



Comptroller of the Currency
Administrator of National Banks

LARGE BANK

PUBLIC DISCLOSURE

Date: May 4, 1998

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

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

**Office of the Comptroller of the Currency
2345 Grand Blvd., Suite 700
Kansas City, Missouri, 64108**

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

TABLE OF CONTENTS

Glossary of Terms and Common Abbreviations	3
General Information	4
Institution's CRA Rating	4
Description of Institution	5
Description of Assessment Area	6
Lending Test	7
Investment Test	13
Service Test	13
Compliance With Antidiscrimination Laws	15
Appendix	
A. MSA # 6120 - Peoria-Pekin, IL	A - 1
B. MSA # 1040 - Bloomington-Normal, IL	B - 1
C. Additional Information	C - 1

GLOSSARY OF TERMS AND COMMON ABBREVIATIONS

The following terms and abbreviations are used throughout this Performance Evaluation.

Assessment Area (AA) - The geographic area which an institution selects as the community within which its regulator will assess the institution's record of CRA performance. Generally, an urban assessment area will not extend beyond the boundaries of a MSA. A rural assessment area may contain one or more neighboring counties.

Block Numbering Area (BNA) or Census Tract (CT) - Small, locally defined statistical areas within a MSA. These areas are determined by the United States Census Bureau in an attempt to group homogeneous populations. A CT has defined boundaries per ten-year census and an average population of 4,000.

Community Development Purpose - A community development purpose is defined per 12 C.F.R. 25.12(h) as affordable housing (including multi-family rental housing) for low- and moderate-income (LMI) individuals; community services targeted to LMI individuals; activities that promote economic development by financing businesses or farms that meet size eligibility standards of 13 C.F.R. 121.802(a)(2) or have gross annual revenues of \$1 million or less; or activities that revitalize or stabilize LMI geographies.

Community Reinvestment Act (CRA) - A statute that requires federal regulators to evaluate a financial institution's record of meeting community credit needs in the institution's local community. *(This is a generic description of the bank's requirements and not a legal explanation of the requirements contained in 12 U.S.C. 2901, as amended, and 12 C.F.R. 25, as amended.)*

Home Mortgage Disclosure Act (HMDA) - A statute that requires certain mortgage lenders that do business or have banking offices in MSAs to file annual summary reports of their lending activity. The reports include such data as the race, gender, and the income of the applicant(s), the amount of loan requested and its disposition (e.g. made, turned down, withdrawn). The types of loan applications reported include governmentally-guaranteed home purchase and home improvement loans, conventional home purchase loans, home improvement loans, refinancing of home purchase and home improvement loans and loans for the purchase of multi-family (5 or more units) dwellings. *(This is a generic description of the bank's requirements and not a legal explanation of the requirements contained in 12 U.S.C. 2801, as amended, and 12 C.F.R. 203, as amended.)*

Income Levels - These relate to individuals, families, the CTs in an MSA or BNAs in non-MSA areas.

Low = An income level that is less than 50 percent of the median income.

Moderate = An income level that is at least 50 percent and less than 80 percent of the median income.

LMI = An income level that is less than 80 percent of the median income.

Middle = An income level that is at least 80 percent and less than 120 percent of the median income.

Upper = An income level that is 120 percent or more of the median income.

Commerce Bancshares, Inc. (CBI) - CBI is the parent company of Commerce.

Commerce - Commerce Bank, N.A., Peoria, Illinois.

Median Family Income - The median family income for a specific MSA as determined by the United States Census Bureau. The Department of Housing and Urban Development updates this figure annually using an estimated inflation factor.

Metropolitan Statistical Area (MSA) - An area containing a city with a population of at least 50,000 or an urbanized area with a population of at least 50,000 and a total metropolitan population of at least 100,000. Generally, MSAs consist of one or more whole counties that have a high degree of interaction.

Small Business or Small Farm - A business or farm that has \$1 million or less in gross annual revenues.

Small Loan to a Business or Farm - A loan of \$1 million or less to a business of any size or a loan of \$500 thousand or less to a farm of any size.

GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

*This document is an evaluation of the Community Reinvestment Act (CRA) performance of **Commerce Bank, N.A., (Commerce)**, Peoria, Illinois prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **May 4, 1998**. This evaluation is based on information from the last CRA examination dated July 26, 1996 to the current examination dated May 4, 1998. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

INSTITUTION'S CRA RATING: We rated the bank's CRA performance "***Satisfactory***." Factors supporting this rating include:

- o The bank's lending performance demonstrates adequate responsiveness to the credit needs of the community. The distribution of small business, small farm, and mortgage-related lending efforts reflects good penetration to borrowers of all revenue and income sizes and adequate penetration to all geographies in the bank's AAs. In addition, Commerce originates a high percentage of its loans within the AAs.
- o Commerce has demonstrated poor responsiveness to the investment needs of its communities. We recognize the relatively limited investment opportunities available within the bank's AAs. However, Commerce did not make a significant volume of qualifying investments in relation to the resources available to Commerce during the evaluation period.
- o Commerce's services are accessible to all areas of the AAs. The distribution of the bank's branches shows a good distribution across the various geographies. This provides the entire community with access to the bank's services.

