



# LARGE BANK

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Comptroller of the Currency  
Administrator of National Banks  
Washington, DC 20219

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## Public Disclosure

April 4, 2005

### Community Reinvestment Act Performance Evaluation

Commerce Bank, National Association  
Charter Number: 18112

1000 Walnut Street  
Kansas City, MO 64106

Office of the Comptroller of the Currency

Midsize Bank Supervision  
440 South LaSalle Street 2700  
Chicago, IL 60605

**NOTE:** This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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# Overall CRA Rating

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

The following table indicates the performance level of **Commerce Bank, National Association** with respect to the Lending, Investment, and Service Tests:

Performance Levels	Commerce Bank, National Association Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding	X	X	X
High Satisfactory			
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:

- Good penetration to businesses of different sizes and borrowers of different income levels.
- Good geographic distribution of loans.
- Strong levels of community development lending, which had a positive impact on the lending test performance level.
- Commerce offers numerous home mortgage loan programs with flexible terms to low- and moderate-income individuals, which had a positive impact on the lending test performance level.
- Excellent levels of community development investments and excellent response to identified community credit needs.
- Branch locations are readily accessible to low- and moderate-income individuals.
- Good levels of community development services.

## Definitions and Common Abbreviations

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

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

**Aggregate Lending:** The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

**Block Numbering Area (BNA):** A statistical subdivision of a county for grouping and numbering blocks in non-metropolitan counties where local census statistical area committees have not established census tracts. A BNA does not cross county lines.

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

**Community Development:** Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet 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.

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

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

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

**Geography:** A census tract 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 area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn).

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

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

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

**Low-Income:** Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

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

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

individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

**Metropolitan Area (MA):** Any primary metropolitan area (PMA), metropolitan area (MA), or consolidated metropolitan area (CMA), as defined by the Office of Management and Budget, with a population of 250,000 or more, and any other area designated as such by the appropriate federal financial supervisory agency.

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

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

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

**Other Products:** Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

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

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

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

**Small Loan(s) to Business(es):** A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

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

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

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

## Description of Institution

Commerce Bank, National Association (Commerce) is a \$13 billion interstate financial institution. Commerce is a wholly owned subsidiary of Commerce Bancshares, Inc. (CBI), a \$14 billion multi-bank holding company. Both Commerce and CBI are headquartered in Kansas City, Missouri. CBI operates a national bank in Wichita, Kansas and a credit card bank in Omaha, Nebraska with total assets of \$1 billion and \$8 million, respectively. CBI also owns Commerce Mortgage Corporation (CMC), a mortgage loan originator and service provider, and Capital For Business, Inc., a venture capital firm. Loans originated by these affiliates are included in our analysis of the bank's CRA performance.

Commerce is a full-service banking institution offering a wide range of financial services targeted to businesses, consumers, and other entities. The bank operates 165 banking offices throughout 21 assessment areas (AA) in Missouri, Kansas, and Illinois. This includes 12 branches in the Illinois AAs that were added after a merger with CBI's Missouri charter in August 2004. There are two AAs in Illinois, which were not included in this evaluation due to the short amount of time it has been part of the bank.

Commerce's business strategy is focused on business development, while offering a wide variety of other commercial and retail products and services. The bank also offers home mortgage loans. However, Commerce is not a significant HMDA lender in the market and a majority of these loans are sold into the secondary market. Net loans represent 60 percent of total assets as of December 31, 2004. The loan portfolio (by dollar volume) is comprised of 45 percent commercial and commercial real estate, 25 percent consumer, 23 percent one-to-four family residential, and 2 percent agricultural loans. Other miscellaneous loans represent 5 percent of the loan portfolio. Tier 1 capital is \$923 million.

There are no legal or financial constraints that impede the bank's ability to help meet the credit needs in its AAs.

Commerce received an "Outstanding" rating at its last CRA examination dated April 15, 2002.



# Scope of the Evaluation

## Evaluation Period/Products Evaluated

The evaluation period for the Lending, Investment, and Service Tests is January 1, 2002 through December 31, 2004. Products reviewed in the Lending Test include home mortgage, small business, small farm, and community development (CD) loans. Commerce did not have year-to-date 2005 CD loan, CD service, and Investment Test data available for our review.

Due to changes in census data, we separately evaluated loan data for 2002, 2003, and 2004. We used 1990 census data to evaluate performance in 2002. For 2003 and 2004, we used 2000 census data. In addition, in 2004, we used the revised Metropolitan Statistical Area (MSA) boundaries and definitions established by the Office of Management and Budget.

The Standardized Tables are shown in Appendix D for the 2004 period. Market share data for 2004 is not available. Even though we did not include Tables for 2002 and 2003 in this Public Evaluation, performance for these periods is discussed in narrative for each test.

## Data Integrity

We performed data integrity reviews prior to this examination to test the accuracy of 2002-2004 Home Mortgage Disclosure Act (HMDA) and CRA data. No significant errors were found. Loan data is accurate and reliable. CD loan, investment, and service information was evaluated during the examination.

## Selection of Areas for Full-Scope Review

In each state where the bank has an office, a sample of assessment areas (AAs) within that state was selected for full-scope reviews. Refer to the "Scope" section under each State Rating for details regarding how the areas were selected. Every multistate metropolitan area (MA) in which the bank has branches in more than one state received a full-scope review.

## Ratings

The bank's overall rating is a blend of the multistate MA rating(s) and state ratings. Performance in the State of Missouri received the most weight followed by the Kansas City multistate (KS-MO) MA. The State of Kansas received the least weight.

The State of Missouri represents 61 percent of the total deposit base (by dollar). The Kansas City MA and State of Kansas has 34 percent and five percent of total deposits, respectively. As a percent of total loans in full-scope AAs, the St. Louis MA in Missouri represents 51 percent. In the Kansas City MA and Lawrence MA, the loan percentages are 45 percent and four percent, respectively.

The multistate MA rating(s) and state ratings are based primarily on those areas that received full-scope reviews. Refer to the "Scope" section under each state rating for details regarding how the areas were weighted in arriving at the overall state rating.

We did not evaluate performance in the State of Illinois since it has been part of the bank for less than one year. CBI's Illinois charter merged into this bank on August 1, 2004.

## **Fair Lending Review**

We found no evidence of illegal discrimination or other illegal credit practices.

# Multistate Metropolitan Area Rating

## Kansas City Metropolitan Area

### CRA rating for the Kansas City MA (MO-KS)<sup>1</sup>: Outstanding

The lending test is rated: **Outstanding**

The investment test is rated: **Outstanding**

The service test is rated: **High Satisfactory**

The major factors that support this rating include:

- The overall geographic distribution of loans is good. Penetration in moderate-income areas is good for small business and home improvement loans. Performance in low-income areas is adequate considering limited lending opportunities. The geographic distribution of home improvement loans is excellent.
- The overall distribution of loans to borrowers of different income levels and businesses of different sizes is good. Performance for loans to businesses with revenues of \$1 million or less is good with the market share of these loans exceeding the overall market share. The distribution of home mortgage loans is excellent. Commerce exceeded demographics for home purchase loans to moderate-income borrowers in 2004, and for home refinance and home improvement loans in 2002-2004. The percentage of home purchase and refinance loans to low-income borrowers is also excellent in 2002-2004.
- The level of CD lending is excellent, which positively impacted the lending test rating.
- Commerce's flexible loan programs provided increased opportunities for home ownership, especially among low- and moderate-income (LMI) borrowers.
- The number and dollar volume of equity investments and qualified donations is high and demonstrates excellent responsiveness to the AA's CD needs.
- The distribution of branches is good. The percentage of branches in moderate-income tracts exceeds demographics.

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<sup>1</sup> This rating reflects performance within the multistate metropolitan area. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan area.

## **Description of Institution's Operations in the Kansas City MA**

Commerce operates 47 branches in the Kansas City MA, which includes counties in the States of Kansas and Missouri. A majority of branches in the MA are located in Jackson County, Missouri and Johnson County, Kansas. Thirty-four percent of total bank deposits and 17 percent of total reported loans are in this MA. Small loans to businesses (53 percent by number) are the primary credit product followed by HMDA loans (44 percent). Within the HMDA loan category, refinance loans are the primary product followed by home purchase loans.

Commerce ranked second in deposit market share with 9.7 percent of all deposits reported by financial institutions in the Kansas City MA. Major competitors are Bank of America (11.5 percent deposit market share) and UMB Bank (8.5 percent deposit market share).

We conducted one community contact with a community based development organization and reviewed four other contacts performed within the last twelve months by the OCC. Identified credit needs include: affordable housing, small business financing, more flexible loan terms, financial training and investment in low-income tax credits.

Refer to the market profile for the Kansas City MA in appendix C for detailed demographics and other performance context information. Market share data for 2004 was not available.

## **LENDING TEST**

The bank's performance under the lending test is rated "Outstanding."

The reference to tables in Appendix D is for 2004 data only. Refer to narrative comments in this section regarding performance in 2002-2003.

## **Lending Activity**

Lending levels reflect good responsiveness in relation to area credit needs and the bank's deposit market share. Commerce has a deposit market share of 10 percent, which ranks second in the Kansas City MA.

Refer to Table 1 Lending Volume in the Kansas City MA section of appendix D for the facts and data used to evaluate the bank's lending activity.

Small business loan activity in the Kansas City MA is good. In 2002 and 2003, Commerce ranked ninth and eighth, respectively, in small business loans. A majority of the top competitors are large savings and loan associations and finance companies. Among banks headquartered in the Kansas City MA, Commerce is ranked first. During the evaluation period, Commerce reported 3,300 small loans to businesses totaling \$417 million.

Home mortgage loan activity in the Kansas City MA is good. Commerce reported 2,765 loans totaling \$294 million during the evaluation period. For home improvement loans, the market share rank was fifth in 2002 and third in 2003. Market share for refinance and home purchase loans is not significant at less than 1 percent. Competition for these loans is strong with the top 10 lenders, including nationwide mortgage companies and savings and loan associations, having less than 10 percent of the overall market.

Small farm loan activity is good. Commerce made 193 loans during the evaluation period totaling \$7 million, which ranked second in both 2002 and 2003.

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

Commerce's geographic distribution of lending in the Kansas City MA is good. Primary weight is placed on small business loans followed by home mortgage loans. For HMDA loans, primary weight is placed on refinance loans followed by home purchase loans.

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

Commerce's geographic distribution of home mortgage loans is adequate. Market share for home refinance and home purchase loans is minimal at below 1 percent.

Refer to Tables 2, 3, and 4 in the Kansas City MA section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The overall geographic distribution of home purchase and refinance loans is adequate. Penetration in moderate-income geographies is less than demographics in 2002-2004. In low-income areas, lending opportunities are limited with only 4 percent of owner-occupied housing in these geographies. In 2004, lending in moderate-income areas is good with the percentage of bank loans at over 90 percent of demographics. Also, in 2004, the bank's performance exceeds demographics for refinance loans in low-income areas.

