCE										Evaluation Period: 01/01/1998 TO 12/31/1999						
MSA/Assessment Area	Low Income Geographies		Moderate Income Geographies		Middle Income Geographies		Upper Income Geographies		Overall Market Rank*	Market Share by Geography					Total Home Mortgage Refinance Loans	
	% Owner Occ Units	% Bank Loans	% Owner Occ Units	% Bank Loans	% Owner Occ Units	% Bank Loans	% Owner Occ Units	% Bank Loans		Overall	Low	Mod	Mid	Upp	#	% of Total**
<b>Full Scope</b>																
Bloomington-Normal IL MSA	1	0	18	15	62	58	20	27	8	4.9	2.0	4.2	5.0	5.4	501	55
Peoria-Pekin IL MSA	2	0	13	8	66	66	19	25	11	2.3	0.0	1.9	2.4	2.1	404	45

\* Based on 1998 Aggregate HMDA Data Only. Market rank is for all income categories combined.  
 \*\* Home improvement loans within an MSA/AA as a % of all home improvement loans in the rating area.  
 \* Based on 1998 Aggregate HMDA Data Only. Market rank is for all income categories combined.  
 \*\* Refinance loans within an MSA/AA as a % of all refinance loans in the rating area.

**Table 5. Geographic Distribution of Small Loans to Businesses**

Geographic Distribution: SMALL BUSINESS										Evaluation Period: 01/01/1998 TO 12/31/1999						
MSA/Assessment Area	Low Income Geographies		Moderate Income Geographies		Middle Income Geographies		Upper Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Small Business Loans	
	% of Businesses	% Bank Loans	% of Businesses	% Bank Loans	% of Businesses	% Bank Loans	% of Businesses	% Bank Loans		Overall	Low	Mod	Mid	Upp	#	% of Total**
<b>Full Scope</b>																
Bloomington-Normal IL MSA	10	10	16	15	51	43	23	32	1	25.7	30.9	23.2	23.7	31.6	708	40
Peoria-Pekin IL MSA	5	4	16	16	58	54	21	26	2	16.7	6.6	15.9	18.3	16.5	1,060	60

**Table 6. Geographic Distribution of Small Loans to Farms**

Geographic Distribution: SMALL FARM										Evaluation Period: 01/01/1998 TO 12/31/1999						
MSA/Assessment Area	Low Income Geographies		Moderate Income Geographies		Middle Income Geographies		Upper Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Loans Small Farm Loans	
	% of Farms	% Bank Loans	% of Farms	% Bank Loans	% of Farms	% Bank Loans	% of Farms	% Bank Loans		Overall	Low	Mod	Mid	Upp	#	% of Total**
<b>Full Scope</b>																
Bloomington-Normal IL MSA	0	1	4	2	88	95	7	2	1	46.4	100.0	100.0	47.9	21.4	461	36
Peoria-Pekin IL MSA	0	0	4	0	86	99	10	1	1	84.0	0.0	100.0	86.8	21.1	807	64

\* Based on 1998 Aggregate Small Business Data Only. Market rank is for all income categories combined.

\*\* Small Business loans within an MSA/AA as a % of all Small Business loans in the rating area.

\* Based on 1998 Aggregate Small Business Data Only. Market rank is for all income categories combined.

\*\* Small Farm loans within an MSA/AA as a % of all Small Farm loans in the rating area.

**Table 7. Borrower Distribution of Home Purchase Loans**

Borrower Distribution: HMDA HOME PURCHASE										Evaluation Period: 01/01/1998 TO 12/31/1999							
MSA/Assessment Area	Low Income Borrowers		Moderate Income Borrowers		Middle Income Borrowers		Upper Income Borrowers		Overall Market Rank*	Market Share by Borrower Income*					Total Home Purchase Loans		
	% of Families	% Bank Loans**	% of Families	% Bank Loans**	% of Families	% Bank Loans**	% of Families	% Bank Loans**		Overall	Low	Mod	Mid	Upp	#	% of Total	
<b>Full Scope</b>																	
Bloomington-Normal IL MSA	17	14	19	25	27	29	37	32	18	1.2	1.45	1.8	1.6	1.3	110	33	
Peoria-Pekin IL MSA	20	10	18	20	24	19	38	50	11	1.8	2.6	1.2	1.3	3.2	223	67	

**Table 8. Borrower Distribution of Home Improvement Loans**

Borrower Distribution: HOME IMPROVEMENT										Evaluation Period: 01/01/1998 TO 12/31/1999							
MSA/Assessment Area	Low Income Borrowers		Moderate Income Borrowers		Middle Income Borrowers		Upper Income Borrowers		Overall Market Rank*	Market Share By Borrower Income*					Total Home Improvement Loans		
	% of Families	% Bank Loans**	% of Families	% Bank Loans**	% of Families	% Bank Loans**	% of Families	% Bank Loans**		Overall	Low	Mod	Mid	Upp	#	% of Total	
<b>Full Scope</b>																	
Bloomington-Normal IL MSA	17	50	19	7	27	11	37	32	10	2.5	11.9	0.0	1.2	2.0	28	34	
Peoria-Pekin IL MSA	20	20	18	27	24	31	38	22	10	2.1	2.6	2.0	2.2	2.0	55	66	

\* Based on 1998 Aggregate HMDA Data Only. Market rank is for all income categories combined.