Community Reinvestment Act Performance Evaluation
Commerce Bank, N.A., Peoria, Illinois

The following table indicates the performance level of **Commerce Bank, N.A.**, with respect to the lending, investment and service tests.

Commerce Bank, N.A.			
Performance Levels	Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory			X
Low Satisfactory	X		
Needs To Improve		X	
Substantial Noncompliance			

*Note: The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

DESCRIPTION OF INSTITUTION:

Commerce Bank, N.A., Peoria, Illinois (Commerce) is a \$945 million bank as of December 31, 1997. The bank is a wholly-owned subsidiary of Commerce Bancshares, Inc. (CBI), which is located in Kansas City, Missouri. In May 1996, CBI merged its banking entities located in Peoria and Bloomington, Illinois together.

Commerce has defined its AAs to be the Peoria-Pekin and Bloomington-Normal MSAs, both of which are located in central Illinois. Commerce serves its AAs with a network of 14 branches and 20 automated-teller machines (ATMs). The Bloomington AA consists of McLean County, while the Peoria AA consists of Peoria, Tazewell, and Woodford Counties. The following table demonstrates the number of loan originations, deposits received, and population breakout between the bank's two AAs:

Assessment Area Distribution

Assessment Area	Small Business Loan Originations in 1996 and 1997		Small Farm Loan Originations in 1996 and 1997		Number of HMDA Loan Originations in 1996 and 1997		Number of Loan Originations in 1996 and 1997		Outstanding Deposits as of 6-30-97		Population	
	#	%	#	%	#	%	#	%	\$000s	%	#	%
Peoria	927	62%	877	62%	651	56%	2,455	60%	423,000	59%	339,000	72%
Bloomington	569	38%	544	38%	520	44%	1,633	40%	295,000	41%	129,000	28%
Total	1,496	100%	1,421	100%	1,171	100%	4,088	100%	718,000	100%	468,000	100%

The bank offers traditional banking services along with a variety of real estate, commercial, agricultural and consumer loan products. As of March 31, 1998, the loan portfolio totaled \$478 million and the mix was 52% commercial, 24% residential real estate, 14% consumer, and 10% agricultural. Active competition in the bank's AAs comes from a number of other commercial banks, thrifts, and credit unions.

There are no financial conditions, legal constraints, or any other factors that hinder the bank's ability to help meet the credit needs of its AAs.

DESCRIPTION OF ASSESSMENT AREA:

The bank's two AAs include a total of 127 CTs, a population of 468,000 persons, and a total of 123,000 families. Of the CTs, nine (7%) are designated as low-, 23 (18%) moderate-, 69 (54%) middle-, 22 (18%) upper-income, and four (3%) are not identified by income level. Of the families, 19% are designated as low-, 18% moderate-, 25% middle-, and 38% upper-income.

The median family income for the AAs in 1990 was \$37,225. The United States Department of Housing and Urban Development (HUD) estimated median family income for the AAs in 1998 is \$48,050. Unemployment is low at 3%. Manufacturing, retail and services are the largest employment sectors of the AAs. Please refer to the Appendix of this Evaluation for specific information regarding each AA.

LENDING TEST

Commerce’s combined lending performance, in terms of small business, small farm, mortgage-related, and community development loans, reflects adequate responsiveness to community credit needs. This performance exhibits an adequate record of serving the credit needs of the most economically disadvantaged area of its AAs, LMI individuals, and/or very small businesses or farms, consistent with safe and sound banking practices. Although Commerce only makes limited use of innovative and/or flexible lending practices, credit products offered by the bank are reasonably-suited to the credit needs of the community. While assigning our rating to the bank’s lending performance, we placed the greatest emphasis on the borrower and geographic distribution of the bank’s lending efforts. This treatment is consistent with that afforded other banks, and is consistent with the intent of the regulation. The Appendix of this Evaluation contains detailed information regarding the bank’s lending performance in each of its AAs. The bank’s performance in each of the AAs is consistent with Commerce’s overall performance.

As indicated in the following table, Commerce originated a substantial majority of its small business, small farm, and residential real estate loans within the bank’s AAs during 1996 and 1997.

Combined 1996 and 1997 Loan Originations

Loan Type	Originations Inside AAs				Originations Outside AAs			
	#	%	\$000s	%	#	%	\$000s	%
Small Business	1,761	92%	112,457	91%	147	8%	10,510	9%
Small Farm	1,573	91%	65,717	89%	149	9%	8,467	11%
Residential Real Estate	697	91%	52,614	82%	67	9%	11,796	18%
Total	4,031	92%	230,788	88%	363	8%	30,773	12%

Since our previous examination, the bank’s loan-to-deposit ratio has averaged 60%, trending up from 53% on September 30, 1996 to 66% on March 31, 1998. The five other largest banks in the AAs averaged from 51% to 84% over the same period, with Commerce ranking fifth among these six lenders. Commerce held the second largest share of deposits (13%) in the AAs on June 30, 1997, among 33 banks headquartered in the AAs. The market leader held 18% of the market.