The overall geographic distribution of home improvement loans is excellent. Performance in moderate-income areas is good. Market share exceeds the overall market share in 2002-2003. The percentage of bank loans in these areas exceeded demographics in 2003 and is near to demographics in 2004. Performance in moderate-income areas is good in 2002. Penetration in low-income tracts exceeds demographics in 2004. In 2002-2003, penetration in these tracts is below demographics; however, performance in 2003 is adequate with the percentage of bank loans at over 65 percent of demographics. In addition, lending opportunities in low-income tracts are limited.

A geographical analysis of multifamily loans is not meaningful due to the limited number of originations.

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

The geographic distribution of small loans to businesses is good. Performance in moderate-income areas is good. Market share exceeds the overall market share in 2002-2003 and the percentage of bank loans is over 90 percent of demographics. In 2004, the percentage of bank loans exceeds demographics. Performance in low-income areas is adequate. Market share in 2003 exceeds the overall market share. Opportunities to lend are limited with 6 percent of businesses located in low-income tracts.

Refer to Table 6 in the Kansas City MA section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

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

The geographic distribution of small loans to farms is adequate. No loans were originated in 2002 or 2004 in low-income tracts. However, performance is mitigated due to limited opportunities in these tracts. Less than 2 percent of farms are located in low-income geographies in 2002 and 2004. In 2003, the percent of bank loans in low-income tracts exceeds demographics. The percentage of loans in moderate-income geographies is below demographics in 2002-2004. In 2002, the market share in moderate-income areas exceeds the overall market share. Small farm loans are not an identified credit need and represents 3 percent of total loan originations (by number) during the evaluation period in the Kansas City MA.

Refer to Table 7 in the Kansas City MA section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to farms.

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

Our geographic distribution analysis included a review for lending gaps, particularly in LMI areas. We did not identify any conspicuous lending gaps in the Kansas City MA AA.

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

We performed an analysis of this ratio at the bank level. A majority of the bank's loans by number, 86 percent, are inside its AA. This information only includes bank originations and purchases. This positively impacts the bank's lending test performance. Extensions of credit by affiliates are not included.

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

Commerce's distribution of loans to borrowers of different income levels and businesses of different sizes is good. Primary weight is placed on small business loans followed by

home mortgage loans. For HMDA loans, primary weight is placed on refinance loans followed by home purchase loans.

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

Commerce's distribution of home mortgage loans to borrowers of different income levels is excellent. Market share for home refinance and home purchase loans is minimal at below 1 percent. In 2002 and 2003, the percentage of families below the poverty levels is 7 percent and 6 percent, respectively.

Refer to Tables 8, 9, and 10 in the Kansas City MA section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

For all product types, the distribution of loans is excellent. The percentage of home purchase loans to moderate-income individuals is near to demographics in 2002 and 2003, and exceeds demographics in 2004. For home refinance and home improvement loans, performance to moderate-income borrowers is excellent in 2002-2004. For home purchase and home improvement loans, performance to low-income borrowers is excellent and for refinance loans, performance is adequate considering the percentage of families below poverty level.

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

The distribution of loans to businesses of different sizes is good. In 2004, the percentage of loans to businesses with revenues of \$1 million or less substantially meets demographics. Performance in 2002 is below demographics. In 2003, performance is slightly below demographics. However, the market share for both years of loans to businesses with revenues of \$1 million or less significantly exceeds the overall market share.

Refer to Table 11 in the Kansas City MA section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

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

The distribution of loans to farms of different sizes is excellent. The percentage of loans to farms with revenues of \$1 million or less exceeds demographics in 2002-2004. The market share of loans to farms with revenues of \$1 million or less also exceeds the overall market share for 2002-2003. A majority of the bank's small farm loans are in original amounts of \$100,000 or less.

Refer to Table 12 in the Kansas City MA section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to farms.

## **Community Development Lending**

Community Development lending performance is excellent. During the evaluation period, Commerce originated 118 CD loans totaling \$378 million in the Kansas City MA, which represents 120 percent of allocated Tier 1 capital and 41 percent of total Tier 1 capital. This level of CD lending had a positive impact on the lending test rating.

Refer to Table 1 Lending Volume in the Kansas City MA section of appendix D for the facts and data used to evaluate the bank's level of community CD lending. This table includes all CD loans.

Eight-one loans totaling \$254 million were to help promote economic development by financing small businesses. These loans also helped provide jobs to LMI individuals or in LMI areas, primarily enterprise or empowerment zones. Twenty loans totaling \$116 million were for projects that assisted with the revitalization or stabilization of LMI areas. Thirteen loans totaling \$445,000 were to organizations that provide community services targeted to LMI individuals. Services provided include education, clothing, health care, food, shelter, financial assistance, and day care for children. Four loans totaling \$7 million were to organizations that provide affordable housing.

## **Product Innovation and Flexibility**

Commerce, through its mortgage company affiliate, offers numerous home mortgage loan programs with flexible terms to assist LMI borrowers. These programs had a positive impact on the bank's lending test rating.

Affordable mortgage loan programs include national, state, and local government-sponsored programs that offer fixed rates, low down payments, closing costs, and down payment assistance. Under all flexible loan programs offered, Commerce originated 207 home mortgage loans totaling \$20 million. These totals include lending in all AAs in Missouri and Kansas. Commerce was unable to provide totals for this activity by AA.

Commerce also offers a closing cost grant program to help LMI borrowers qualify for home loans. Grants cover closing costs for home purchase loans in LMI geographies for borrowers that meet income requirements. In the Kansas City MA, Commerce provided four grants totaling \$4 thousand, which resulted in home purchase loans totaling \$201 thousand.

Commerce participated in the Missouri First Linked Deposit Business Loan Program. The program links state funds deposited in the lending institution to reduce interest rates to borrowers. The program was established to provide financing for small businesses creating jobs in Missouri and gives priority to firms located in enterprise zones and economically depressed areas. Commerce participated in the program during 2002-2004. Commerce was unable to provide totals for this activity.



## **INVESTMENT TEST**

The bank's performance under the Investment Test is rated "Outstanding."

Refer to Table 14 in the Kansas City MA section of appendix D for the facts and data used to evaluate the bank's level of qualified investments. Refer to the Kansas City MA section in Appendix C for detail regarding qualified investment opportunities.

Commerce, and its affiliates, demonstrated excellent responsiveness to the AA's CD needs with \$24 million in equity investments and donations. The bank funded \$17 million during the current evaluation period and \$7 million remains outstanding from prior evaluation periods. Investments were diversified, showing leadership in complex SBIC financing and supporting affordable housing for LMI individuals. Investments that benefit multiple AA's are allocated based on the portion of bank deposits attributed to each AA. Thirty-four percent of total deposits are allocated to the Kansas City MA.

Current period investments primarily include 37 tax credits totaling \$16 million. A majority of these tax credits helped revitalize and stabilize LMI geographies by providing rehabilitation expenses and repairing or constructing owner-occupied housing. Tax credits also helped promote economic development for urban projects in enterprise zones. Investment in low-income tax credits is an identified community credit need.

Also during the current period, Commerce participated in a Missouri statewide affordable housing fund, of which \$287,000 benefited the Kansas City MA. Another investment allocation from the bank's affiliate, Capital For Business (CFB), of \$40,000 was also made. CFB has two Small Business Investment Companies, which partners with other investors to help businesses expand and pay operating expenses. Commerce contributed \$413,000 to help provide consumer credit counseling, debt restructuring, and education services to LMI individuals. Additional qualified donations totaled \$839,000 during the current evaluation period. Affordable housing, small business financing, and financial training are identified needs in the AA.

Prior period investments include \$3 million in Housing and Urban Development Participation Certificates. These certificates are used to fund CD block grants and urban development projects in the bank's AA. Direct equity investments through CFB of \$2 million remain outstanding. In addition, affordable housing bond issues are still outstanding for \$1 million.

## **SERVICE TEST**

The bank's performance under the Service Test is rated "High Satisfactory." Based on full-scope reviews, the bank's performance is good in the Kansas City MA.

## **Retail Banking Services**

The bank's branches are accessible to people and geographies of different income levels. The percentage of branches in low-income tracts is below the percentage of the population residing in those tracts. The percentage of branches in moderate-income tracts exceeds demographics. Also, the bank's branch distributions were not materially changed by branch openings or closings. Commerce had a net loss of three branch offices in upper-income tracts during the evaluation period.

The hours of operation are excellent and allow convenient access to all residents. Hours at branches in the LMI tracts are comparable to those at other locations. All offices offer daily, extended afternoon hours for the lobby and drive-up. Products and services offered at the various bank locations do not vary substantially.

Commerce offers a free checking account and low minimum balance savings and IRA products. Alternative delivery systems include automated teller machines, Internet or PC banking, banking by phone, and a 24-hour account information line. Commerce did not provide specific information on usage by LMI people. Therefore, we could not place significant weight on these systems.

Refer to Table 15 in the Kansas City MA section of appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

## **Community Development Services**

The level of CD services provided by bank employees in the Kansas City MA is excellent based on the volume of services provided. The bank's excellent record of delivering CD services contributed positively to its overall performance under the service test.

A significant number of bank employees participate on an ongoing basis in numerous CD organizations providing financial expertise. The organizations focus on providing affordable housing, promoting economic development, or providing social services such as child care, health care, job training, shelter, and education to LMI individuals. Bank personnel are especially active in presenting financial education training to LMI public school students and adults or small businesses. The bank's CD service activities are very responsive to community needs, which include affordable housing, small business financing, and financial training.

The bank participates in the Missouri Quest and Kansas Vision Programs. These programs allow welfare recipients to access their assistance payments via ATM debit cards supplied and serviced by Commerce. During tax season the bank's website offers free online tax preparation and electronic filing of state and federal returns for LMI individuals. The bank also offers free checking, which increases the access of financial services to LMI individuals.

## State Rating

### State of Missouri

<b>CRA Rating for Missouri 2:</b>	<b>Outstanding</b>
<b>The lending test is rated:</b>	<b>Outstanding</b>
<b>The investment test is rated:</b>	<b>Outstanding</b>
<b>The service test is rated:</b>	<b>Outstanding</b>

The major factors that support this rating include:

- The overall distribution of loans to borrowers of different income levels and businesses of different sizes is good. The distribution of home mortgage loans is excellent. The distribution of small loans to businesses is good. The market share of loans to businesses with revenues of \$1 million or less exceeds the overall market share. For home purchase and home improvement loans, performance to moderate-income borrowers is excellent in 2002-2004. For home refinance loans, performance is excellent to moderate-income borrowers in 2002-2003.
- The overall geographic distribution of loans is good. For small loans to businesses, performance is excellent in low-income areas. The distribution of home improvement loans is good. The distribution of home purchase and refinance loans is adequate.
- The level of CD lending is excellent, which positively impacted the lending test rating.
- Commerce's flexible loan programs provide increased opportunities for home ownership, especially among LMI borrowers.
- The number and dollar volume of equity investments and qualified donations is high and demonstrates excellent responsiveness to the AA's CD needs.
- The distribution of branches in the St. Louis MA is good.
- The excellent performance in limited scope AAs positively impacted the service test rating.