\*\* As a percentage of loans with borrower income information available.

\* Based on 1998 Aggregate HMDA Data Only. Market rank is for all income categories combined.

\*\* As a percentage of loans with borrower income information available.

**Table 9. Borrower Distribution of Home Mortgage Refinance Loans**

Borrower Distribution: HOME MORTGAGE REFINANCE										Evaluation Period: 01/01/1998 TO 12/31/1999							
MSA/Assessment Area	Low Income Families		Moderate Income Families		Middle Income Families		Upper Income Families		Overall Market Rank*	Market Share by Borrower Income*					Total Loans		
	% of Families	% Bank Loans**	% of Families	% Bank Loans**	% of Families	% Bank Loans**	% of Families	% Bank Loans**		Overall	Low	Mod	Mid	Upp	#	% of Total	
<b>Full Scope</b>																	
Bloomington-Normal IL MSA	17	12	19	19	27	27	37	42	8	4.9	7.6	5.3	5.7	6.5	501	55	
Peoria-Pekin IL MSA	20	9	18	19	24	25	38	47	11	2.3	3.4	2.4	2.1	2.8	404	45	

**Table 10. Borrower Distribution of Small Loans to Businesses**

Borrower Distribution: SMALL BUSINESS										Evaluation Period: 01/01/1998 TO 12/31/1999			
MSA/Assessment Area	Businesses With Revenues of \$1 million or less			% Distribution of Loans by Original Amount Regardless of Business Size			Market Share*		Total Small Business Loans				
	% Business**	% Bank Loans***	% Market Loans*	\$100,000 or less	> \$100,000 to \$250,000	> \$250,000 to \$1,000,000	All	Rev \$ 1 Million or Less	#	% of Total			
<b>Full Scope</b>													
Bloomington-Normal IL MSA	70	78	41	71	18	12	25.7	32.2	708	40			
Peoria-Pekin IL MSA	70	71	71 50	71	14	15	16.7	19.1	1,060	60			

\* Based on 1998 Aggregate HMDA Data Only. Market rank is for all income categories combined.

\*\* As a percentage of loans with borrower income information available.

\* The market consists of all other Small Business reporters in BANK's assessment area and is based on 1998 Aggregate Small Business Data Only

\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses.

\*\*\* Loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No revenue information was available for 13.8% of small loans to businesses reported by the BANK.

**Table 11. Borrower Distribution of Small Loans to Farms**

Borrower Distribution: SMALL FARM										Evaluation Period: 01/01/1998 TO 12/31/1999	
MSA/Assessment Area	Businesses With Revenues of \$ 1million or less			% Distribution Loans by Original Amount Regardless of Farm Size			Market Share*		Total Small Farm Loans		
	% Farms**	% Bank Loans***	% Market Loans*	\$100,000 or less	> \$100,000 to \$250,000	> \$250,000 to \$500,000	All	Rev \$ 1 Million or Less	#	% of Total	
<b>Full Scope</b>											
Bloomington-Normal IL MSA	91	98	86	78	4819	3	46.4	53.4	461	36	
Peoria-Pekin IL MSA	94	98	97	87	11	2	84.0	84.8	807	64	

**Table 12. Qualified Investments**

QUALIFIED INVESTMENTS										Evaluation Period: 05/04/1998 TO 07/10/2000	
MSA/Assessment Area	Prior Period Investments*		Current Period Investments		Total Investment			Unfunded Commitments**			
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)		
<b>Full Scope</b>											
Bloomington-Normal IL MSA	4	242	30	883	34	1,125	33.01	0	0		
Peoria-Pekin IL MSA	4	337	65	1,227	69	1,564	66.99	0	0		

\* The market consists of all other Small Farm reporters in BANK's assessment area and is based on 1998 Aggregate Small Business Data Only

\*\* As a Percentage of Farms with known revenues.

\*\*\* As a percentage of loans with borrower income information available.

\* 'Prior Period Investments' means investments made in a previous evaluation period that remains outstanding as of the examination date.

\*\* "Unfunded Commitments" means legally binding commitments reported on Report of Condition Schedule L-"Off-Balance Sheet Items".

**Table13. Distribution of Branch Delivery System and Branch Openings/Closings**

DISTRIBUTION OF BRANCH DELIVERY SYSTEM																	Evaluation Period: 01/01/1998 TO 12/31/1999			
MSA/Assessment Area	Deposits	Branches						Branch Openings/Closings						Population						
	% of Total Bank Deposits	# of Bank Branches	% of Total Bank Branches	Location of Branches by Income of Geographies (%)				# of Branch Closings	# of Branch Openings	Net gain(+) / loss(-) of branches due to openings/closings				% of the Population with Each Geography*						
				Low (%)	Mod (%)	Mid (%)	Upp (%)			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp			
<b>Full Scope</b>																				
Bloomington-Normal IL MSA	42.92	5	38.46	40.00	0.00	40.00	20.00	0	0	0	0	0	0	1.91	17.46	64.68	15.94			
Peoria-Pekin IL MSA	57.08	8	61.54	0.00	25.00	62.50	12.50	1	0	0	0	-1	0	4.08	15.16	62.06	18.71			

\* The percentage of the population in the MSA/AA that resides in these geographies.