SMALL BUSINESS/SMALL FARM LENDING

Commerce’s small business and small farm lending efforts reflect good responsiveness to the credit needs of small businesses and farms located in the AAs. Penetration to businesses and farms of varying revenue sizes is good, while penetration to all CTs is adequate. Small business and small farm loan products offered by Commerce are appropriate.

Although Commerce was the largest reporter of small business and small farm loan originations in the AAs, we placed greater emphasis on the distribution of the bank’s lending efforts, both in terms of borrower distribution and penetration to all CTs. Only lenders with more than \$250 million in assets, or lenders associated with a

Community Reinvestment Act Performance Evaluation
Commerce Bank, N.A., Peoria, Illinois

holding company with total assets of \$1 billion or more (a/k/a CRA Reporters) , are required to report small business and small farm lending efforts. Given the makeup of lenders in the AAs, a large number of lenders are not required to report their lending efforts. As a result, a true picture of the bank’s standing in this regard is not possible.

Borrower Distribution

The distribution of Commerce’s small business and small farm loans to borrowers of different revenue size, and loans of different sizes, particularly small loans, is good. Commerce’s lending to small businesses and small farms with revenues of \$1 million or less in 1997 exceeds the demographic figure. This is exemplified in the following tables:

Loans to Businesses Based on Revenue Size

Revenue Size	% of Businesses	1996				1997			
		#	%	\$000	%	#	%	\$000	%
≤ \$1 million	73%	770	74%	34,118	47%	726	77%	39,369	47%
> \$1 million	9%	265	26%	38,970	53%	211	23%	43,642	53%
Total *	82%	1,035	100%	73,088	100%	937	100%	83,011	100%

** 18% of total businesses did not report revenue information.*

For 1996 CRA Reporters, Commerce was the leading originator of loans to businesses with revenues of \$1 million or less, with 33% of the reported originations. The next largest lender attained a market share of 15%. Market information is not yet available for 1997.

Loans to Farms Based on Revenue Size

Revenue Size	% of Farms	1996				1997			
		#	%	\$000	%	#	%	\$000	%
≤ \$1 million	91%	707	82%	28,882	88%	714	97%	32,978	89%
> \$1 million	4%	152	18%	3,857	12%	23	3%	4,199	11%
Total *	95%	859	100%	32,739	100%	737	100%	37,177	100%

** 5% of total farms did not report revenue information.*

For CRA reporters in 1996, Commerce was the leading originator of loans to farms with revenues of \$1 million or less, with a market share of 58%. The next largest reporter originated 18%. Market information is not yet available for 1997.

Loans to Businesses Based on Loan Size

Loan size in 000s	1996				1997			
	#	%	\$000	%	#	%	\$000	%
≤ \$100	877	85%	23,471	32%	742	79%	22,674	27%
> \$100 and ≤ \$250	87	8%	14,741	20%	111	12%	18,825	23%
> \$250 and ≤ \$1,000	71	7%	34,876	48%	84	9%	41,512	50%
Total	1,035	100%	73,088	100%	937	100%	83,011	100%

Commerce was the leading CRA Reporter in terms of business loans of \$100,000 or less in 1996 with a 23% share of the market. The number two reporter originated 17% of the total reported. CRA Reporters as a whole generated 86% of their loans in amounts of \$100,000 or less. Market information is not yet available for 1997.

Loans to Farms Based on Loan Size

Loan size in 000s	1996				1997			
	#	%	\$000	%	#	%	\$000	%
≤ \$100	798	93%	21,229	65%	651	88%	20,698	56%
> \$100 and ≤ \$250	53	6%	8,540	26%	69	10%	10,591	28%
> \$250 and ≤ \$1,000	8	1%	2,970	9%	17	2%	5,888	16%
Total	859	100%	32,739	100%	737	100%	37,177	100%

In 1996, Commerce was the leading CRA Reporter for farm loans in amounts of \$100,000 or less, with a 61% share of the market. The next largest lender attained a 15% market share. The aggregate market generated 91% of its loans in amounts of \$100,000 or less. Market information is not yet available for 1997.

Geographic Distribution:

The geographic distribution of the bank's loan originations to small businesses and small farms in 1996 and 1997 demonstrates adequate penetration to all CTs in the AAs. In 1997, the bank's distribution of small business and small farm loans in LMI tracts is less than the percentage of small businesses and small farms located in the respective tracts. This is demonstrated in the following tables. When reviewing the bank's distribution of small farm loans, note the relatively limited opportunity presented as a result of the small number of farms located in LMI areas.

Community Reinvestment Act Performance Evaluation
Commerce Bank, N.A., Peoria, Illinois

Loans to Businesses with Revenues of \$1 Million or Less

Income Level of CT	% of Small Bus.	1996				1997			
		#	%	\$000	%	#	%	\$000	%
Low-	7%	61	8%	3,508	10%	41	6%	2,864	7%
Moderate-	17%	81	10%	3,978	12%	83	11%	3,922	10%
Middle-	55%	444	58%	18,410	54%	441	61%	21,777	55%
Upper-	21%	184	24%	8,222	24%	161	22%	10,806	28%
Total	100%	770	100%	34,118	100%	726	100%	39,369	100%

There are 10,797 small businesses in the AAs.