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2 For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation does not reflect performance in the parts of this state contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

## **Description of Institution's Operations in Missouri**

Commerce operates 91 branches in the State of Missouri. This excludes the Missouri portion of the Kansas City MA, which is presented separately in this evaluation. The Missouri AAs include five metropolitan areas: St. Louis, Columbia, Joplin, St. Joseph, and Springfield. In addition, there are nine non-metropolitan areas: Hannibal, Cape Girardeau, Poplar Bluff, St. Francois, Mexico/Moberly, California/Tipton, Bolivar/Lebanon, Cassville/Aurora, and Branson. Sixty-one percent of the bank's total deposits are attributed to these AAs. In addition, 71 percent (by number) of total reported loans are in these AAs.

Commerce ranked third in deposit market share with 8.9 percent of all deposits reported by FDIC-insured institutions operating in Missouri, including the Missouri portions of the Kansas City MA. Major competitors are U.S. Bank, N.A. (12 percent deposit market share), and Bank of America, N.A. (11 percent deposit market share).

A majority of branches in Missouri are attributed to the St. Louis MA (48 percent). This AA accounts for 39 percent of total deposits and 22 percent of reported loan originations.

Refer to the market profiles for the state of Missouri in appendix C for detailed demographics and other performance context information for assessment areas that received full-scope reviews. Market share data for 2004 was not available.

## **Scope of Evaluation in Missouri**

We evaluated the bank's performance in the State of Missouri by performing a full-scope review of the St. Louis MA. This AA has the largest percentage of deposits and loans in Missouri (excluding the Kansas City MA). We performed limited scope reviews for the metropolitan areas of Columbia, Joplin, St. Joseph, and Springfield. We also performed a limited scope review in the nine non-metropolitan areas, which were combined for analysis purposes. Our ratings are based primarily on the results of those areas that received full-scope reviews. Refer to appendix A for more information.

Small business and home mortgage loans are weighted equally. In the St. Louis MA, small loans to businesses and HMDA loans represent 52 percent and 48 percent of total loans (by number), respectively. Within the HMDA loan category, refinance loans are the primary product followed by home purchase loans.

We conducted two community contacts with an affordable housing agency and a community based development organization in the St. Louis MA. Identified credit needs include: affordable home purchase and rehabilitation loans, and access to capital for neighborhood development.

## **LENDING TEST**

The bank's performance under the lending test is rated "Outstanding."

The reference to tables in Appendix D is for 2004 data only. Refer to narrative comments in this section regarding performance in 2002-2003.

### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the lending test in Missouri is rated "Outstanding". Based on full-scope reviews, the bank's performance in the St. Louis MA is good. The level of CD lending is excellent, which positively impacted the lending test rating.

### **Lending Activity**

Lending levels reflect good responsiveness in relation to area credit needs and the bank's deposit market share. In the bank's defined AA within the St. Louis MA, Commerce has a deposit market share of 11 percent, which ranks third among 58 institutions. Institutions with a greater market share include much larger interstate banks with 20 percent and 18 percent of the market, respectively.

Refer to Table 1 Lending Volume in the state of Missouri section of appendix D for the facts and data used to evaluate the bank's lending activity.

Small business loan activity in the St. Louis MA is good. In 2002 and 2003, Commerce ranked ninth in small business loans. A majority of the top competitors are large savings and loan associations and finance companies. Among banks headquartered in Missouri, Commerce is ranked first. During the evaluation period, Commerce reported 4,020 small loans to businesses totaling \$591 million.

Home mortgage loan activity in the St. Louis MA is good. Commerce reported 3,715 loans totaling \$460 million during the evaluation period. For home improvement loans, the market share rank is third in 2002 and sixth in 2003. However, in 2003, the market rank is third for banks headquartered in Missouri. Market share for refinance and home purchase loans is not significant at less than 1 percent. Competition for these loans is strong with the top ten lenders, including nationwide mortgage companies and savings and loan associations, having less than 9 percent of the overall market.

Small farm loan activity is adequate. Commerce made 28 loans during the evaluation period totaling \$2 million, which ranked third in 2002 and fifth in 2003. This is not a primary product for the bank and is not an identified community credit need in the St. Louis MA.

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

Commerce's geographic distribution of lending in the St. Louis MA is good. Small business and home mortgage loans are weighted equally. For HMDA loans, more weight is placed on refinance loans followed by home purchase loans.

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

Commerce's geographic distribution of home mortgage loans is adequate. Market share for home purchase and home refinance loans is minimal at less than 1 percent.

Refer to Tables 2, 3, and 4 in the state of Missouri section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations/purchases.

The geographic distribution of home refinance loans is adequate. The percentage of loans in both LMI geographies is below demographics in 2002-2004. In low-income areas, lending opportunities are limited with less than 4 percent of owner-occupied housing in these geographies. In 2004, performance is adequate in moderate-income tracts with the percent of bank loans at 89 percent of demographics.

The geographic distribution of home purchase loans is adequate. In moderate-income geographies, performance is excellent in 2004. Penetration is below demographics in 2002-2003; however, performance in 2003 is adequate. In low-income geographies, penetration is below demographics in 2002-2004. However, opportunities to lend are limited based on the percent of owner-occupied housing.

The geographic distribution of home improvement loans is good. In moderate-income geographies, performance is excellent in 2003-2004. The bank's performance is also excellent in low-income geographies in 2002-2003. The market share in low-income tracts exceeds the overall market share.

A geographical analysis of multifamily loans is not meaningful due to the limited number of originations. Commerce did not originate any of these loans in 2004.

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

The geographic distribution of small loans to businesses is good. In 2002 and 2003, performance in low-income areas is excellent and the market share in low-income tracts exceeds the overall market share. Performance in low-income areas was adequate in 2004. Performance in moderate-income tracts is adequate.

Refer to Table 6 in the state of Missouri section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

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

A geographical analysis of small loans to farms is not meaningful due to the limited number of originations. Small farm loans are not an identified credit need and represents less than 1 percent of total loan originations (by number) during the evaluation period in the St. Louis MA.

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

Our geographic distribution analysis included a review for lending gaps, particularly in LMI areas. We did not identify any conspicuous lending gaps in the St. Louis MA AA.

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

We performed an analysis of this ratio at the bank level. Refer to this section under the Kansas City MA portion of this Performance Evaluation for details.

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

Commerce's distribution of loans to borrowers of different income levels and businesses of different sizes is good. Small business and home mortgage loans carry equal weight. For HMDA loans, refinance loans carry the most weight followed by home purchase loans.

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

Commerce's distribution of home mortgage loans to borrowers of different income levels is excellent. Market share for home refinance and purchase loans is minimal at less than 1 percent. In 2002 and 2003, the percentage of families below poverty levels is 7 percent.

Refer to Tables 8, 9 and 10 in the state of Missouri section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The overall distribution of home refinance loans is excellent. Performance to moderate-income borrowers is excellent in 2002-2003 and adequate in 2004. Performance to low-income borrowers is excellent in 2002-2003 and good in 2004, considering the percent of families below the poverty level.

The overall distribution of home purchase and home improvement loans is excellent. Performance to moderate-income borrowers is excellent in 2002-2004 for both loan products. Given the percent of families below the poverty level, home purchase loan performance is excellent in 2003-2004 to low-income borrowers and good in 2002. The percent of home improvement loans to low-income borrowers exceeds demographics in 2002-2003 and performance in 2004 is good.

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

The distribution of small loans to businesses of different sizes is good. The percentage of bank loans to businesses with revenues of \$1 million or less is somewhat below demographics. However, performance is good in 2003 and 2004, and adequate in 2002. The market share for these loans significantly exceeds the overall market share in 2002-2003.

Refer to Table 11 in the state of Missouri section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

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

An analysis of the distribution of small loans to farms of different sizes is not meaningful due to the limited number of originations. Small farm loans are not an identified credit need and represents less than 1 percent of total loan originations (by number) during the evaluation period in the St. Louis MA.

### **Community Development Lending**

Community Development lending performance is excellent. During the evaluation period, Commerce originated 67 CD loans for \$173 million in the St. Louis MA, which represents 48 percent of allocated Tier 1 capital and 19 percent of total Tier 1 capital. This level of CD lending positively impacted the lending test rating.

Refer to Table 1 Lending Volume in the state of Missouri section of appendix D for the facts and data used to evaluate the bank's level of CD lending. This table includes all CD loans. Commerce did not originate any multifamily loans in 2004.

Twenty-nine loans totaling \$113 million assisted with the revitalization and stabilization of LMI areas. A majority of these areas are part of the St. Louis Enterprise Zone. Eighteen loans totaling \$39 million were to borrowers that provide affordable housing. Fifteen loans totaling \$12 million were to organizations that provide education, job training, legal services, day care and food primarily benefiting LMI individuals. Five loans totaling \$9 million were to help promote economic development by financing small businesses. These loans also helped provide jobs for LMI individuals or in LMI areas.

### **Product Innovation and Flexibility**

Commerce, through its mortgage company affiliate, offers numerous home mortgage loan programs with flexible terms to assist LMI borrowers. These programs had a positive impact on the bank's lending test rating.

Affordable mortgage loan programs include national, state, and local government-sponsored programs that offer fixed rates, low down payments, closing costs, and down payment assistance. Under all flexible loan programs offered, Commerce originated



207 home mortgage loans totaling \$20 million. These totals include lending in all AAs in Missouri and Kansas. Commerce was unable to provide totals for this activity by AA.

Commerce also offers a closing cost grant program to help LMI borrowers qualify for home loans. Grants cover closing costs for home purchase loans in LMI geographies for borrowers that meet income requirements. In the St. Louis MA, Commerce provided 12 grants totaling \$12 thousand, which resulted in home purchase loans totaling \$1 million.

Commerce participated in the Missouri First Linked Deposit Business Loan Program. The program links state funds deposited in the lending institution to reduce interest rates to borrowers. The program was established to provide financing for small businesses creating jobs in Missouri and gives priority to firms located in enterprise zones and economically depressed areas. Commerce participated in the program during 2002-2004.

### **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the lending test in the Joplin MA, St. Joseph MA, Springfield MA and non MA MO AA's is not inconsistent with the bank's overall "Outstanding" performance under the lending test in Missouri. In the Columbia MA the performance is weaker than the bank's overall performance in the state. The overall geographic distribution of loans is adequate. This performance difference did not impact the lending test rating. Refer to the Tables 1 through 12 in the state of Missouri section of appendix D for the facts and data that support these conclusions.

## **INVESTMENT TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the investment test in Missouri is rated "Outstanding". Based on full-scope reviews, the bank's performance in the St. Louis MA is excellent.

Refer to Table 14 in the state of Missouri section of appendix D for the facts and data used to evaluate the bank's level of qualified investments. Refer to the St. Louis MA section in Appendix C for detail regarding qualified investment opportunities.

Commerce, and its affiliates, demonstrated excellent responsiveness to the AA's CD needs with \$28 million in equity investments and donations. The bank funded \$14 million during the current evaluation period and \$14 million remains outstanding from prior evaluation periods. Investments were diversified showing leadership in complex SBIC financing and supporting affordable housing for LMI individuals. Investments that benefit multiple AA's are allocated based on the portion of bank deposits attributed to each AA. Thirty-nine percent of total deposits are allocated to the St. Louis MA.

Current period investments primarily include 131 tax credits totaling \$11 million. A majority of these tax credits helped revitalize and stabilize LMI geographies by providing jobs, rehabilitation expenses and other economic development needs. Investments made by the bank's affiliate, CFB, resulted in an allocation of \$1.7 million to the St. Louis MA. CFB has two Small Business Investment Companies, which partners with other investors to help businesses expand and pay operating expenses. Qualified donations totaled \$1 million and Commerce contributed \$498,000 to help provide consumer credit counseling, debt restructuring, and education services to LMI individuals. Commerce also participated in a Missouri statewide affordable housing fund, of which, \$148,000 benefitted the St. Louis MA. Funding for affordable housing and rehabilitation are identified community credit needs.

Prior period investments include \$9 million in equity investments through CFB. Housing and Urban Development Participation Certificates totaling \$4 million remain outstanding. These certificates were used to fund CD block grants and urban development projects in the bank's AA. An additional \$1 million continues to support affordable housing initiatives.

### **Conclusions for Area Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the investment test in the Joplin MA, Columbia MA, St. Joseph MA, Springfield MA and non MA AA's is weaker than the bank's overall performance in the state. Performance in the Columbia MA and non MA AA's is adequate and performance is good in the Joplin MA, St. Joseph MA, and Springfield MA. This performance difference did not impact the investment test rating. Refer to the Table 14 in the state of Missouri section of appendix D for the facts and data that support these conclusions.

### **SERVICE TEST**

The bank's performance under the service test in Missouri is rated "Outstanding." Performance in the St. Louis MA is good. Excellent performance in assessment areas receiving limited-scope reviews positively impacted this rating.

### **Conclusions for Areas Receiving Full-Scope Reviews**

Based on our full-scope review, the bank's performance in the St. Louis MA is good.

### **Retail Banking Services**

The bank's branches are accessible to people and geographies of different income levels. The percentage of branches in moderate-income tracts was near to the percentage of the population residing in those tracts. Commerce does not have any branches in low-income tracts. However, only six percent of the area's population resides in low-income areas. The branch distribution was not adversely impacted by branch openings or closings. Commerce did not open or close any branches in LMI

tracts. The bank had a net increase of two branches in upper-income tracts during this evaluation period.

The hours of operation are excellent and allow convenient access to all residents. Hours at branches in the LMI tracts are comparable to those at other locations. All offices offer daily, extended afternoon hours for the lobby and drive-up. Products and services offered at the various bank locations do not vary substantially.

Commerce offers a free checking account and low minimum balance savings and IRA products. Alternative delivery systems include automated teller machines, Internet or PC banking, banking by phone, and a 24-hour account information line. Commerce did not provide specific information on usage by LMI people. Therefore, we could not place significant weight on these systems.

Refer to Table 15 in the state of Missouri section of appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

### **Community Development Services**

The bank provided a good level of CD services in the St Louis MA. This conclusion is based on the volume of service activity, the degree of innovation or complexity, and the responsiveness to the community needs.

Bank personnel provide financial expertise to several organizations on an ongoing basis. The organizations focus on providing affordable housing for LMI individuals, promoting economic development, or providing social services such as child care, health care, and education to LMI individuals. These activities are responsive to the needs of the community, which include affordable housing.

Some of the activities are innovative or complex. The bank serves as program sponsor for two organizations that obtained grants to provide lead paint remediation to 200 LMI families with children under six years old. The bank serves as program sponsor to another organization that obtained a grant to produce ten housing units for mentally disabled mothers with children. The bank provides financial oversight to all three organizations.

### **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the service test in the Columbia MA, Joplin MA, St. Joseph MA, Springfield MA and the combined non-MAs in Missouri is not inconsistent with the bank's "Outstanding" rating in the state under the Service Test. Refer to Table 15 in the state of Missouri section of appendix D for the facts and data that support these conclusions.

## State Rating

### State of Kansas

<b>CRA Rating for Kansas<sup>3</sup>:</b>	<b>Satisfactory</b>
<b>The lending test is rated:</b>	<b>Low Satisfactory</b>
<b>The investment test is rated:</b>	<b>Low Satisfactory</b>
<b>The service test is rated:</b>	<b>Outstanding</b>

The major factors that support this rating include:

- The overall geographic distribution of loans is poor. The overall distribution of home mortgage loans is poor. For small business loans, the overall distribution of loans is adequate.
- The overall distribution of loans to borrowers of different income levels and businesses of different sizes is adequate. The distribution of home purchase loans is good with excellent performance to moderate-income borrowers in 2002 and 2003. The percentage of loans to businesses with revenues of \$1 million or less exceeds demographics in 2003 and 2004.
- The level of CD lending is excellent, which positively impacted the lending test rating.
- The number and dollar volume of equity investments and qualified donations is adequate.
- The distribution of branches in the Lawrence MA is good. Excellent performance in the limited scope AA positively impacted the service test rating.

### Description of Institution's Operations in Kansas

Commerce operates 15 branches in the State of Kansas. This excludes the Kansas portion of the Kansas City MA, which is presented separately in this evaluation. The Kansas AA includes the Lawrence MA and nine branches in the three combined non-metropolitan areas of Independence, Pittsburg/Columbus and Manhattan. Five percent of the bank's total deposits and 10 percent of total reported loans (by number) are attributed to these AAs in Kansas.

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3 For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation does not reflect performance in the parts of this state contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

Commerce ranks seventh in deposit market share with 2.3 percent of all deposits reported by FDIC-insured institutions operating in Kansas, including the Kansas portions of the Kansas City MA. Major competitors are Capitol Federal Savings Bank (9 percent deposit market share), Bank of America, N.A. (7 percent deposit market share), and Intrust Bank, N.A. (4 percent deposit market share).

Refer to the market profiles for the state of Kansas in appendix C for detailed demographics and other performance context information for assessment areas that received full-scope reviews. Market share data for 2004 was not available.

## **Scope of Evaluation in Kansas**

We evaluated the bank's performance in the State of Kansas by performing a full-scope review of the Lawrence MA. This AA has 25 percent of the deposits and 28 percent of the loans in Kansas (excluding the Kansas City MA). The Lawrence MA has six branch locations and greater opportunities to provide loans, investments, and services since it is part of a metropolitan area. We performed limited scope reviews for the three non-metropolitan areas, which were combined for analysis purposes. Our ratings are based primarily on the results of those areas that received full-scope reviews. Refer to appendix A for more information.

Primary weight is placed on HMDA loans followed by small business loans. In the Lawrence MA, HMDA loans represent 69 percent (by number). Small business loans are 30 percent of the total number of loans. Within the HMDA loan category, refinance loans are the primary product followed by home purchase loans. Considerable weight is given to CD lending, which supports the Lending Test rating. CD loans represent 31 percent of total loans by dollar volume.

We conducted one community contact with a government agency in the Lawrence MA. Identified credit needs include: affordable home loans and funding for land subsidies.

## **LENDING TEST**

The bank's performance under the lending test is rated "Low Satisfactory."

The reference to tables in Appendix D is for 2004 data only. Refer to narrative comments in this section regarding performance in 2002-2003.

## **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the lending test in Kansas is rated "Low Satisfactory." Based on full-scope reviews, the bank's performance in the Lawrence MA is poor. The level of CD lending is excellent, which positively impacted the lending test rating.

## **Lending Activity**

Lending levels reflect adequate responsiveness in relation to area credit needs and the bank's deposit market share. In the Lawrence MA, Commerce has a deposit market share of 8 percent, which ranks fourth among 25 institutions. Institutions with the greatest market share include a much larger interstate bank and a savings and loan association with 28 percent and 16 percent of the market, respectively.

Refer to Table 1 Lending Volume in the state of Kansas section of appendix D for the facts and data used to evaluate the bank's lending activity.

Home mortgage loan activity in the Lawrence MA is adequate. Commerce reported 495 loans totaling \$78 million during the evaluation period. For home refinance loans, the bank ranks 14<sup>th</sup> in market share. Commerce did not achieve significant overall market share. Competition for these loans is strong. The top ten lenders include nationwide mortgage companies, savings and loan associations and credit unions. Only one lender in the market has an overall market share of over 10 percent.

Small business loan activity in the Lawrence MA is adequate. In 2002 and 2003, Commerce ranked 8<sup>th</sup> and 11<sup>th</sup> in small business loans, respectively. A majority of the top competitors are large savings and loan associations and finance companies. During the evaluation period, Commerce reported 213 small loans to businesses totaling \$22 million.

Small farm loan activity is not significant and represents less than 1 percent of total reported loans. This is not a primary product for the bank and is not an identified community credit need in the Lawrence MA.

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

Commerce's geographic distribution of lending in the Lawrence MA is poor. Primary weight is placed on home mortgage loans followed by small loans to businesses. For HMDA loans, more weight is placed on refinance loans followed by home purchase loans.

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

Commerce's geographic distribution of home mortgage loans is poor. There is only one low-income tract in the Lawrence MA.

Refer to Tables 2, 3, and 4 in the state of Kansas section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations/purchases.

The geographic distribution of home refinance and home purchase loans is poor. For both loan products, the bank's penetration in moderate-income geographies is less than 50 percent of demographics in 2002-2003. In 2004, the percentage of home purchase

loans is also less than 50 percent of demographics; however, performance is adequate for home refinance loans. In low-income areas, lending opportunities are limited with less than 1 percent of owner-occupied housing in this geography.

The geographic distribution of home improvement loans is excellent. However, only 16 loans were originated during the evaluation period. In moderate-income geographies, performance is excellent in 2002-2003. The market share in moderate-income tracts exceeds the overall market share. Lending opportunities are limited in low-income geographies.

A geographical analysis of multifamily loans is not meaningful due to the limited number of originations. Commerce did not originate any of these loans in 2002 and 2004. One loan was originated in 2003.

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

The geographic distribution of small loans to businesses is adequate. Performance in moderate-income areas is good in 2003 with market share exceeding the overall market share. In 2002 and 2004, performance in moderate-income tracts is adequate. Commerce did not originate any loans in low-income tracts in 2002-2003, and performance in these tracts in 2004 is good. Only 2 percent of businesses are located in low-income geographies.

Refer to Table 6 in the state of Kansas section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

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

A geographical analysis of small loans to farms is not meaningful due to the limited number of originations. Small farm loans are not an identified credit need and represents less than 1 percent of total loan originations (by number) during the evaluation period in the Lawrence MA.