Loans to Farms with Revenues of \$1 Million or Less

Income Level of CT	% of Small Farms	1996				1997			
		#	%	\$000	%	#	%	\$000	%
Low-	1%	2	<1%	150	1%	0	0%	0	0%
Moderate-	13%	8	1%	636	2%	10	1%	346	1%
Middle-	72%	683	97%	27,508	95%	692	97%	32,004	97%
Upper-	14%	14	2%	588	2%	12	2%	628	2%
Total	100%	707	100%	28,882	100%	714	100%	32,978	100%

There are 380 small farms in the AAs.

Commerce demonstrated adequate penetration to all areas of the AAs by originating at least one small business or small farm loan in 109 of the 127 CTs (86%) in the AAs during 1996. During 1997, Commerce originated small business or small farm loans in all but 16 tracts (penetration to 91% of tracts).

RESIDENTIAL REAL ESTATE LENDING

Commerce's mortgage lending efforts reflect adequate responsiveness to the community's need for housing-related credit. The following table displays Commerce's HMDA reportable loan originations in 1996 and 1997. For analytical purposes, we have combined the bank's efforts with that of Commerce Mortgage Corp., the bank's mortgage lending affiliate.

HMDA ORIGINATIONS

Loan Type	1996		1997	
	#	\$000s	#	\$000s
Government Home Purchase	0	0	0	0
Conventional Home Purchase	175	14,648	194	16,898
Refinance	293	22,292	305	27,184
Home Improvement	105	1,662	80	1,122
Multi-Family	14	4,926	5	831
Total	587	43,528	584	46,035

During 1996, Commerce originated the seventh largest number of HMDA reportable loans in the AAs out of 255 lenders, with a 2.8% share of the market. The market leader originated 2,618 loans (12.5% of the total) totaling \$129 million in 1996. Aggregate market information is not yet available for 1997.

Borrower Distribution:

As demonstrated in the following table, Commerce's record of lending to LMI families is good. The bank's distribution of loans to LMI borrowers reasonably approximates the demographic composition of the AAs when taking into account the number of families with income levels below the poverty level.

Distribution of HMDA Reportable Loans by Borrower

Income Level of Borrower	% of Families	1996				1997			
		#	%	\$000	%	#	%	\$000	%
Low-	19%	48	8%	1,164	3%	63	11%	2,179	5%
Moderate-	18%	105	18%	4,100	9%	110	19%	4,972	11%
Middle-	25%	153	26%	8,737	20%	145	25%	8,965	19%
Upper-	38%	260	44%	24,162	56%	256	44%	28,465	62%
N/A	-	21	4%	5,365	12%	10	1%	1,454	3%
Total	100%	587	100%	43,528	100%	584	100%	46,035	100%

Note: 10,207 families, or 8% of total families, have incomes below the poverty level and may have difficulty qualifying for housing-related credit products.

Commerce held the seventh largest share of loans originated to LMI individuals in 1996. Commerce's market share to LMI applicants is 2.7%, as compared to its overall market share of 2.8%. The leading originator of

Community Reinvestment Act Performance Evaluation
Commerce Bank, N.A., Peoria, Illinois

loans to LMI applicants originated 726 loans totaling \$30.3 million for 12.7% of total originations. Market information is not yet available for 1997.

Geographic Distribution:

The distribution of the bank’s mortgage-related lending efforts to all areas of the AAs is adequate. This is demonstrated in the following table:

Distribution of HMDA Reportable Loans by Geography

Income Level of CT	% of Owner-occupied Housing Units	1996				1997			
		#	%	\$000	%	#	%	\$000	%
Low-	2%	4	1%	7	< 1%	5	1%	134	< 1%
Moderate-	14%	66	11%	4,282	10%	61	10%	3,963	9%
Middle-	65%	361	61%	26,404	61%	372	64%	27,212	59%
Upper-	19%	156	27%	12,835	29%	146	25%	14,726	32%
Total	100%	587	100%	43,528	100%	584	100%	46,035	100%

Commerce originated the 14th largest share of loans in LMI CTs during 1996 with a 1.9% share of the market, compared to its 2.8% overall market share. The leading originator of loans in LMI tracts in 1996 originated 440 loans totaling \$31.5 million for 12.11% of the total number of loan originations. Market information is not yet available for 1997.

Commerce’s penetration of mortgage-related loans to all areas of its AAs is reasonable. During 1996, Commerce originated at least one HMDA reportable loan in 107 of the 127 (84%) CTs in the combined AA. During 1997, Commerce penetrated 86% of the CTs.

COMMUNITY DEVELOPMENT LENDING ACTIVITY

During the evaluation period, Commerce only originated one community development loan within its community that hasn’t been considered elsewhere in this Evaluation (i.e. reportable as a small business or HMDA loan). Commerce made a \$400,000 loan to The Children’s Foundation, a non-profit organization located in Bloomington that provides children and families with group home, school, day care, crisis nursery, foster care placement and crisis intervention services. Services are intended primarily for LMI families.