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

Our geographic distribution analysis included a review for lending gaps, particularly in LMI areas. We did not identify any conspicuous lending gaps in the Lawrence MA AA.

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

We performed an analysis of this ratio at the bank level. Refer to this section under the Kansas City MA portion of this Performance Evaluation for details.

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

Commerce's distribution of loans to borrowers of different income levels and businesses of different sizes is adequate. Primary weight is placed on home mortgage loans followed by small loans to businesses. For HMDA loans, more weight is placed on refinance loans followed by home purchase loans.

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

Commerce's distribution of home mortgage loans to borrowers of different income levels is adequate. In 2002 and 2003, the percentage of families below the poverty level is 10 percent and 6 percent, respectively.

Refer to Tables 8, 9 and 10 in the state of Kansas section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The overall distribution of home refinance loans is adequate. Performance to moderate-income borrowers is adequate in 2002-2004. Performance to low-income borrowers is also adequate in 2002-2004 considering the percent of families below the poverty level.

The overall distribution of home purchase loans is good. Performance to moderate-income borrowers is excellent in 2002-2003 with the percentage of bank loans exceeding demographics. In 2004, performance to moderate-income borrowers is adequate. Commerce did not make any home purchase loans to low-income borrowers in 2002-2003. In 2004, performance to low-income borrowers is adequate. Performance to low-income borrowers is somewhat mitigated by the percent of families below the poverty level.

An analysis the distribution of home improvement loans is not meaningful due to the limited number of originations. Home improvement loans are not an identified credit need and represents less than 4 percent of total loan originations (by number) during the evaluation period in the Lawrence MA.

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

The distribution of small loans to businesses of different sizes is excellent. The percentage of bank loans to businesses with revenues of \$1 million or less exceeds demographics in 2003 and 2004. Performance in 2002 is slightly below demographics. The market share for these loans exceeds the overall market share in 2002-2003.

Refer to Table 11 in the state of Kansas section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.



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

An analysis of the distribution of small loans to farms of different sizes is not meaningful due to the limited number of originations. Small farm loans are not an identified credit need and represents less than 1 percent of total loan originations (by number) during the evaluation period in the Lawrence MA.

### **Community Development Lending**

Community Development lending performance is excellent. During the evaluation period, Commerce originated 24 CD loans for \$44 million in the Lawrence MA, which represents 400 percent of allocated Tier 1 capital and 5 percent of total Tier 1 capital. This level of CD lending positively impacted the lending test rating.

Refer to Table 1 Lending Volume in the state of Kansas section of appendix D for the facts and data used to evaluate the bank's level of CD lending. This table includes all CD loans. Commerce did not originate any multifamily loans in 2004.

Nine loans totaling \$35 million assisted with the revitalization and stabilization of LMI areas and eight loans totaling \$6 million helped promote economic development by financing small businesses. A majority of these loans were to organizations located in the Douglas County Enterprise Zone. Two loans totaling \$3 million were to organizations that provide education and medical services that primarily benefit LMI individuals. Five loans totaling \$177,000 were to borrowers that provide affordable housing.

### **Product Innovation and Flexibility**

Commerce, through its mortgage company affiliate, offers numerous home mortgage loan programs with flexible terms to assist LMI borrowers. These programs had a positive impact on the bank's lending test rating.

Affordable mortgage loan programs include national, state, and local government-sponsored programs that offer fixed rates, low down payments, closing costs, and down payment assistance. Under all flexible loan programs offered, Commerce originated 207 home mortgage loans totaling \$20 million. These totals include lending in all AAs in Missouri and Kansas. Commerce was unable to provide totals for this activity by AA.

### **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the lending test in the non MA KS AA is not inconsistent with the bank's overall performance in the state. Commerce originated a high level of CD loans in this AA. Refer to Tables 1 through 12 in the state of Kansas section of appendix D for the facts and data that support these conclusions.

## **INVESTMENT TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the investment test in Kansas is rated "Low Satisfactory." Based on full-scope reviews, the bank's performance in the Lawrence MA is adequate.

Refer to Table 14 in the state of Kansas section of appendix D for the facts and data used to evaluate the bank's level of qualified investments. Refer to the Lawrence MA section in Appendix C for detail regarding qualified investment opportunities.

Commerce, and its affiliates, demonstrated adequate responsiveness to the AA's CD needs with \$176,000 in equity investments and donations. The bank funded \$45,000 during the current evaluation period and \$131,000 remains outstanding from prior evaluation periods. Investments were diversified and helped support affordable housing for LMI individuals. Investments that benefit multiple AA's are allocated based on the portion of bank deposits attributed to each AA. One percent of total deposits are allocated to the Lawrence MA.

Current period investments primarily include two investments in a Kansas statewide affordable housing fund totaling \$11,000. Qualified donations totaled \$19,000 and Commerce contributed \$15,000 to help provide consumer credit counseling, debt restructuring, and education services to LMI individuals. Affordable housing is an identified credit need.

Prior period investments include Housing and Urban Development Participation Certificates totaling \$120,000. These certificates were used to fund CD block grants and urban development projects in the AA. An additional \$11,000 continues to support affordable housing initiatives.

### **Conclusions for Area Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the investment test in the non MA AA is not inconsistent with the bank's overall "Low Satisfactory" performance under the investment test in Kansas. Refer to the Table 14 in the state of Kansas section of appendix D for the facts and data that support these conclusions.

## **SERVICE TEST**

The bank's performance under the service test in Kansas is rated "Outstanding." Performance in the Lawrence MA is good. Excellent performance in assessment areas receiving limited-scope reviews positively impacted this rating.

## **Conclusions for Areas Receiving Full-Scope Reviews**

Based on our full-scope review, the bank's performance in the Lawrence MA is good.

### **Retail Banking Services**

The bank's branches are accessible to people and geographies of different income levels. The percentage of branches in low-income tracts exceeds demographics and the percentage of branches in moderate-income tracts is below demographics. Commerce did not open or close any branch offices in the Lawrence MA during this evaluation period.

The hours of operation are excellent and allow convenient access to banking services to all residents. Hours at branches in the LMI tracts are comparable to those at other locations. All offices offer daily and extended afternoon hours for the lobby and drive-up. Products and services offered at the various bank locations do not vary substantially.

Commerce offers a free checking account and low minimum balance savings and IRA products. Alternative delivery systems include automated teller machines, Internet or PC banking, banking by phone, and a 24-hour account information line. Commerce did not provide specific information on usage by LMI people. Therefore, we could not place significant weight on these systems.

Refer to Table 15 in the state of Kansas section of appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

### **Community Development Services**

The bank provided an adequate level of CD services in the Lawrence MA. This is based on the volume of service activity, the degree of innovation or complexity, and the responsiveness to the needs of the community.

Bank personnel participate on an ongoing basis in several organizations providing financial expertise. Many of the activities are financial education classes in local elementary schools that primarily serve LMI families. Other activities involve providing financial expertise to social service organizations that offer health care, childcare, and meals for LMI individuals. The activities respond to the social service needs of the community, but are not innovative or complex.

## **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the service test in the combined non-MAs in Kansas is not inconsistent with the bank's overall "Outstanding" rating in the state under the Service Test. Refer to Table 15 in the state of Kansas section of appendix D for the facts and data that support these conclusions.

## Appendix A: Scope of Examination

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

<b>Time Period Reviewed</b>	Lending Test: 01/01/2002 to 12/31/2004 Investment Test: 01/01/2002 to 12/31/2004 Service Test: 01/01/2002 to 12/31/2004	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
Commerce Bank, National Association (Commerce) Kansas City, Missouri	Home Mortgage, Small Business, Small Farm, and Community Development Loans; Qualified Investments; Community Development Services	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
Commerce Mortgage Corporation	Mortgage Subsidiary of Commerce Bancshares, Inc.	Home Mortgage Loans
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Kansas City MA #28140	Full-Scope	Bolivar/Lebanon, Branson, California/Tipton, Cape Girardeau, Cassville/Aurora, Hannibal, Mexico/Moberly, Poplar Bluff, and St. Francois
State of Missouri	Full-Scope	
St. Louis MA #41180	Limited-Scope	
Columbia MA #17860	Limited-Scope	
Joplin MA #27900	Limited-Scope	
St. Joseph MA #41140	Limited-Scope	
Springfield MA #44180	Limited-Scope	
NonMA MO Combined (9 AAs)	Limited-Scope	
State of Kansas	Full-Scope	
Lawrence MA #29940	Limited-Scope	
NonMA KS Combined (3 AAs)	Limited-Scope	

## Appendix B: Summary of Multistate Metropolitan Area and State Ratings

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COMMERCE BANK, NATIONAL ASSOCIATION				
Overall Bank:	Lending Test Rating*	Investment Test Rating	Service Test Rating	Overall Bank/State/ Multistate Rating
Commerce Bank	Outstanding	Outstanding	Outstanding	Outstanding
Multistate Metropolitan Area or State:				
Kansas City MA	Outstanding	Outstanding	High Satisfactory	Outstanding
State of Missouri	Outstanding	Outstanding	Outstanding	Outstanding
State of Kansas	Low Satisfactory	Low Satisfactory	Outstanding	Satisfactory

(\*) The lending test is weighted more heavily than the investment and service tests in the overall rating.

# Appendix C: Market Profiles for Full-Scope Areas

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

Kansas City Multistate Metropolitan Area .....	C-2
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## Kansas City (MO-KS) #28140

Demographic Information for Full Scope Area: Kansas City MA (MO-KS) #28140						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	481	9.56	24.95	38.05	24.95	2.49
Population by Geography	1,672,418	5.22	19.59	45.36	29.81	0.02
Owner-Occupied Housing by Geography	441,675	3.26	16.01	46.53	34.20	0.00
Business by Geography	98,652	5.61	18.98	43.79	31.62	0.00
Farms by Geography	2,690	1.56	10.30	58.77	29.37	0.00
Family Distribution by Income Level	440,421	18.02	18.47	23.54	39.97	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	160,723	9.61	30.26	46.13	14.00	0.00
Median Family Income		55,031	Median Housing Value		107,611	
HUD Adjusted Median Family Income for 2004		64,900	Unemployment Rate (2000 US Census)		2.25%	
Households Below Poverty Level		8.00%				

(\*) The NA category consists of geographies that have not been assigned an income classification.

Source: 2000 US Census and 2004 HUD updated MFI

The Kansas City MA assessment area (AA) consists of the following seven contiguous counties: Cass, Clay, Jackson, and Platte in Missouri; and Johnson, Leavenworth, and Wyandotte in Kansas. This AA complies with the regulation and does not arbitrarily exclude any LMI areas. Commerce's business strategy is focused on business development, while offering a wide variety of other commercial and retail products and services.

Approximately 34 percent of total deposits and 17 percent of total reported loans originated/purchased during the evaluation period are in the Kansas City AA. Numerous commercial banks (including other interstate banks), savings institutions, and mortgage companies provide strong competition. Commerce ranked second in deposit market share as of June 30, 2004, with 9.7 percent of all deposits reported by financial institutions in the Kansas City MA. In 2003, Commerce ranked eighth in small business loans. The bank is not a significant HMDA lender and small farm loans represent 3 percent of the total number of loan originations during the evaluation period.