INVESTMENT TEST

During the evaluation period, Commerce exhibited poor responsiveness to the community development investment needs of its community. Although there are relatively limited opportunities for the bank to invest in (community contacts, discussions with bank management, and visual observation of the AAs indicated there are limited investment needs in the AAs), Commerce invested only \$171,998 in qualified investments. This figure only represents dollars actually invested during the evaluation period. We did, however, give consideration to the total amount pledged when assigning our rating. Qualifying investments included:

- \$67,500 to The Illinois Equity Fund (IEF) 1994 Partnership, part of a \$250,000 pledge. IEF develops low-income housing projects in Illinois communities other than Chicago, including Peoria.
- \$44,000 to United Way chapters located within the AAs. Donations were used for various programs which benefit LMI individuals within the AAs.
- \$30,000 to Riverfront Peoria, which works to redevelop a LMI area south and east of downtown Peoria.
- \$10,000 to Heartland Community Development Corporation for a stock subscription. Heartland offers below-market rate loans to start-up small businesses and has been active in rehabilitation of downtown commercial property.
- \$11,000 to Christmas in April, which assists low-income homeowners with home rehabilitation.
- \$3,500 to East Bluff Neighborhood Housing Services for homebuyer assistance programs in a moderate-income area.
- \$1,000 to West Bluff Neighborhood Housing Services for loan programs targeting low-income neighborhoods and individuals.
- \$2,000 to Tri-County Urban League, which provides job training, job placement, housing assistance, education and social services to LMI individuals.
- \$2,498 to Commerce's Closing Grant Program for qualified first-time homebuyers targeted at LMI areas of the AAs.
- \$500 to Habitat for Humanity - Greater Peoria. This organization provides housing for LMI families in the Peoria area.

SERVICE TEST

Commerce's delivery systems are accessible to all portions of the AAs. The distribution of Commerce's branches and ATMs shows good distribution across all geographies. This is demonstrated in the following table:

Branch/ATM Distribution

Tract Designation	Tracts		Branches		ATMs	
	#	%	#	%	#	%
Low-income	9	7%	2	14%	2	15%
Moderate-income	23	18%	2	14%	3	23%
Middle-income	69	54%	8	58%	7	54%
Upper-Income	22	18%	2	14%	1	8%
N/A	4	3%	0	0%	0	0%
Total	127	100%	14	100%	13	100%

Commerce also has six cash dispensing machines located in State Farm Company facilities in Bloomington which are not readily available to the public. It also has one cash dispensing machine which is available to the public in Peoria. As a result, Commerce has a total of 20 ATMs in the AAs.

The bank's record of opening and closing branches has not adversely affected the bank's accessibility to its community. In April, 1997, the bank closed the Veteran's Parkway branch in Bloomington and expanded the Normal East branch, which is located in the same middle-income CT. As a result, this change did not have a material impact on the availability of the bank's services to the community, especially in terms of LMI areas. Services and business hours meet the needs of the AAs. Commerce encourages bank officers to be flexible, and at times, meet with customers outside regular business hours. Commerce also offers the following services:

Telephone banking services, including the ability to make loan applications, are available from 8AM-8PM Monday through Friday, and 9AM-noon Saturday.

Bill paying, account inquiry, statement download, funds transfer and other services are available through personal computer banking.

Deposit account information is available 24 hours per day by telephone. Customers can also transfer funds between accounts through this service.

Commerce provides a good level of community development services to its community. Employees offer financial expertise as officers, board members, loan committee members and instructors for a variety of community development programs. Examples include:

Christmas in April - provides direct aid to low-income homeowners for home rehabilitation. It raises funds for materials and services, provides technical assistance on rehabilitation needs, determines financial feasibility for projects and secures volunteer labor to complete the work.

East Bluff Neighborhood Housing Services - designs and implements loan programs for LMI individuals in the moderate-income East Bluff area of Peoria.

The Financial Institutions CRA Council - provides home ownership counseling to Peoria residents in conjunction with a local community college. Participants who meet LMI guidelines can obtain closing cost grants.

Heartland Community Development Corporation - offers below-market rate loans to start-up small businesses in Peoria. It has also been active in rehabilitation of downtown commercial property. The City of Peoria Economic Development Council - oversees SBA 504 and other targeted loan programs to encourage business development.

The Riverfront Business District Commission - developed a plan for redevelopment of the Peoria Riverfront.

Commerce provides home purchase, home improvement and other consumer loans with employer assistance for closing costs, down payments, rate buy-downs and other costs to employees of a Peoria business.

Bloomington Community Action Focus - provides temporary housing and facilities for low- and moderate-income individuals.

Habitat for Humanity - develops affordable housing.

COMPLIANCE WITH ANTIDISCRIMINATION LAWS

We did not identify any violations of substantive provisions of antidiscrimination laws and regulations during our review of unsecured consumer loans. We reviewed these loans for evidence of disparate treatment based upon the sex of the applicant.

APPENDIX A MSA # 6120 - PEORIA-PEKIN, IL

Description of AA/Institution's Operations in the MSA

Commerce has delineated its Peoria AA to be the entire Peoria-Pekin MSA. The MSA/AA consists of all of Peoria, Tazewell, and Woodford counties in central Illinois. Commerce serves this area with nine branches, seven ATMs, and one cash dispensing machine. Commerce ranks third among FDIC-insured institutions in the AA, with 11% of total deposits. The market leader holds 15% of total deposits in the AA.