Commerce has 47 branches in the Kansas City AA and numerous ATMs. Based on information from community contacts, economic conditions are stable. Unemployment is consistently below the national average. Kansas City's largest industries are services, retail and government. Major employers in the AA are Sprint Corporation, DST Systems, Inc. and the University of Kansas Medical Center. Identified needs in the community include affordable housing loans, small business financing, financial training and investment in low-income tax credits. Opportunities to participate in CD activities are readily available.

## State of Missouri

### St. Louis MA #41180

Demographic Information for Full Scope Area: St Louis MA #41180						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	375	11.20	22.40	38.67	26.67	1.07
Population by Geography	1,846,486	6.08	19.35	43.24	31.33	0.01
Owner-Occupied Housing by Geography	511,668	3.12	15.87	46.26	34.76	0.00
Business by Geography	96,446	6.23	18.83	39.20	35.74	0.00
Farms by Geography	2,109	2.04	12.19	51.63	34.14	0.00
Family Distribution by Income Level	482,645	18.33	17.49	21.77	42.41	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	172,877	11.40	30.53	43.55	14.52	0.00
Median Family Income HUD Adjusted Median Family Income for 2004 Households Below Poverty Level		53,435 63,800 9.00%	Median Housing Value Unemployment Rate (2000 US Census)		115,569 2.89%	

(\*) The NA category consists of geographies that have not been assigned an income classification.

Source: 2000 US Census and 2004 HUD updated MFI

The St. Louis MA AA consists of the following four contiguous counties: Jefferson, St. Charles, St. Louis, and St. Louis City. This AA complies with the regulation and does not arbitrarily exclude any LMI areas. Commerce's business strategy focused on business development, while offering a wide variety of other commercial and retail products and services.

Approximately 39 percent of total deposits and 22 percent of total originated/purchased loans reported during the evaluation period are in the St. Louis AA. Numerous commercial banks (including interstate banks), savings institutions and mortgage companies provide strong competition. Commerce ranked third in deposit market share as of June 30, 2004, with 8.9 percent of all deposits reported by financial institutions in Missouri, including portions of the Kansas City MA. In 2003, Commerce ranked ninth in small business loans; however, the bank has a number 1 ranking among banks headquartered in Missouri.

Commerce has 44 branches in the St. Louis AA and numerous ATMs. Based on information from community contacts, economic conditions are stable and the unemployment rate is below the national average. St. Louis' largest employers are services and retail, including universities and hospitals. Major corporations in the AA are May Department Stores, Southwestern Bell, and Anheuser Busch, Inc. Identified community credit needs include loans for affordable housing, rehabilitation, and neighborhood development. Opportunities to participate in CD activities are readily available.



## State of Kansas

### Lawrence MA #29940

Demographic Information for Full Scope Area: Lawrence MA #29940						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	22	4.55	22.73	50.00	22.73	0.00
Population by Geography	99,962	5.95	25.54	46.20	22.31	0.00
Owner-Occupied Housing by Geography	19,972	0.11	19.97	49.84	30.08	0.00
Business by Geography	6,004	2.38	27.75	45.89	23.98	0.00
Farms by Geography	285	0.00	11.58	53.33	35.09	0.00
Family Distribution by Income Level	21,368	18.17	18.89	24.70	38.24	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	7,919	2.11	34.51	48.28	15.10	0.00
Median Family Income		53,609	Median Housing Value		117,859	
HUD Adjusted Median Family Income for 2004		60,300	Unemployment Rate (1990 US Census)		2.68%	
Households Below Poverty Level		17.00%				

(\*) The NA category consists of geographies that have not been assigned an income classification.

Source: 2000 US Census and 2004 HUD updated MFI

The Lawrence AA includes Douglas County, which is the only county in the MA. This AA complies with the regulation and does not arbitrarily exclude any LMI areas. The city of Lawrence is the county seat of Douglas County and is home to the University of Kansas and Haskell Indian Nations University. Lawrence is located in northeast Kansas and southwest of Kansas City.

Approximately one percent of total deposits and 2 percent of total reported loans originated/purchased during the evaluation period are in the Lawrence AA. Several financial institutions provide strong competition. Commerce ranked seventh in deposit market share with 2.3 percent of all deposits reported by financial institutions in the Lawrence MA as of June 30, 2004. Commerce ranked 11<sup>th</sup> in small business loans in 2003. The bank does not have a significant market share for HMDA loans as strong competition comes from nationwide mortgage companies, savings and loan institutions, and credit unions. Small farm loans represent less than 1 percent of total reported loans and are not an identified credit need.

Commerce has six branches in the Lawrence AA and several ATMs. Based on information from community contacts, economic conditions are stable. The unemployment rate is below the national average. In addition to the local universities, Hallmark Cards, Inc. is also a major employer. Identified credit needs include funding for affordable housing and land subsidies. Opportunities to participate in CD activities are available in this AA.

# Appendix D: Tables of Performance Data

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STATE OF MISSOURI.....	D-5
STATE OF KANSAS .....	D-5

## Content of Standardized Tables

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A separate set of tables is provided for each state. All multistate metropolitan areas are presented in one set of tables. References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: purchased loans are treated as originations/purchases 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 MA/assessment area. Deposit data are compiled by the FDIC and are available as of June 30<sup>th</sup> of each year. Tables without data are not included in this PE.

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

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MA/assessment area. Community development loans to statewide or regional entities or made outside the bank’s assessment area may receive positive CRA consideration. Refer to Interagency Q&As \_\_\_ .12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. When such loans exist, insert a line item with the appropriate caption, such as “Statewide/Regional” or “Out of Assessment Area,” in the MA/Assessment Area column and record the corresponding numbers and amounts in the “Community Development Loans” column.
- Table 1. Other Products** - Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank, if applicable, over the evaluation period by MA/assessment area. Examples include consumer loans or other data that a bank may provide, at its option, concerning its lending performance. This is a two-page table that lists specific categories.
- 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 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 Home Mortgage Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Multifamily Loans** - Compares the percentage distribution of the number of multifamily loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income

geographies to the percentage distribution of multifamily housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.

- Table 6.** 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 share information based on the most recent aggregate market data available. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 7.** **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 share information based on the most recent aggregate market data available. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 8.** **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 MA/assessment area. The table also presents market share information based on the most recent aggregate market data available.
- Table 9.** **Borrower Distribution of Home Improvement Loans** - See Table 8.
- Table 10.** **Borrower Distribution of Refinance Loans** - See Table 8.
- Table 11.** **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 12.** **Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to

\$500,000) 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 13. 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 households 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 MA/assessment area.

**Table 14. Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MA/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.

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's assessment area. See Interagency Q&As \_\_.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments. When such investments exist, insert a line item with the appropriate caption, such as "Statewide/Regional" or "Out of Assessment Area," in the MA/Assessment Area column and record the corresponding numbers and amounts in the "Qualified Investments" column.

**Table 15. 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 MA/AA. The table also presents data on branch openings and closings in each MA/AA.

Table 5 is not applicable. Therefore, it is not included in this section.

**Table 1. Lending Volume**

LENDING VOLUME												
Geography: COMMERCE BANK, N.A., KANSAS CITY, MO												
Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2004												
MA/Assessment Area:	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
<b>Multistate MA</b>												
Full Scope: #28140 Kansas City MA (MO-KS)	100.00	634	61,910	1,149	141,632	63	2,484	36	120,570	1,882	326,596	100.00
<b>State of Missouri</b>												
Full Scope: #41180 St. Louis MA	29.09	774	87,680	1,350	174,633	5	190	21	67,335	2,150	329,838	63.86
Limited Scope: #17860 Columbia MA	5.82	192	22,518	223	21,554	14	1,234	1	100	430	45,406	2.97
#27900 Joplin MA	2.61	69	5,348	111	16,615	11	1,246	2	6,467	193	29,676	2.36
#41140 St. Joseph MA	9.34	328	32,206	315	38,713	41	1,843	6	9,993	690	82,755	4.96
#44180 Springfield MA	15.00	371	42,474	467	57,586	245	11,846	26	55,943	1,109	167,849	12.48
NonMA MO Combined (9 AAs)	38.14	824	73,925	1,149	82,707	845	42,181	1	1	2,819	198,814	13.37
<b>State of Kansas</b>												
Full Scope #29940 Lawrence MA	27.61	111	17,354	50	4,233	2	71	4	23,994	167	45,652	25.00
Limited Scope: NonMA KS Combined (3 AAs)	72.39	291	25,911	310	25,835	184	9,830	12	16,483	797	78,059	75.00

\* Loan Data as of December 31, 2004. Rated area refers to either state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is from January 01, 2004 to December 31, 2004.

\*\*\* Deposit Data as of June 30, 2004. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

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

Geographic Distribution: HOME PURCHASE		Geography: COMMERCE BANK, N.A., KANSAS CITY, MO					Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2004					Market Share (%) by Geography*				
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans						
<b>Multistate MA</b>																
Full Scope: #28140 Kansas City MA (MO-KS)	196	100.00	3.26	2.04	16.01	14.80	46.53	44.90	34.20	38.27	0.00	0.00	0.00	0.00	0.00	
<b>State of Missouri</b>																
Full Scope: #41180 St. Louis MA	192	22.09	3.12	0.52	15.87	21.35	46.26	43.23	34.76	34.90	0.00	0.00	0.00	0.00	0.00	
Limited Scope: #17860 Columbia MA	94	10.82	1.83	3.19	10.60	17.02	59.18	45.74	28.39	34.04	0.00	0.00	0.00	0.00	0.00	
#27900 Joplin MA	32	3.68	0.00	0.00	8.10	12.50	84.22	75.00	7.68	12.50	0.00	0.00	0.00	0.00	0.00	
#41140 St. Joseph MA	121	13.92	0.00	0.00	9.14	8.26	58.32	63.64	32.55	28.10	0.00	0.00	0.00	0.00	0.00	
#44180 Springfield MA	158	18.18	0.04	0.00	17.71	10.13	52.65	54.43	29.60	35.44	0.00	0.00	0.00	0.00	0.00	
NonMA MO Combined (9 AAs)	272	31.30	0.00	0.00	7.31	7.35	74.19	72.43	18.50	20.22	0.00	0.00	0.00	0.00	0.00	
<b>State of Kansas</b>																
Full Scope #29940 Lawrence MA	59	29.65	0.11	0.00	19.97	8.47	49.84	32.20	30.08	59.32	0.00	0.00	0.00	0.00	0.00	
Limited Scope: NonMA KS Combined (3 AAs)	140	70.35	0.00	0.00	11.00	6.43	69.04	67.86	19.96	25.71	0.00	0.00	0.00	0.00	0.00	

\* 2004 Peer Mortgage Data (Western) is not available.