The AA includes a total of 96 CTs, of which seven (7%) are low-, 17 (18%) moderate-, 51 (53%) middle-, and 17 (18%) are upper-income (four CTs are not identified by income level). The 1990 census median family income for the MSA is \$36,406. HUD's estimate of the median family income for 1998 is \$46,000. The AA has a population of approximately 339,000 individuals and 92,250 families. The composition of families is as follows: 20% low-, 18% moderate-, 24% middle-, and 38% upper-income.

HUD's Consolidated Plan for Peoria states that in LMI CTs, the average age of the housing stock is 39-45 years, and there is considerable deferred maintenance. Housing is changing from owner-occupied to rental or abandoned status. Residents of LMI neighborhoods indicate absentee ownership and failure to reinvest in the housing is a negative factor for long-term viability. Primary demand for housing is in the \$100,000-\$125,000 market, located in middle- and upper-income neighborhoods to the west and north of the central city. In recent years, there has been considerable demand for high cost housing, \$150,000 and up. Per HUD's consolidated plan for Pekin, vacancy rates are low and rental housing is in short supply. The single-family owner-occupied market is also strained. It should also be noted that just 2% of owner-occupied housing units in the AA are located in low-income CTs and 13% are located in moderate-income CTs, thus limiting HMDA-related lending opportunities in LMI tracts. Some 30% of rental properties and 76% of vacant, boarded-up properties in the AA are located in these CTs. The median value of properties in the AA is \$21,053 in low-, \$31,154 in moderate-, \$50,565 in middle-, and \$81,321 in upper-income CTs.

We reviewed two previously completed, and completed two, community contacts in Peoria during our evaluation. Two of the community organizations contacted were housing-related, while the other two were economic development oriented. The contacts identified the following credit needs: affordable housing construction; home improvement; small business financing; and real estate development loans, primarily for south Peoria. Contacts indicated many small businesses are not "credit ready" and said borrower education programs would be valuable.

Major employers in the area are Caterpillar, Inc., OSF St. Francis and Methodist Medical Centers, Peoria Public Schools, Bradley University, and Illinois Central College. The local economy is heavily influenced by Caterpillar, which employs more than 10% of the population and supports a number of small- to medium-sized companies to which it outsources production components and services. Caterpillar's credit union, CEFUCU, is a major competitor for financial services in the community. Unemployment in the MSA is low at 3%.

LENDING TEST

Commerce's lending performance in the Peoria AA is consistent with its overall performance and reflects adequate responsiveness to the community's credit needs. This is demonstrated in the following tables:

SMALL BUSINESS/SMALL FARM LENDING

Loans to Businesses Based on Revenue Size

Revenue Size	% of Businesses	1996				1997			
		#	%	\$000	%	#	%	\$000	%
≤ \$1 million	73%	490	74%	20,002	47%	437	75%	23,104	43%
> \$1 million	9%	174	26%	22,612	53%	139	24%	28,966	55%
Unknown	18%*	0	0%	0	0%	9	1%	1,045	2%
Total	100%	664	100%	42,614	100%	585	100%	53,115	100%

* 18% of total businesses did not report revenue information.

Loans to Farms Based on Revenue Size

Revenue Size	% of Farms	1996				1997			
		#	%	\$000	%	#	%	\$000	%
≤ \$1 million	92%	420	74%	15,617	81%	457	95%	19,629	82%
> \$1 million	4%	148	26%	3,757	19%	21	4%	3,874	16%
Unknown	4%*	0	0%	0	0%	4	1%	374	2%
Total	100%	568	100%	19,374	100%	482	100%	23,877	100%

* 4% of total farms did not report revenue information.

Loans to Businesses Based on Loan Size

Loan size in 000s	1996				1997			
	#	%	\$000	%	#	%	\$000	%
≤ \$100	579	87%	14,822	35%	463	79%	13,159	25%
> \$100 and ≤ \$250	44	7%	7,346	17%	64	11%	10,834	20%
> \$250 and ≤ \$1,000	41	6%	20,446	48%	58	10%	29,122	55%
Total	664	100%	42,614	100%	585	100%	53,115	100%

Loans to Farms Based on Loan Size

Loan size in 000s	1996				1997			
	#	%	\$000	%	#	%	\$000	%
≤ \$100	533	94%	12,721	66%	425	88%	12,897	54%
> \$100 and ≤ \$250	30	5%	4,868	25%	44	9%	6,465	27%
> \$250 and ≤ \$1,000	5	1%	1,785	9%	13	3%	4,515	19%
Total	568	100%	19,374	100%	482	100%	23,877	100%

Loans to Businesses with Revenues of \$1 Million or Less

Income Level of CT	% of Small Businesses	1996				1997			
		#	%	\$000	%	#	%	\$000	%
Low-	5%	13	3%	1,052	5%	12	3%	1,138	5%
Moderate-	17%	53	11%	2,435	12%	55	12%	2,720	12%
Middle-	58%	318	65%	11,512	58%	275	63%	13,193	57%
Upper-	20%	106	21%	5,003	25%	95	22%	6,053	26%
Total	100%	490	100%	20,002	100%	437	100%	23,104	100%

There are 7,894 small businesses in the AA.

Loans to Farms with Revenues of \$1 Million or Less

Income Level of CT	% of Small Farms	1996				1997			
		#	%	\$000	%	#	%	\$000	%
Low-	1%	0	0%	0	0%	0	0%	0	0%
Moderate-	12%	2	1%	20	<1%	3	1%	199	1%
Middle-	73%	413	98%	15,333	98%	449	98%	19,159	98%
Upper-	14%	5	1%	264	2%	5	1%	271	1%
Total	100%	420	100%	15,617	100%	457	100%	19,629	100%

There are 271 small farms in the AA.

MORTGAGE LENDING

HMDA ORIGINATIONS

Loan Type	1996		1997	
	#	\$000s	#	\$000s
Government Home Purchase	0	0	0	0
Conventional Home Purchase	117	9,360	114	9,732
Refinance	153	9,546	140	11,332
Home Improvement	70	1,225	48	845
Multi-Family	7	2,106	2	312
Totals	347	22,237	304	22,221

Borrower Distribution

Income Level of Borrower	% of Families	1996				1997			
		#	%	\$000	%	#	%	\$000	%
Low-	20%	28	8%	548	3%	27	9%	1,029	5%
Moderate-	18%	64	19%	2,077	9%	56	18%	2,293	10%
Middle-	24%	83	24%	4,229	19%	83	27%	4,071	18%
Upper-	38%	161	46%	13,199	59%	133	44%	14,156	64%
N/A	-	11	3%	2,184	10%	5	2%	672	3%
Total	100%	347	100%	22,237	100%	304	100%	22,221	100%

Note: 8,393 families, or 9% of total families have income levels below the poverty level and may have difficulty qualifying for housing-related credit products.

Geographic Distribution

Income Level of CT	% of Owner-occupied Housing Units	1996				1997			
		#	%	\$000	%	#	%	\$000	%
Low-	2%	3	1%	5	<1%	3	1%	67	<1%
Moderate-	13%	24	7%	1,092	5%	18	6%	1,488	7%
Middle-	66%	211	61%	11,920	54%	196	64%	12,093	54%
Upper-	19%	109	31%	9,220	41%	87	29%	8,573	39%
Total	100%	347	100%	22,237	100%	304	100%	22,221	100%

INVESTMENT TEST

The body of this Performance Evaluation contains information regarding Commerce's performance under the investment test in this AA.

SERVICE TEST

The body of this Performance Evaluation contains information regarding Commerce's performance under the service test in this AA.

APPENDIX B

MSA #1040 - BLOOMINGTON/NORMAL, IL

Description of AA/Institution's Operations in the MSA

Commerce has delineated its Bloomington AA to be the entire Bloomington-Normal MSA. The MSA/AA consists of all of McLean county in central Illinois, approximately 30 miles East of Peoria. Commerce serves this area with five branches and 11 ATMs. Commerce ranks second among FDIC-insured institutions in the AA, with 17% of total deposits. The market leader holds 24% of total deposits in the AA.

The AA includes a total of 31 CTs, of which two (7%) are low-, six (19%) moderate-, 18 (58%) middle-, and five (16%) are upper-income. The 1990 census median family income for the MSA is \$39,761. HUD's estimate of the median family income for 1998 is \$54,400. The AA has a population of approximately 129,000 individuals and 30,650 families. The composition of families is as follows: 17% low-, 19% moderate-, 27% middle-, and 37% upper-income.

Residential construction is active, particularly for single-family residences costing \$100,000-175,000. Per HUD's Consolidated Plan, the high construction cost of housing is the primary obstacle to development of affordable housing in the area. Rental housing is considered high-cost since the university populations drive the market. The median age of housing stock is 51 years in low-income CTs and 35 years in moderate-income CTs. Less than 1% of the AA's owner-occupied property is in low-income CTs, and 18% is in moderate-income CTs. According to the McLean County Regional Planning Commission, the population of the area is expected to continue to grow by some 1,200 people per year.

The city's economic profile is heavily dependent on State Farm Insurance Company, which employs more than 10% of the population (10,171 individuals) and continues to attract employees to the area as it expands its data processing facilities. Other major employers are Diamond-Star (Mitsubishi) and Illinois State University. Unemployment is low at 3.0%, and the economy is very strong.

We reviewed two community contacts during our evaluation which were previously completed in the AA. The contacts identified the following credit needs: financing for rental and transitional housing; and down payment assistance for home purchase.