\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

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

Geographic Distribution: HOME IMPROVEMENT			Geography: COMMERCE BANK, N.A., KANSAS CITY, MO						Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2004						
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% 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
<b>Multistate MA</b>															
Full Scope: #28140 Kansas City MA (MO-KS)	199	100.00	3.26	3.52	16.01	15.58	46.53	47.74	34.20	33.17	0.00	0.00	0.00	0.00	0.00
<b>State of Missouri</b>															
Full Scope: #41180 St. Louis MA	247	56.65	3.12	1.62	15.87	17.81	46.26	57.89	34.76	22.67	0.00	0.00	0.00	0.00	0.00
Limited Scope: #17860 Columbia MA	8	1.83	1.83	12.50	10.60	0.00	59.18	37.50	28.39	50.00	0.00	0.00	0.00	0.00	0.00
#27900 Joplin MA	16	3.67	0.00	0.00	8.10	12.50	84.22	68.75	7.68	18.75	0.00	0.00	0.00	0.00	0.00
#41140 St. Joseph MA	39	8.94	0.00	0.00	9.14	10.26	58.32	84.62	32.55	5.13	0.00	0.00	0.00	0.00	0.00
#44180 Springfield MA	33	7.57	0.04	0.00	17.71	15.15	52.65	63.64	29.60	21.21	0.00	0.00	0.00	0.00	0.00
NonMA MO Combined (9 AAs)	93	21.33	0.00	0.00	7.31	6.45	74.19	74.19	18.50	19.35	0.00	0.00	0.00	0.00	0.00
<b>State of Kansas</b>															
Full Scope #29940 Lawrence MA	8	18.18	0.11	0.00	19.97	0.00	49.84	37.50	30.08	62.50	0.00	0.00	0.00	0.00	0.00
Limited Scope: NonMA KS Combined (3 AAs)	36	81.82	0.00	0.00	11.00	16.67	69.04	77.78	19.96	5.56	0.00	0.00	0.00	0.00	0.00

\* 2004 Peer Mortgage Data (Western) is not available.

\*\* Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.



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

Geographic Distribution: HOME MORTGAGE REFINANCE			Geography: COMMERCE BANK, N.A., KANSAS CITY, MO				Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2004									
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*					
	#	% of Total**	% 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	
<b>Multistate MA</b>																
Full Scope: #28140 Kansas City MA (MO-KS)	239	100.00	3.26	3.35	16.01	15.06	46.53	46.86	34.20	34.73	0.00	0.00	0.00	0.00	0.00	
<b>State of Missouri</b>																
Full Scope: #41180 St. Louis MA	334	26.68	3.12	1.50	15.87	14.07	46.26	46.41	34.76	38.02	0.00	0.00	0.00	0.00	0.00	
Limited Scope: #17860 Columbia MA	90	7.19	1.83	2.22	10.60	8.89	59.18	64.44	28.39	24.44	0.00	0.00	0.00	0.00	0.00	
#27900 Joplin MA	21	1.68	0.00	0.00	8.10	4.76	84.22	71.43	7.68	23.81	0.00	0.00	0.00	0.00	0.00	
#41140 St. Joseph MA	168	13.42	0.00	0.00	9.14	11.90	58.32	57.74	32.55	30.36	0.00	0.00	0.00	0.00	0.00	
#44180 Springfield MA	180	14.38	0.04	0.00	17.71	11.11	52.65	66.67	29.60	22.22	0.00	0.00	0.00	0.00	0.00	
NonMA MO Combined (9 AAs)	459	36.65	0.00	0.00	7.31	6.75	74.19	72.33	18.50	20.92	0.00	0.00	0.00	0.00	0.00	
<b>State of Kansas</b>																
Full Scope #29940 Lawrence MA	44	27.67	0.11	0.00	19.97	13.64	49.84	34.09	30.08	52.27	0.00	0.00	0.00	0.00	0.00	
Limited Scope: NonMA KS Combined (3 AAs)	115	72.33	0.00	0.00	11.00	6.96	69.04	71.30	19.96	21.74	0.00	0.00	0.00	0.00	0.00	

\* Based on 2003 Peer Mortgage Data (Western)

\*\* Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

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

Geographic Distribution: SMALL LOANS TO BUSINESSES		Geography: COMMERCE BANK, N.A., KANSAS CITY, MO						Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2004							
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Multistate MA</b>															
Full Scope: #28140 Kansas City MA (MO-KS)	1,141	100.00	5.61	3.16	18.98	19.54	43.79	45.05	31.62	32.25	0.00	0.00	0.00	0.00	0.00
<b>State of Missouri</b>															
Full Scope: #41180 St. Louis MA	1,343	37.22	6.23	4.99	18.83	15.56	39.20	39.69	35.74	39.76	0.00	0.00	0.00	0.00	0.00
Limited Scope: #17860 Columbia MA	223	6.18	22.92	17.04	14.84	8.97	41.93	44.84	20.31	29.15	0.00	0.00	0.00	0.00	0.00
#27900 Joplin MA	111	3.07	0.00	0.00	17.80	26.13	73.25	56.76	8.95	17.12	0.00	0.00	0.00	0.00	0.00
#41140 St. Joseph MA	315	8.73	0.00	0.00	18.84	20.63	64.83	53.97	16.33	25.40	0.00	0.00	0.00	0.00	0.00
#44180 Springfield MA	467	12.94	3.49	1.93	21.19	19.27	49.69	54.18	25.63	24.63	0.00	0.00	0.00	0.00	0.00
NonMA MO Combined (9 AAs)	1,149	31.85	0.00	0.00	6.19	8.01	79.75	74.41	14.06	17.58	0.00	0.00	0.00	0.00	0.00
<b>State of Kansas</b>															
Full Scope #29940 Lawrence MA	50	13.89	2.38	2.00	27.75	22.00	45.89	40.00	23.98	36.00	0.00	0.00	0.00	0.00	0.00
Limited Scope: NonMA KS Combined (3 AAs)	310	86.11	0.00	0.00	24.65	21.29	61.34	63.87	14.01	14.84	0.00	0.00	0.00	0.00	0.00

2004 Peer Small Business Data -- US and PR is not available.

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Source Data - Dun and Bradstreet (2003).

**Table 7. Geographic Distribution of Small Loans to Farms**

Geographic Distribution: SMALL LOANS TO FARMS			Geography: COMMERCE BANK, N.A., KANSAS CITY, MO				Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2004					Market Share (%) by Geography*				
MA/Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans						
<b>Multistate MA</b>																
Full Scope: #28140 Kansas City MA (MO-KS)	63	100.00	1.56	0.00	10.30	3.17	58.77	71.43	29.37	25.40	0.00	0.00	0.00	0.00	0.00	
<b>State of Missouri</b>																
Full Scope: #41180 St. Louis MA	5	.43	2.04	0.00	12.19	0.00	51.63	100.00	34.14	0.00	0.00	0.00	0.00	0.00	0.00	
Limited Scope: #17860 Columbia MA	14	1.21	3.46	0.00	6.42	0.00	76.54	92.86	13.58	7.14	0.00	0.00	0.00	0.00	0.00	
#27900 Joplin MA	11	.95	0.00	0.00	3.46	0.00	92.35	100.00	4.19	0.00	0.00	0.00	0.00	0.00	0.00	
#41140 St. Joseph MA	41	3.53	0.00	0.00	1.91	2.44	72.67	68.29	25.42	29.27	0.00	0.00	0.00	0.00	0.00	
#44180 Springfield MA	245	21.10	.42	0.00	19.20	14.29	62.23	78.37	18.15	7.35	0.00	0.00	0.00	0.00	0.00	
NonMA MO Combined (9 AAs)	845	72.78	0.00	0.00	1.18	0.12	83.00	92.90	15.82	6.98	0.00	0.00	0.00	0.00	0.00	
<b>State of Kansas</b>																
Full Scope #29940 Lawrence MA	2	1.07	0.00	0.00	11.58	0.00	53.33	50.00	35.09	50.00	0.00	0.00	0.00	0.00	0.00	
Limited Scope: NonMA KS Combined (3 AAs)	184	98.93	0.00	0.00	6.95	1.09	72.61	96.74	20.44	2.17	0.00	0.00	0.00	0.00	0.00	

\* Based on 2003 Peer Small Business Data -- US and PR

\*\* Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

\*\*\* Source Data - Dun and Bradstreet (2003).

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

Borrower Distribution: HOME PURCHASE		Geography: COMMERCE BANK, N.A., KANSAS CITY, MO					Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2004					Market Share*				
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% Families***	% BANK Loans** **	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****						
<b>Multistate MA</b>																
Full Scope: #28140 Kansas City MA (MO-KS)	196	100.00	18.02	13.09	18.47	25.65	23.54	24.61	39.97	36.65	0.00	0.00	0.00	0.00	0.00	
<b>State of Missouri</b>																
Full Scope: #41180 St. Louis MA	192	22.09	18.33	15.68	17.49	23.78	21.77	23.24	42.41	37.30	0.00	0.00	0.00	0.00	0.00	
Limited Scope: #17860 Columbia MA	94	10.82	19.11	16.48	17.92	23.08	22.87	30.77	40.10	29.67	0.00	0.00	0.00	0.00	0.00	
#27900 Joplin MA	32	3.68	17.53	13.33	19.46	16.67	24.59	20.00	38.41	50.00	0.00	0.00	0.00	0.00	0.00	
#41140 St. Joseph MA	121	13.92	18.15	9.24	18.03	20.17	23.78	26.05	40.04	44.54	0.00	0.00	0.00	0.00	0.00	
#44180 Springfield MA	158	18.18	17.32	10.53	19.29	13.82	24.01	23.68	39.38	51.97	0.00	0.00	0.00	0.00	0.00	
NonMA MO Combined (9 AAs)	272	31.30	18.33	10.86	18.24	25.09	23.42	19.10	40.01	44.94	0.00	0.00	0.00	0.00	0.00	
<b>State of Kansas</b>																
Full Scope #29940 Lawrence MA	59	29.65	18.17	5.17	18.89	17.24	24.70	29.31	38.24	48.28	0.00	0.00	0.00	0.00	0.00	
Limited Scope: NonMA KS Combined (3 AAs)	140	70.35	19.98	10.87	19.38	18.84	23.90	23.19	36.74	47.10	0.00	0.00	0.00	0.00	0.00	

\* 2004 Peer Mortgage Data (Western) is not available.

\*\* As a percentage of loans with borrower income information available. No information was available for 2.6% of loans originated and purchased by bank.

\*\*\* Percentage of Families is based on the 2000 Census information.

\*\*\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

**Table 9. Borrower Distribution of Home Improvement Loans**

Borrower Distribution: HOME IMPROVEMENT															Geography: COMMERCE BANK, N.A., KANSAS CITY, MO					Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2004				
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*													
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Overall	Low	Mod	Mid	Upp									
<b>Multistate MA</b>																								
Full Scope: #28140 Kansas City MA (MO-KS)	199	100.00	18.02	15.74	18.47	20.30	23.54	28.43	39.97	35.53	0.00	0.00	0.00	0.00	0.00									
<b>State of Missouri</b>																								
Full Scope: #41180 St. Louis MA	247	56.65	18.33	13.41	17.49	29.67	21.77	28.46	42.41	28.46	0.00	0.00	0.00	0.00	0.00									
Limited Scope: #17860 Columbia MA	8	1.83	19.11	0.00	17.92	14.29	22.87	71.43	40.10	14.29	0.00	0.00	0.00	0.00	0.00									
#27900 Joplin MA	16	3.67	17.53	12.50	19.46	18.75	24.59	25.00	38.41	43.75	0.00	0.00	0.00	0.00	0.00									
#41140 St. Joseph MA	39	8.94	18.15	5.26	18.03	44.74	23.78	15.79	40.04	34.21	0.00	0.00	0.00	0.00	0.00									
#44180 Springfield MA	33	7.57	17.32	15.15	19.29	27.27	24.01	30.30	39.38	27.27	0.00	0.00	0.00	0.00	0.00									
NonMA MO Combined (9 AAs)	93	21.33	18.33	11.96	18.24	19.57	23.42	29.35	40.01	39.13	0.00	0.00	0.00	0.00	0.00									
<b>State of Kansas</b>																								
Full Scope #29940 Lawrence MA	8	18.18	18.17	0.00	18.89	12.50	24.70	25.00	38.24	62.50	0.00	0.00	0.00	0.00	0.00									
Limited Scope: NonMA KS Combined (3 AAs)	36	81.82	19.98	22.86	19.38	17.14	23.90	20.00	36.74	40.00	0.00	0.00	0.00	0.00	0.00									

\* 2004 Peer Mortgage Data (Western) is not available.

\*\* As a percentage of loans with borrower income information available. No information was available for 1.0% of loans originated and purchased by bank.

\*\*\* Percentage of Families is based on the 2000 Census information.

\*\*\*\* Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

**Table 10. Borrower Distribution of Home Mortgage Refinance Loans**

Borrower Distribution: HOME MORTGAGE REFINANCE			Geography: COMMERCE BANK, N.A., KANSAS CITY, MO						Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2004						
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*				
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Overall	Low	Mod	Mid	Upp
<b>Multistate MA</b>															
Full Scope: #28140 Kansas City MA (MO-KS)	239	100.00	18.02	11.16	18.47	26.61	23.54	23.61	39.97	38.63	0.00	0.00	0.00	0.00	0.00
<b>State of Missouri</b>															
Full Scope: #41180 St. Louis MA	335	26.74	18.33	13.21	17.49	15.41	21.77	27.99	42.41	43.40	0.00	0.00	0.00	0.00	0.00
Limited Scope: #17860 Columbia MA	90	7.18	19.11	10.34	17.92	14.94	22.87	37.93	40.10	36.78	0.00	0.00	0.00	0.00	0.00
#27900 Joplin MA	21	1.67	17.53	9.52	19.46	28.57	24.59	33.33	38.41	28.57	0.00	0.00	0.00	0.00	0.00
#41140 St. Joseph MA	168	13.41	18.15	7.98	18.03	19.63	23.78	20.25	40.04	52.15	0.00	0.00	0.00	0.00	0.00
#44180 Springfield MA	180	14.37	17.32	13.14	19.29	21.71	24.01	26.29	39.38	38.86	0.00	0.00	0.00	0.00	0.00
NonMA MO Combined (9 AAs)	459	36.63	18.33	9.40	18.24	22.82	23.42	21.70	40.01	46.09	0.00	0.00	0.00	0.00	0.00
<b>State of Kansas</b>															
Full Scope #29940 Lawrence MA	44	27.67	18.17	9.30	18.89	11.63	24.70	18.60	38.24	60.47	0.00	0.00	0.00	0.00	0.00
Limited Scope: NonMA KS Combined (3 AAs)	115	72.33	19.98	6.42	19.38	11.93	23.90	20.18	36.74	61.47	0.00	0.00	0.00	0.00	0.00

\* 2004 Peer Mortgage Data (Western) is not available.

\*\* As a percentage of loans with borrower income information available. No information was available for 3.4% of loans originated and purchased by bank.

\*\*\* Percentage of Families is based on the 2000 Census information.

\*\*\*\* Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.

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

Borrower Distribution: SMALL LOANS TO BUSINESSES		Geography: COMMERCE BANK, N.A., KANSAS CITY, MO			Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2004				
	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share*	
MA/Assessment Area:	#	% of Total**	% of Businesses** *	% BANK Loans****	\$100,000 or less	> \$100,000 to \$250,000	> \$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
<b>Multistate MA</b>									
Full Scope: #28140 Kansas City MA (MO-KS)	1,149	100.00	61.98	60.23	72.85	13.23	13.93	0.00	0.00
<b>State of Missouri</b>									
Full Scope: #41180 St. Louis MA	1,350	37.34	63.09	54.81	71.41	13.63	14.96	0.00	0.00
Limited Scope: #17860 Columbia MA	223	6.17	65.36	70.40	79.82	11.21	8.97	0.00	0.00
#27900 Joplin MA	111	3.07	65.76	71.17	64.86	17.12	18.02	0.00	0.00
#41140 St. Joseph MA	315	8.71	65.08	74.92	72.06	11.11	16.83	0.00	0.00
#44180 Springfield MA	467	12.92	65.37	66.60	70.24	15.42	14.35	0.00	0.00
NonMA MO Combined (9 AAs)	1,149	31.78	66.44	80.16	85.55	7.92	6.53	0.00	0.00
<b>State of Kansas</b>									
Full Scope #29940 Lawrence MA	50	13.89	64.97	66.00	80.00	12.00	8.00	0.00	0.00
Limited Scope: NonMA KS Combined (3 AAs)	310	86.11	60.83	71.61	79.68	14.84	5.48	0.00	0.00

\* 2004 Peer Small Business Data -- US and PR is not available.

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2003).

\*\*\*\* Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 8.80% of small loans to businesses originated and purchased by the bank.

**Table 12. Borrower Distribution of Small Loans to Farms**

Borrower Distribution: SMALL LOANS TO FARMS									
Geography: COMMERCE BANK, N.A., KANSAS CITY, MO					Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2004				
MA/Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share*	
	#	% of Total**	% of Farms***	% BANK Loans****	\$100,000 or less	> \$100,000 to \$250,000	> \$250,000 to \$500,000	All	Rev\$ 1 Million or Less
<b>Multistate MA</b>									
Full Scope: #28140 Kansas City MA (MO-KS)	63	100.00	88.96	96.83	90.48	7.94	1.59	0.00	0.00
<b>State of Missouri</b>									
Full Scope: #41180 St. Louis MA	5	.43	86.49	100.00	80.00	20.00	0.00	0.00	0.00
Limited Scope: #17860 Columbia MA	14	1.21	93.83	100.00	71.43	21.43	7.14	0.00	0.00
#27900 Joplin MA	11	.95	92.71	90.91	63.64	27.27	9.09	0.00	0.00
#41140 St. Joseph MA	41	3.53	96.61	100.00	85.37	14.63	0.00	0.00	0.00
#44180 Springfield MA	245	21.10	93.28	98.78	89.80	8.57	1.63	0.00	0.00
NonMA MO Combined (9 AAs)	845	72.78	95.97	96.09	88.64	9.59	1.78	0.00	0.00
<b>State of Kansas</b>									
Full Scope #29940 Lawrence MA	2	1.07	91.58	100.00	100.00	0.00	0.00	0.00	0.00
Limited Scope: NonMA KS Combined (3 AAs)	184	98.93	93.05	97.28	88.59	8.70	2.72	0.00	0.00

\* 2004 Peer Small Business Data -- US and PR is not available.

\*\* Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

\*\*\* Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2003).

\*\*\*\* Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 1.28% of small loans to farms originated and purchased by the bank.



**Table 14. Qualified Investments**

QUALIFIED INVESTMENTS									
Geography: COMMERCE BANK, N.A., KANSAS CITY, MO									
Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2004									
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Multistate MA</b>									
Full Scope: #28140 Kansas City MA (MO-KS)	15	6,741	411	17,319	426	24,060	100.00	0	0
<b>State of Missouri</b>									
Full Scope: #41180 St. Louis MA	13	14,067	566	14,388	579	28,455	80.78	0	0
Limited Scope: #17860 Columbia MA	5	274	48	96	53	370	1.05	0	0
#27900 Joplin MA	7	855	42	92	49	947	2.69	0	0
#41140 St. Joseph MA	5	478	177	507	182	985	2.80	0	0
#44180 Springfield MA	5	1,138	128	1,047	133	2,185	6.20	0	0
NonMA MO Combined (9 AAs)	45	1,321	238	528	283	1,849	5.25	0	0
Statewide/Regional	0	0	2	435	2	435	1.23	0	0
<b>State of Kansas</b>									
Full Scope #29940 Lawrence MA	3	131	53	34	56	165	12.85	0	0
Limited Scope: NonMA KS Combined (3 AAs)	10	913	157	195	167	1,108	86.29	0	0
Statewide/Regional	0	0	2	11	2	11	0.86	0	0

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

\*\* 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

**Table 15. Distribution of Branch Delivery System and Branch Openings/Closings**

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS																	
Geography: COMMERCE BANK, N.A., KANSAS CITY, MO										Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2004							
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Multistate MA</b>																	
Full Scope: #28140 Kansas City MA (MO-KS)	100.00	47	100.00	4.26	21.28	53.18	21.28	2	5	0	0	0	-3	5.22	19.59	45.36	29.81
<b>State of Missouri</b>																	
Full Scope: #41180 St. Louis MA	63.86	44	48.35	0.00	18.18	31.82	50.00	3	1	0	0	0	+2	6.08	19.35	43.24	31.33
Limited Scope: #17860 Columbia MA	2.97	4	4.40	50.00	50.00	0.00	0.00	0	1	0	0	0	-1	7.49	17.95	50.57	23.99
#27900 Joplin MA	2.36	4	4.40	0.00	50.00	50.00	0.00	0	0	0	0	0	0	0.00	11.30	81.76	6.94
#41140 St. Joseph MA	4.96	3	3.30	0.00	33.33	33.33	33.34	0	0	0	0	0	0	0.00	12.94	54.09	32.97
#44180 Springfield MA	12.48	13	14.28	7.69	23.08	53.85	15.38	0	0	0	0	0	0	2.05	19.28	49.57	29.10
NonMA MO Combined (9 AAs)	13.37	23	25.27	0.00	8.70	78.26	13.04	1	4	0	-1	-2	0	0.00	8.22	74.58	17.20
<b>State of Kansas</b>																	
Full Scope #29940 Lawrence MA	25.00	6	40.00	16.67	16.67	16.66	50.00	0	0	0	0	0	0	5.95	25.54	46.20	22.31
Limited Scope: NonMA KS Combined (3 AAs)	75.00	9	60.00	0.00	44.44	44.44	11.12	0	0	0	0	0	0	0.00	16.66	64.47	18.86