LENDING TEST

Commerce's lending performance in the Bloomington AA is consistent with its overall performance and reflects adequate responsiveness to the community's credit needs. This is demonstrated in the following tables:

SMALL BUSINESS/SMALL FARM LENDING

Loans to Businesses Based on Revenue Size

Revenue Size	% of Businesses	1996				1997			
		#	%	\$000	%	#	%	\$000	%
≤ \$1 million	72%	280	76%	14,116	46%	289	75%	16,265	48%
> \$1 million	8%	91	24%	16,358	54%	72	18%	14,676	43%
Unknown	20%	0	0%	0	0%	26	7%	2,969	9%
Total	100%	371	100%	30,474	100%	387	100%	33,910	100%

Loans to Farms Based on Revenue Size

Revenue Size	% of Farms	1996				1997			
		#	%	\$000	%	#	%	\$000	%
≤ \$1 million	87%	287	99%	13,265	99%	257	98%	13,349	95%
> \$1 million	3%	4	1%	100	1%	2	1%	325	2%
Unknown	10%	NA	NA	NA	NA	2	1%	408	3%
Total	100%	291	100%	13,365	100%	261	100%	14,082	100%

Loans to Businesses based on Loan Size

Loan size in 000s	1996				1997			
	#	%	\$000	%	#	%	\$000	%
≤ \$100	298	80%	8,649	28%	303	78%	10,213	30%
> \$100 and ≤ \$250	43	12%	7,395	24%	54	14%	9,193	27%
> \$250 and ≤ \$1,000	30	8%	14,430	48%	30	8%	14,504	43%
Total	371	100%	30,474	100%	387	100%	33,910	100%

Loans to Farms based on Loan Size

Loan size in 000s	1996				1997			
	#	%	\$000	%	#	%	\$000	%
≤ \$100	265	91%	8,508	64%	229	88%	7,859	56%
> \$100 and ≤ \$250	23	8%	3,672	27%	27	10%	4,534	32%
> \$250 and ≤ \$1,000	3	1%	1,185	9%	5	2%	1,689	12%
Total	291	100%	13,365	100%	261	100%	14,082	100%

Loans to Businesses with Revenues of \$1 Million or Less

Income Level of CT	% of Small Business	1996				1997			
		#	%	\$000	%	#	%	\$000	%
Low-	12%	48	17%	2,456	17%	29	10%	1,726	11%
Moderate-	17%	28	10%	1,543	11%	28	10%	1,202	7%
Middle-	48%	126	45%	6,898	49%	166	57%	8,584	53%
Upper-	23%	78	28%	3,219	23%	66	23%	4,753	29%
Total	100%	280	100%	14,116	100%	289	100%	16,265	100%

There are 2,903 small businesses in the AA.

Loans to Farms with Revenues of \$1 Million or Less

Income Level of CT	% of Small Farms	1996				1997			
		#	%	\$000	%	#	%	\$000	%
Low-	3%	2	1%	150	1%	0	0%	0	0%
Moderate-	15%	6	2%	616	5%	7	3%	147	1%
Middle-	69%	270	94%	12,175	92%	243	94%	12,845	96%
Upper-	13%	9	3%	324	2%	7	3%	357	3%
Total	100%	287	100%	13,265	100%	257	100%	13,349	100%

There are 109 small farms in the AA.

MORTGAGE LENDING

HMDA ORIGINATIONS

Loan Type	1996		1997	
	#	\$000s	#	\$000s
Government Home Purchase	0	0	0	0
Conventional Home Purchase	58	5,288	80	7,166
Refinance	140	12,746	165	15,852
Home Improvement	35	437	32	277
Multi-Family	7	2,820	3	519
Totals	240	21,291	280	23,814

Borrower Distribution

Income Level of Borrower	% of Families	1996				1997			
		#	%	\$000	%	#	%	\$000	%
Low-	17%	20	9%	616	3%	36	13%	1,150	5%
Moderate-	19%	41	17%	2,023	10%	54	19%	2,679	11%
Middle-	27%	70	29%	4,508	21%	62	22%	4,894	21%
Upper-	37%	99	41%	10,963	51%	123	44%	14,309	60%
N/A	-	10	4%	3,181	15%	5	2%	782	3%
Total	100%	240	100%	21,291	100%	280	100%	23,814	100%

Note: 1,814 families, or 6% of total families have income levels below the poverty level and may have difficulty qualifying for housing-related credit products.

Geographic Distribution

Income Level of CT	% of Owner-occupied Housing Units	1996				1997			
		#	%	\$000	%	#	%	\$000	%
Low-	1%	1	<1%	2	<1%	2	1%	67	<1%
Moderate-	18%	42	18%	3,190	15%	43	15%	2,475	10%
Middle-	61%	150	63%	14,484	68%	176	63%	15,119	64%
Upper-	20%	47	19%	3,615	17%	59	21%	6,153	26%
Total	100%	240	100%	21,291	100%	280	100%	23,814	100%

INVESTMENT TEST

The body of this Performance Evaluation contains information regarding Commerce's performance under the investment test in this AA.

SERVICE TEST

The body of this Performance Evaluation contains information regarding Commerce's performance under the service test in this AA.

APPENDIX C
ADDITIONAL INFORMATION

Commerce has branches in two MSAs. HMDA data is available to the public by contacting the following organizations:

Bloomington-Normal, IL MSA #1040

Tracey Covert
Office of the City Clerk
City of Bloomington
109 East Olive Street
P.O. Box 3157
Bloomington, IL 61702-3157
309-434-2240
309-434-2802 (fax)

Peoria-Pekin, IL MSA #6120

Michael Brillhart
Director of Planning
Tri-Cty. RPC
E. Peoria Professional Building
100 N. Main Street, Suite 301
E. Peoria, IL 61611-2533
309-694-9330